



City of Avondale
City Council Meeting
Monday, March 23, 2020

Mayor and Council

Kenn Weise, Mayor

Pat Dennis, Vice Mayor

Tina Conde, Council Member | Bryan Kilgore, Council Member
Veronica Malone, Council Member | Curtis Nielson, Council Member
Mike Pineda, Council Member

Administration

Charles A. Montoya, City Manager
Gina Montes, Assistant City Manager
Michael Wawro, City Attorney
Marcella Carrillo, City Clerk

Online Meeting

Join the meeting and view presentations: <https://avondaleaz.zoom.us/j/3083557784>

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City Council Meeting Agenda Monday, March 23, 2020

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WORK SESSION 6:00 PM

CALL TO ORDER BY MAYOR

1. ROLL CALL BY THE CITY CLERK

2. CAPITAL BUDGET DISCUSSION

City Council will receive a general overview of the City's capital improvement program (CIP) as part of the fiscal year 2021 budget preparation process.

3. EMERGENCY OPERATIONS PLAN (EOP)

City Council will be presented with a new Emergency Operations Plan (EOP) for the City of Avondale. This item is for information and discussion, no council action is required at this time.

4. ADJOURNMENT

Unscheduled public appearances will not be permitted at this meeting as City Council will be participating through a telephone conference call. Members of the public may listen to the discussions by joining the meeting online at <https://avondaleaz.zoom.us/j/3083557784>. Anyone wishing to address the Council regarding the public hearing items listed on the agenda should email their comments to CityClerk@AvondaleAZ.gov prior to consideration of that agenda item.

REGULAR MEETING

7:00 PM

CALL TO ORDER BY MAYOR

1. ROLL CALL BY THE CITY CLERK

2. CONSENT AGENDA

Items on the consent agenda are of a routine nature or have been previously studied by the City Council at a work session. They are intended to be acted upon in one motion. Council members may pull items from consent if they would like them considered separately.

a. MINUTES

City Council will consider a request to approve the January 21, 2020 City Council Meeting Minutes. The Council will take the appropriate action.

b. BUDGET TRANSFER FOR THE 9TH STREET CONSTRUCTION PROJECT

City Council will consider a request to approve a budget transfer of \$400,000 from the Thomas Road Bridge Design CIP account to the 9th Street Construction account, to fund the construction of 9th Street, adjacent to the new City Resource Center and authorize staff to take the necessary action to complete the budget transfer. The Council will take appropriate action.

c. RESOLUTION 1016-0320 – MUTUAL AID AGREEMENT WITH GILA RIVER INDIAN COMMUNITY

City Council will consider a request to adopt Resolution 1016-0320 approving the Gila River Indian Community Mutual Aid Agreement for the provision of requesting emergency police mutual aid and authorize the Mayor, or City Manager and City Clerk to execute the necessary documents. The Council will take appropriate action.

d. RESOLUTION 1017-0320 - DEVELOPMENT AGREEMENT WITH FER PROPERTIES - MCDOWELL ROAD AND 107TH AVENUE ROAD WIDENING RIGHT-OF-WAY

City Council will consider a request to adopt Resolution 1017-0320 approving a Development Agreement with FER Enterprises, addressing the dedication of right of way, a temporary construction easement, a drainage easement, the purchase of a well, and design/construction improvements by the City in connection with the McDowell Rd & 107th Avenue road widening project, and authorize the Mayor, or City Manager and City Clerk, to execute the necessary documents. The Council will take appropriate action.

- e. **RESOLUTION 1018-0320 – ACQUISITION OF REAL PROPERTY FOR THE WASTEWATER COLLECTION HYDROGEN PEROXIDE INJECTION SITE FROM MARICOPA COUNTY**
City Council will consider a request to adopt Resolution 1018-0320 authorizing the dedication, purchase, or condemnation of real property for the Wastewater Collection Hydrogen Peroxide injection site from Maricopa County and authorize the Mayor or City Manager and City Clerk to execute the necessary documents. The Council will take appropriate action.
- f. **RESOLUTION 1019-0320 – DATA SHARING AGREEMENT WITH ARIZONA STATE UNIVERSITY (ASU)**
City Council will consider a request to adopt Resolution 1019-0320 authorizing a Data Sharing Agreement between Arizona State University (ASU) and the City of Avondale to share police report information on incidents leading to violent deaths occurring in Arizona and authorize the Mayor, or City Manager and City Clerk to execute the necessary documents. The Council will take appropriate action.
- g. **PURCHASE AND SALE AGREEMENT WITH THE ALLISON TRUST FOR THE PROPERTY LOCATED AT AVONDALE BOULEVARD AND VAN BUREN STREET**
City Council will consider a request to approve the Purchase and Sale Agreement with the Allison Trust to purchase real property located at the north of the northeast corner of Avondale Boulevard and Van Buren Street and authorize the Mayor or City Manager and City Clerk to execute the necessary documents. The Council will take appropriate action.
- h. **AMENDED AND RESTATED WATER TRANSPORTATION AGREEMENT WITH SALT RIVER VALLEY WATER USER'S ASSOCIATION**
City Council will consider a request to approve an amended and restated Water Transportation Agreement with Salt River Valley Water User's Association, and authorize the Mayor, or City Manager and City Clerk to execute the necessary documents. The Council will take the appropriate action.
- i. **WIRELESS PROVIDER MASTER LICENSE APPLICATION FOR CELLCO PARTNERSHIP D/B/A VERIZON WIRELESS**
City Council will consider approval of a Wireless Provider Master License Application for Cellco Partnership d/b/a Verizon Wireless and authorize the Mayor or City Manager and City Clerk to execute the necessary documents. The Council will take the appropriate action.
- j. **TENTH AMENDMENT TO FINANCIAL ASSISTANCE AGREEMENT WITH CARE1ST HEALTH PLAN OF ARIZONA**
City Council will consider a request to approve the tenth amendment to the Financial Assistance Agreement with Care1st Health Plan of Arizona, Inc. (Care1st) to receive continuing funds for operation of the Care1st Avondale Resource Center in the amount of \$173,712.87 and authorize the Mayor or City Manager and City Clerk to execute the necessary documents. The Council will take appropriate action.
- k. **PRESENTATION OF THE AUDIT REPORT**
Staff will present the City's Comprehensive Annual Financial Report and the results of the annual audit for the fiscal year ended June 30, 2019.

3. REGULAR AGENDA

a. PUBLIC HEARING AND ORDINANCE 2010-0320 - OLD BASELINE ROAD ALIGNMENT/ARIZONA STATE TRUST LAND

City Council will consider a City-initiated request to adopt Ordinance 2010-0320 annexing approximately 9.55 acres of Arizona State Trust Land generally located along the Old Baseline Road alignment and Indian Springs Road, from El Mirage Road to Avondale Boulevard and authorize the Mayor or City Manager and City Clerk to execute the necessary documents. The Council will take appropriate action.

b. PUBLIC HEARING AND ORDINANCE 2011-0320 - REZONING FROM CITY CENTER DISTRICT (CCD) AND COMMERCE PARK (CP) TO THE BLVD DISTRICT (BLVDD) - APPLICATION PL-19-0307

City Council will hold a public hearing and consider a request initiated by the City of Avondale to adopt Ordinance 2011-0320, rezoning approximately 191.76 gross acres from City Center District (CCD) and Commerce Park (CP) to The BLVDD (The BLVD District). Properties subject to the request are generally located south of I-10, north of Van Buren Street, east of 117th Avenue, and west of 111th Avenue, inclusive of APNs 500-01-018A, 500-01-016, 500-01-020, 500-01-007Y, 500-02-021, 500-01-015E, 500-03-547, 500-01-015B, 500-01-015D, 102-57-005X, 102-57-005V, 102-57-009B, 102-57-002J, 102-57-005T, 102-57-253, 102-57-252, 102-57-254, 102-57-251, 102-57-250, 102-57-245, 102-57-249, 102-57-248, 102-57-247, 102-57-240, 102-57-007R, 102-57-255A, 102-57-255B, 102-57-004Q, 102-57-004P, 102-57-256, 102-57-258 and 102-57-257. Adjacent public rights-of-way are also included in the request and authorize the Mayor or City Manager and City Clerk to execute the necessary documents. The Council will take appropriate action.

4. DISCUSSION ITEMS

Council will discuss items listed below and possibly give direction to city staff to research and prepare item for future meeting.

a. SHOPPING CART ORDINANCE

Staff will present information and request feedback from City Council on a proposed shopping cart ordinance. The ordinance is intended to address abandoned shopping carts by holding businesses accountable to prevent shopping cart removal from premises.

5. ADJOURNMENT

CITY COUNCIL REPORT

SUBJECT: Capital Budget Discussion

MEETING DATE: 3/23/2020

TO: Mayor and Council

FROM: Lindsey Duncan, Finance and Budget Director, (623) 333-2011

THROUGH: Charles A. Montoya, City Manager, (623) 333-1016

PURPOSE:

City Council will receive a general overview of the City's capital improvement program (CIP) as part of the fiscal year 2021 budget preparation process.

BACKGROUND:

This is the fifth in a series of presentations regarding the development of the fiscal year (FY) 2021 budget. This presentation will give a general overview of the capital improvement program (CIP). Staff will discuss the sources of funding and highlight some of the projects requested for FY2021.

DISCUSSION:

The information presented will lead to future discussions around the FY2021 budget. These discussions will assist the Mayor and Council in making informed decisions about the City's operations.

BUDGET IMPACT:

The information presented is intended to encourage discussion which will lead the development of the FY2021 budget.

RECOMMENDATION:

This item is for information and discussion only.

CITY COUNCIL REPORT

SUBJECT: Emergency Operations Plan (EOP)

MEETING DATE: 3/23/2020

TO: Mayor and Council

FROM: Jeff Case, Fire Chief, (623) 333-6100

THROUGH: Charles A. Montoya, City Manager, (623) 333-1016

PURPOSE:

City Council will be presented with a new Emergency Operations Plan (EOP) for the City of Avondale. This item is for information and discussion, no council action is required at this time.

BACKGROUND:

In September of 2019, an Emergency Management Team was created to oversee the City's needs and interests in the area of emergency management and to draft a new Emergency Operations Plan (EOP). The last plan was adopted in 2007 and was in need of an update. The Emergency Management Committee consists of the Deputy City Manager, Fire Chief, Police Chief, Assistant Fire Chief, Assistant Police Chief and IT Director. The committee's first task was to develop an Emergency Operations Plan (EOP) for the city. To develop this plan, several steps were taken to establish the working document. Other jurisdiction's plans were compared with Avondale's past emergency operations plan. This was done to ensure our new plan would be brought up to date and consistent with other cities within the region.

In addition, we worked collaboratively with Maricopa County Department of Emergency Management in creating the new EOP document. Once prepared, the new draft of the EOP base plan was reviewed and adjusted by the members of the Emergency Management Committee. The Emergency Support Functions (ESF) portion of the plan were then reviewed by each City Department Head who will be responsible for carrying out those tasks and assignments. Adjustments were then made creating the final document we are now presenting to Mayor and Council.

Lastly, there are five (5) Annexes to the plan, three that support the overall EOP; addressing the Continuity of Government and Operations, Volunteer and Donations Management and Worker Safety and Health. The next two address Specific Incidents that are critical to the City of Avondale, Severe Storms and Floods and dealing with a Pandemic.

DISCUSSION:

The Emergency Operations Plan is a living document that provides a wide variety of information regarding the who, what, how and why of emergency management as well as addresses actions to be taken when a natural or manmade significant emergency or disaster occurs within the city boundaries or impacts the city in anyway. The plan outlines the emergency staff organization, tasks, assignments, procedures, emergency declaration process, outlines damage assessment and media alert processes. The plan is dynamic and will be modified when appropriate due to when political, environmental and operational changes occur. While the plan is specific to the City of Avondale, it is developed to be in alignment with Maricopa County, which then is aligned

with the State of Arizona, which coincides with the Federal Government's plan. This is done in order to ensure seamless transitions are made based on the size and impact of the emergency or disaster. The Emergency Operations Plan (EOP) once approved, will be good for a total of five (5) years. The EOP will be modified and updated by the Emergency Management Team when necessary.

The Emergency Operations Plan (EOP) is scheduled to be brought back for council approval and formal adoption at the April 6th, Council Meeting and will be in place until April of 2025 if approved and adopted.

BUDGET IMPACT:

This item does not have a financial impact.

RECOMMENDATION:

This is an item for discussion only. At the April 6th City Council meeting, Staff will recommend that the Mayor and City Council approve and adopt the new City of Avondale Emergency Operations Plan and authorize the Emergency Management Team to make changes when necessary and appropriate.

Note from the City Clerk:

The Emergency Operations Plan is a Confidential Document and Not
Available Online.



CITY COUNCIL REPORT

SUBJECT: Minutes

MEETING DATE: 3/23/2020

TO: Mayor and Council

FROM: Marcella Carrillo, City Clerk, (623) 333-1214

THROUGH: Charles A. Montoya, City Manager, (623) 333-1016

PURPOSE:

City Council will consider a request to approve the January 21, 2020 City Council Meeting Minutes. The Council will take the appropriate action.

BACKGROUND:

n/a

DISCUSSION:

n/a

BUDGET IMPACT:

This item has no budget impact.

RECOMMENDATION:

Staff recommends City Council approve the January 21, 2020 City Council Meeting Minutes.

MINUTES OF THE AVONDALE CITY COUNCIL
CITY OF AVONDALE, ARIZONA
CITY COUNCIL CHAMBER
January 21, 2020

A **Work Session** of the City Council of the City of Avondale, Arizona was convened at 11465 Civic Center Drive in open and public session at 6:00 p.m.

Members Present: Vice Mayor Pat Dennis; Councilmembers Tina Conde, Bryan Kilgore, Veronica Malone, Curtis Nielson, and Mike Pineda.

Members Absent: Mayor Kenn Weise.

Other Municipal Officials Present: Gina Montes, Assistant City Manager; Tracy Stevens, Deputy City Manager; Michael Wawro, City Attorney; Marcella Carrillo, City Clerk; Cindy Blackmore, Public Works Director; Jessica Blazina, Intergovernmental Affairs Administrator; Jeff Case, Fire Chief; Kenneth Chapa, Economic Development Services Director; Lindsey Duncan, Finance and Budget Director; Kirk Haines, Parks and Recreation Director; Chris Lopez, Neighborhood and Family Services Director; Kevin Murphy, Director of Development & Engineering Services; Dale Nannenga, Police Chief; Jeffrey Scheetz, Chief Information Officer; and Pier Simeri, Community Relations and Public Affairs Director.

Audience: Approximately ten members of the public were present.

1. ROLL CALL BY THE CITY CLERK

2. AVONDALE TRAILS SYSTEM

Kirk Haines, Parks and Recreation Director provided the Mayor and City Council information about existing and planned trails in Avondale.

Mr. Haines stated that there are several trail corridors to include utility lines, the Agua Fria River, the Roosevelt Canal, and the Buckeye Canal. An aerial map displayed the primary and secondary trail systems, as well as various connecting trails. These tie into the primary and secondary trails. Much of the trail inventory has been developed through homeowners' associations. Some of the trails are privately managed and not open for public access.

Development of the Van Buren Multiuse Path will begin in 2020 at a budget of \$3.3 million. Additional connections are planned for 2021, including the extension of the Agua Fria River at Van Buren Street. The Riverside development will construct a small segment of trail. The commercial and hotel district along the Roosevelt Canal, on the east side of the property will be developing the path and making it accessible in that location. These 2021 projects are funded at this time. Over the next couple of years, the focus will be on tying segments together into the Agua Fria trail system. Projects for fiscal year 2022 are unfunded but it is anticipated that funding will come from Arizona Department of Transportation, federal resources and Avondale matching funds. For fiscal year 2023

and beyond, potential funding sources include a sales tax initiative, general fund funds, state grants and federal grants.

In response to a question by Council Member Conde, Mr. Haines identified the underpass locations on the map and explained lighting systems are anticipated to be installed along the trails.

In response to questions from Council Member Nielson, Mr. Haines confirmed that eventually the trails from Festival Fields would be connected to Friendship Park. The City will align its trail systems to connect with trail systems in surrounding municipalities. Parking opportunities will be made available along the trail system and maps will be prepared. Power lines and utility equipment will not be moved to accommodate paths. The configuration of the paths will be designed based upon the location of existing equipment facilities.

In response to a question by Council Member Pineda, Mr. Haines explained the Parks and Recreation department will be responsible for path maintenance. In some circumstances, Home Owner Associations will have the responsibility to maintain paths.

Council Member Malone thanked Mr. Haines for the presentation and spoke positively about the presented trails and future connectivity throughout the city.

In reference to the Roosevelt Canal, Vice Mayor Dennis asked about the possibility of partnering through an agreement with the district to gain access. Mr. Haines stated the City has not decided to partner with the district at this time. He explained a future partnership would be considered, as the City is designing and developing the trails.

3. BUDGET PROCESS OVERVIEW

Lindsey Duncan, Finance and Budget Director presented a general overview of the City's budget and reviewed the calendar for the upcoming process.

Ms. Duncan stated that the process was kicked off with a City retreat in December, which allowed Council to receive preliminary information about the budget process and current status. The City budget is a process to allocate resources to programs, services and infrastructure. The formal budget document and process serves several purposes. It is a financial plan that ensures the City is operating in a fiscally sustainable way toward a five-year forecast. It serves as an operating guide for departments. It serves to communicate to the public which items will be funded. It indicates which projects will require other funding methods and which projects will be put off into the future. The budget serves as a policy document, which takes into consideration the general plan, master plans, City Council discussions and public meetings. The budget acts as a legal authority device, which provides legal permission to spend monies collected through tax dollars and other sources.

The City is governed under Article 42, Chapter 17 of the Arizona Revised Statutes, with the City budget constituting appropriation of funds and establishing legal spending authority. Funds may not be allocated for purposes not included in the budget. The City

may not incur debt or spend in excess of the legally established budget. The State Statutes set out what items must be detailed; which includes contingencies, bond principal and interest, tax levies, sources, expenditures, expenditure limits, total expenditure limits, number of positions, salaries, related expenses, retirement and healthcare costs. The State expenditure limitations are governed by the Arizona State Statutes and the Arizona Constitution. The baseline is established by the 1980 Fiscal Year. Four alternatives may be used to govern the expenditure limitation, if that baseline is insufficient over time.

Avondale has exercised the Home Rule (Alternative Expenditure Limitation) in the past. Under the constitutional limit, Avondale's limit for Fiscal Year 2020 would have been approximately \$56.3 million. However, since the Home Rule was adopted on August 30th, 2016, the Fiscal Year 2020 budget is approximately \$236.7 million. Council has voted to refer this to the ballot to ask the voters if they would allow the exercising of the Home Rule for another four years.

The City also has a State-mandated budget calendar, which has the budget process running through the month of August. However, since the fiscal year starts on July 1st, the process is backed up to have a balanced budget and the property tax levy adopted before the fiscal year begins.

The budget calendar is as follows:

- December: Council Retreat
- January-April: Council Work Sessions
- April: Recommended Budget Issued
- May: Tentative Budget Adoption
- June: Public Hearings
- June: Final Budget Adoption and Property Tax Levy

Participants and their roles in the budget process include:

- Mayor and City Council: Make policy decisions and set strategic plan.
- City Manager: Focuses staff on supporting strategic direction and provides a recommendation to meet needs.
- Residents, visitors and businesses: Provide input through the Citizens CIP Committee and informal conversations with City Council.
- City Departments: Develop operating/capital plans and submit requested budget changes.
- Finance/Budget: Create the budget based on historical data, future projections, analysis and feedback.

Once the budget is adopted, it continues to be a focus throughout the year, as conditions change and needs must be addressed. The process begins with Council policy discussions where mission, goals, and objectives are established. Budget development is a constant monitoring of money to ensure that estimates are accurate. This is followed by implementation and evaluation through analysis and performance management.

The financial policies provide guidance through the process and cover five areas: revenues, expenditures/budget control, capital planning, fund balance and debt management.

Within the revenue section, the balanced budget definition relies on the use of ongoing revenues for ongoing expenditures and one-time revenues for one-time expenditures. It suggests that enterprise funds should be self-sustaining, and the rates charged be enough to recover total costs. When combined, the primary and secondary property tax rate shall be no greater than \$2. Rates and fees are evaluated annually.

Within the expenditure section, indirect cost charges shall be updated to ensure that the efforts of the General Fund are most effectively recovered from eligible grant sources and Enterprise Funds. Midyear additions should be minimized, so that all additions to the budget shall be weighed equally with all other requests. Expenditure of unforeseen revenue shall be appropriate. The policy lays out City Council and City Manager authority to amend the budget.

Within the capital section, ten-year planning horizon to budget for the future. The annual CIP Citizen's Committee review. Maintain a favorable investment rating. Operating impact on all capital projects to ensure operating expenses are considered after the construction of a project. Established general goals and authority for changes.

The fund balance policies establish authority and identifies stabilization of the general fund reserve. Debt-related policies include not using long-term debt for operations and short-term/leases will be minimized. General obligation bonds shall not be issued if the primary and secondary tax is greater than \$2. Water and sewer shall be issued as revenue bonds, rather than general obligation bonds. Water and sewer operating revenue shall be at least 1.25 times the amount paid annually for principal and interest. Excise tax bonds shall be issued through the Municipal Development Corporation.

Staff will be presenting again in two weeks, which will provide another opportunity for comments and input. In terms of funding, the City practices fund accounting, meaning that buckets are set up for certain monies coming in that are restricted to certain uses. This includes Special Revenue Funds which may only be used for a specific purpose and might be restricted by a third party or a state statute. The dedicated public safety tax also falls under the Special Revenue Fund but will be included in General Fund discussions as it is very similar to the other purposes of the General Fund, including the remainder of public safety funding.

Enterprise funds operate like a business and may reimburse other funds for services provided. Debt service funds are used to pay principal and interest on bonds used to finance infrastructure, such as buildings, roads, water and sewer. Internal service funds are used to track goods and services which are moved between funds on a reimbursement basis. Capital funds are used for large scale construction projects above and below ground. The general fund is the primary operating fund of the City, typically

funding a significant portion of the City's operations. The general fund can be used for any purpose.

The fiscal year 2020 budget is \$236.7 million, which is broken down into three categories: governmental (\$169.9 million), internal service funds (\$6.7 million) and enterprise funds (\$60.2 million). Under governmental are the following categories: general fund (\$66 million), special revenue (\$27.1 million), capital (\$66.6 million) and debt service (\$10.2 million).

The contingency category allows for an expenditure authority placeholder. Based on the Home Rule, there are limits on how much can be spent, regardless of revenues brought in. Contingency allows for unforeseen emergencies or challenges during the fiscal year, such as natural disasters, legislative changes, citizen initiatives, and economic development opportunities. Contingencies should be backed by existing savings funds or new revenue sources.

The City's reserves ensure that the City has adequate resources. This includes a fund balance set aside, which is generally not intended to be spent. Reserve policies require City Council approval. Any drawdown should include a plan to replenish and there are no plans to tap the reserves for this fiscal year.

One-time and ongoing funds are clearly distinguished. One-time sources and uses are considered inconsistent and volatile. These are spent towards one-time uses, such as contingency, asset replacement or capital. Ongoing sources and uses are consistent and relatively stable, generally used for items such as personnel costs and ongoing utilities.

Council Member Pineda thanked staff for the clear presentation.

Vice Mayor Dennis concurred with Council Member Pineda's comment. Vice Mayor Dennis requested staff bring additional information back to City Council regarding the \$2 property tax limit and a list of the projects that may be impacted by the limit. Ms. Duncan stated that staff will bring this back in February during the revenue discussion, as well as on March 2nd during the capital funds discussion.

In response to a question from Vice Mayor Dennis, Ms. Duncan confirmed that the public safety tax includes both police and fire.

4. ADJOURNMENT

There being no further business before the Council, Council Member Kilgore moved to adjourn the Work Session meeting; Council Member Malone seconded the motion.

Upon vote, the motion was carried unanimously 6 to 0.

Council Member Conde	Aye
Council Member Kilgore	Aye
Council Member Malone	Aye

Council Member Nielson	Aye
Council Member Pineda	Aye
Vice Mayor Dennis	Aye

Meeting adjourned at 7:13 p.m.

A **Regular Meeting** of the City Council of the City of Avondale, Arizona was convened at 11465 Civic Center Drive in open and public session at 7:22 p.m.

Mayor Kenn Weise led the Pledge of Allegiance, followed by a moment of silent reflection.

Members Present: Mayor Kenn Weise; Vice Mayor Pat Dennis; Councilmembers Tina Conde, Bryan Kilgore, Veronica Malone, Curtis Nielson, and Mike Pineda.

Members Absent: None.

Other Municipal Officials Present: Gina Montes, Assistant City Manager; Tracy Stevens, Deputy City Manager; Michael Wawro, City Attorney; Marcella Carrillo, City Clerk; Cindy Blackmore, Public Works Director; Jessica Blazina, Intergovernmental Affairs Administrator; Jeff Case, Fire Chief; Kenneth Chapa, Economic Development Services Director; Lindsey Duncan, Finance and Budget Director; Kirk Haines, Parks and Recreation Director; Chris Lopez, Neighborhood and Family Services Director; Kevin Murphy, Director of Development & Engineering Services; Dale Nannenga, Police Chief; Jeffrey Scheetz, Chief Information Officer; and Pier Simeri, Community Relations and Public Affairs Director.

Audience: Approximately 20 members of the public were present.

1. ROLL CALL AND STATEMENT OF PARTICIPATION BY THE CITY CLERK

2. UNSCHEDULED PUBLIC APPEARANCES

None.

3. PRESENTATION ITEMS

a. INTRODUCTION OF NEW EMPLOYEES

Tracy Stevens, Deputy City Manager, introduced the new director of the Economic Development department, Kenneth Chapa. Mr. Chapa spoke a few words of appreciation.

Jeff Case, Fire Chief, introduced the following new employees from the Fire Department: Matthew Del Sol, Firefighter; Tyler Griffith, Firefighter; Jose Guzman, Firefighter; and Dylan Parisi, Firefighter.

4. CONSENT AGENDA

Items on the consent agenda are of a routine nature or have been previously studied by the City Council at a work session. They are intended to be acted upon in one motion. Council members may pull items from consent if they would like them considered separately.

Mayor Weise asked if any Councilmember wished to have an item removed from the Consent Agenda. Having no requests from Council, motion was made by Vice Mayor Dennis, seconded by Council Member Conde, to approve the Consent Agenda.

Upon vote, the motion carried unanimously 7 to 0.

Council Member Conde	Aye
Council Member Kilgore	Aye
Council Member Malone	Aye
Council Member Nielson	Aye
Council Member Pineda	Aye
Vice Mayor Dennis	Aye
Mayor Weise	Aye

a. SERIES 7 (BEER AND WINE BAR) LIQUOR LICENSE - RESIDENCE INN BY MARRIOTT

City Council approved an application for a Series 7 (Beer and Wine Bar) Liquor License submitted by Brian Daley Welker, allowing for the sale of beer and wine at the Residence Inn located at 11465 Hilton Way, in Avondale and authorized the Mayor and City Clerk to execute the necessary documents.

b. SERIES 12 (RESTAURANT) LIQUOR LICENSE - ERIC'S FAMILY BARBECUE

City Council approved an application for a Series 12 (Restaurant) Liquor License submitted by Eric Tanori, allowing for the sale of alcoholic beverages at Eric's Family Barbecue located at 12345 W. Indian School Road, in Avondale and authorized the Mayor and City Clerk to execute the necessary documents.

c. SERIES 12 (RESTAURANT) LIQUOR LICENSE - PASTA FACTORY

City Council approved an application for a Series 12 (Restaurant) Liquor License submitted by Jaime Rivera Rosales, allowing for the sale of beer and wine at Pasta Factory located at 701 West Western Avenue, in Avondale and authorized the Mayor and City Clerk to execute the necessary documents.

d. RE-PLAT OF COPPER SPRINGS LOTS 1A AND 1B FOR BIOLIFE AVONDALE - APPLICATION PL-19-0300

City Council approved a request by Mr. Joe Cirone, JMC Engineering, for approval of a Re-Plat of Copper Springs Lots 1A and 1B for BioLife Avondale, approximately 4.93 net acres of property located at the northeast corner of McDowell Road and 107th Avenue. In conformance with the approved Site Plan for BioLife Plasma Services, the proposed Re-Plat divides existing Copper Springs Lot 1A into two parcels; 2.47-acre Lot 1A for

development of BioLife Plasma Services, and 0.53-acre Lot 1C to be developed in the future jointly with the existing 1.92-acre Lot 1B. The proposed Re-Plat also abandons existing private water, sewer, and cross-access easements and dedicates new cross-access, private water and sewer, and temporary drainage easements in conformance with the approved BioLife Plasma Services site plan.

e. RE-PLAT OF VISTA DEL VERDE PHASE 3 - APPLICATION PL-18-0147

City Council approved a request by Mr. Kirk Pangus, HILGARTWILSON, LLC., for approval of a Re-Plat for Vista del Verde Phase 3. Consistent with the Vista del Verde Preliminary Plat approved by City Council in December 2017, the proposed Re-Plat will reconfigure lot lines within the 37.1 net acre third phase of the 144.0 net acre Vista del Verde community located approximately 300 feet north of the northwest corner of 107th Avenue and Buckeye Road. A total of 127 single-family residential lots are currently platted in Phase 3; approval of the Re-Plat will increase the total to 144. City Council will consider adoption of Resolutions forming a Maintenance Improvement District (MID) for this phase as a separate agenda item.

f. RE-PLAT OF VISTA DEL VERDE PHASE 4 - APPLICATION PL-18-0148

City Council approved a request by Mr. Kirk Pangus, HILGARTWILSON, LLC., for approval of a Re-Plat for Vista del Verde Phase 4. Consistent with the Vista del Verde Preliminary Plat approved by City Council in December 2017, the proposed Re-Plat will reconfigure lot lines within the 15.8 net acre fourth phase of the 144.0 net acre Vista del Verde community located approximately 300 feet north of the northwest corner of 107th Avenue and Buckeye Road. A total of 75 single-family residential lots are currently platted in Phase 4; approval of the Re-Plat will increase the total to 83. City Council will consider adoption of Resolutions forming a Maintenance Improvement District (MID) for this phase as a separate agenda item.

g. RESOLUTIONS 1004-0120 AND 1005-0120 – VISTA DEL VERDE PHASE 3 MAINTENANCE IMPROVEMENT DISTRICT

City Council approved the Petition for Formation, adopted Resolution 1004-0120 declaring its intention to form the City of Avondale Maintenance Improvement District No. 16, Vista del Verde Phase 3, providing for the assessment, and adopted Resolution 1005-0120 declaring its intention to order the improvements within the newly established maintenance improvement district, providing for the assessment and declaring an emergency.

h. RESOLUTIONS 1006-0120 AND 1007-0120 – VISTA DEL VERDE PHASE 4 MAINTENANCE IMPROVEMENT DISTRICT

City Council approved the Petition for Formation, adopted Resolution 1006-0120 declaring its intention to form the City of Avondale Maintenance Improvement District No. 17, Vista del Verde Phase 4, providing for the assessment, and adopted Resolution 1007-0120 declaring its intention to order the improvements within the newly established maintenance improvement district, providing for the assessment and declaring an emergency.

5. REGULAR AGENDA

a. REVIEW AND APPROVAL OF MODIFICATIONS TO THE MEMORANDUM OF UNDERSTANDING WITH THE AVONDALE PROFESSIONAL FIREFIGHTERS ASSOCIATION (APFA) LOCAL 3924

City Council considered a request to review and approve future modifications to the Memorandum of Understanding (MOU) which will be effective July 1, 2020 through June 30, 2022 and direct staff to bring a revised MOU before City Council at a future meeting.

Presentation by Gina Montes, Assistant City Manager, included the following:

Ms. Montes stated that the agreement generally reincorporates most of the existing MOU language. The agreement has a two-year term and is from July 2020 to June 2022.

Key changes include the following:

- In the first year, everyone will receive a one-step increase (4%) and removes the bottom two steps for firefighter and adds one-step to the top of the range.
- In the second year, everyone will receive a one-step increase (4%) and removes the fixed merit award for members at the top of the range.
- For the regular hourly rate provisions, life insurance benefit will revert to what is provided citywide.

The City has only been paying what is required by the Fair Labor Standards Act (FLSA) in terms of overtime payment. There is one pay period out of every three pay periods that overtime is not triggered (96 hours). The proposal is to pay time and a half for any hours worked above 96 hours. In order to determine the effects of the change, it will begin on a pilot basis, to be assessed prior to the next MOU. It is proposed to have an additional holiday pay for members who work on a holiday, which will equate to 11.25 hours of straight time in addition to whatever an employee is making on a designated holiday. Another key change removes a requirement to match citywide sick/vacation leave accruals if they exceed MOU accruals. Currently, members can sell back vacation time twice per year. The new provision maintains this agreement; however, payment would be paid over two consecutive pay periods. Total budgetary impact for the changes is \$367,360.

Bryan Depauw, Fire Engineer, spoke a few words of appreciation for staff's efforts in working with the Fire Department on the MOU. In response to an inquiry by Mayor Weise, Mr. Depauw spoke about the process and the importance of building relationships.

Mayor Weise stressed the importance of keeping City-trained fire personnel in the City as opposed to losing them to other cities because of market and wage changes.

Vice Mayor Dennis asked whether overtime and holiday hours can be combined. Mr. Depauw stated that this is only for select members based on their pay cycle. The individual would receive the first ten hours as time and a half and would receive straight time of 11.25 hours for working the holiday. Vice Mayor Dennis commented that this is a positive step in keeping good employees on board.

Vice Mayor Dennis moved to approve future modifications to the Memorandum of Understanding (MOU) which will be effective July 1, 2020 through June 30, 2022 and direct staff to bring a revised MOU before City Council at a future meeting; Council Member Malone seconded the motion.

Upon vote, the motion was carried unanimously 7 to 0.

Council Member Conde	Aye
Council Member Kilgore	Aye
Council Member Malone	Aye
Council Member Nielson	Aye
Council Member Pineda	Aye
Vice Mayor Dennis	Aye
Mayor Weise	Aye

Note from the City Clerk: Items 5b and 5c were presented together and voted on individually.

b. PUBLIC HEARING AND RESOLUTION 1008-0120 - MINOR GENERAL PLAN LAND USE MAP AMENDMENT FOR AVONDALE TOWNHOMES ON DYSART – APPLICATION PL-19-0195

City Council held a public hearing and considered a request by Mr. Lance Baker, Synectic Design Inc., to adopt a Resolution approving a Minor Amendment to the Avondale General Plan 2030 Land Use Map for Avondale Townhomes on Dysart, a proposed 302-unit townhome development with an adjacent commercial area on 28.35 gross acres located approximately 760 feet south of the southwest corner of Dysart Road and Van Buren Street. The proposed Minor General Plan Amendment, if approved, will amend the General Plan 2030 Land Use designation on 25.86 acres of the property from Local Commercial to Medium/High Density Residential. The MHDR designation allows for single-family detached, single-family attached, townhomes, condominiums, patio homes and casitas in a density range of 4.0 to 12.0 dwelling units per acre (4.0 du/acre target density). Approximately 2.49 gross acres of the property adjacent to Dysart Road are excluded from the general plan amendment request and will remain designated Local Commercial. A request to rezone the property from C-2 (Community Commercial) to PAD (Planned Area Development) to accommodate development of a 302-unit townhome community and a 2.49 gross acre commercial site will be considered separately.

Presentation by Ken Galica, Lead Planner, included the following:

Mr. Galica noted that items 5(a) and 5(b) would be presented together, however they will require separate public hearings and motions. He provided an overview of the site details and summarized the requested amendment. The development includes 302 townhomes with 37% open space, including two pool facilities, tot lots, two clubhouses and a dog park. There are two access points, one from Dysart Road and one from 4th Street. A 2.47-acre C-2 neighborhood commercial area will be constructed during a later phase. The proposed architecture is Spanish Colonial Revival style with complementary

architecture throughout the site. Staff feels that the general plan amendment and rezoning are compatible with and complementary to existing uses in the area. Staff further believes it advances City goals and policies as they relate to the revitalization of historic Avondale. The proposed PAD does conform to the general plan land use map.

The proposed development standards exceed zoning ordinance requirements. There are two exceptions to the zoning ordinance as the code established in September requires one guest parking space per unit. The amendment was in review prior to adoption of the new code and the developer is proposing slightly less than what the current code requires, but still more than the City would have typically gotten with this type of development in the past. Common areas of the development will be HOA-owned. Staff believes exceptional design is provided in the quality of the architecture as well as the variety provided between buildings. The infrastructure improvements will be completed by the developer. The general plan amendment and rezoning, in staff's view, meet all required findings.

Mr. Galica stated that all required notifications were completed, including a neighborhood meeting at City Hall on December 5th with no attendees. There were three viewers and no comments on the aVOICE platform. One email was received in support of the proposal from a nearby commercial property owner. The Planning Commission recommended approval in December. He noted that applicant had a builder on board until very recently. Unfortunately, the transaction fell through, but the applicant is currently in conversation with several builders.

Mayor Weise opened the public hearing and did not receive any requests to speak. Mayor Weise closed the public hearing and opened the floor for comments from Council.

Vice Mayor Dennis expressed concern in terms of moving forward without a current builder, as this changes the general plan from medium to high density. If the project falls through, the concern with changing the general plan is that the parcel will be open to other developers at medium to high density. She suggested having a continuance on the project both in terms of the general plan and the rezoning.

Mayor Weise asked Mr. Galica to discuss what a postponement or continuance means to the applicant and whether it places the project on hold for a significant period of time. Mr. Galica stated that the PAD requires the proposed development to be built. Any change to detached homes or apartments would require a major PAD amendment, which would require Council approval.

Rick Jellies, on behalf of the applicant, stated that they met with several Council Members as they were beginning the process of crafting a vision for this redevelopment area of Historic Avondale. The property owner has been involved with the property for 15 years. Members of the applicant's office have been in marketing efforts for the property as commercial property for over eight years. During that time, every possible avenue has been exhausted. In order to develop the property, a land use change is appropriate. The proposed development provides opportunities for home ownership of an affordable and high-quality nature. Staff has painstakingly worked with them towards this goal. This

project cannot be sold from landowner to developer to builder. It is a very expensive project with significant amenities. The individual platting guarantees that property taxes will be three times what they would be as an apartment project. The land use change serves to get builders interested.

Vice Mayor Dennis asked about the building timeline. Michael Wawro, City Attorney, stated the timeline has not yet been brought to Council. Mr. Galica added that under the September approval, the validity was changed to two years with a potential one-year extension.

Council Member Malone asked if there is a provision to pull the project, if it is not developed exactly as approved. Mr. Galica said the zoning ordinance is very clear in terms of what is considered a major amendment versus a minor amendment. Currently, the development is proposed as a 302 unit, individually platted townhome complex. Potential major changes would include going from individual townhomes to apartments, which would have to come back for Council approval. Minor changes would include a slight modification to architecture.

Council Member Pineda commented on the land being vacant for an excess amount of time and noted he was in support of the project and believes they will develop the project as it states. He noted the City has safe guards in place that take away the mentioned concerns.

Mr. Gellis added that there have been 18 documented evictions of homeless camps on the site and others that have been undocumented.

Council Member Conde stated that Avondale currently does not have townhome housing stock in the community. As a licensed realtor, she often takes clients to a neighboring city for this type of housing. She voiced support for the townhome product and would not want to stray from something else at this site in the future. She complimented the amenities and location of the project.

Council Member Kilgore voiced his support of the project, mentioning the project is an asset to the City. He did not have any concerns with the project and he expressed his belief that everything will work out in the end.

Council Member Nielson agreed that this is an opportunity for the City to have a needed product for prospective homeowners.

Mayor Weise asked that once a builder is found, any potential changes will be brought back to Council for approval.

Council Member Pineda moved to adopt Resolution 1008-0120 approving Application PL-19-0195 Avondale Townhomes on Dysart, a request for a Minor Amendment to the General Plan 2030 Land Use Map changing the Land Use designation of 25.86 acres of the subject property from Local Commercial to Medium/High Density Residential; Council Member Malone seconded the motion.

Upon vote, the motion was carried unanimously 7 to 0.

Council Member Conde	Aye
Council Member Kilgore	Aye
Council Member Malone	Aye
Council Member Nielson	Aye
Council Member Pineda	Aye
Vice Mayor Dennis	Aye
Mayor Weise	Aye

c. PUBLIC HEARING AND ORDINANCE 2004-0120 - REZONING FROM COMMUNITY COMMERCIAL (C-2) TO PLANNED AREA DEVELOPMENT (PAD) FOR AVONDALE TOWNHOMES ON DYSART – APPLICATION PL-19-0194

City Council held a public hearing and considered a request by Mr. Lance Baker, Synectic Design Inc., to rezone 28.35 gross acres located approximately 760 feet south of the southwest corner of Dysart Road and Van Buren Street from C-2 (Community Commercial) to PAD (Planned Area Development). The proposed Avondale Townhomes on Dysart PAD will allow for a 302-unit singlefamily attached townhome community featuring two clubhouses and two community pools on 25.86 gross acres. The proposed PAD also reserves 2.49 gross acres of property directly adjacent to Dysart Road for future commercial development under the uses and standards of the City's C-1 (Neighborhood Commercial) zoning district. A request to change the General Plan 2030 Land Use Map designation of 25.86 acres of the property from Local Commercial to Medium/High Density Residential (MHDR) will be considered separately.

This item was presented under Agenda Item 5(a).

Mayor Weise opened the public hearing and did not receive any requests to speak. Mayor Weise closed the public hearing and opened the floor for comments from Council.

The comments portion was included under Agenda Item 5(a)

Vice Mayor Dennis moved to accept the findings and adopt Ordinance 2004-0120 approving Application PL-19-0194 Avondale Townhomes on Dysart, a request to rezone approximately 28.35 acres from C-2 (Community Commercial) to Planned Area Development (PAD), subject to four (4) recommended conditions of approval as listed in the staff report, and one (1) additional condition of approval for the project to include a deceleration lane on Dysart Road to be paid for by the applicant and approved by the City Engineer in accordance with City standards; Council Member Pineda seconded the motion.

Upon vote, the motion was carried unanimously 7 to 0.

Council Member Conde	Aye
Council Member Kilgore	Aye
Council Member Malone	Aye
Council Member Nielson	Aye

Council Member Pineda	Aye
Vice Mayor Dennis	Aye
Mayor Weise	Aye

6. ADJOURNMENT INTO EXECUTIVE SESSION

There being no further business before the Council, Council Member Kilgore moved to adjourn the Regular Meeting and hold an Executive Session pursuant to Ariz. Rev. Stat. § 38-431.03(A)(7) for the purpose of discussions or consultations with designated representatives of the public body in order to consider its position and instruct its representatives regarding negotiations for the purchase of real property located at 100 N. Clubhouse Dr; Council Member Malone seconded the motion.

Upon vote, the motion was carried unanimously 7 to 0.

Council Member Conde	Aye
Council Member Kilgore	Aye
Council Member Malone	Aye
Council Member Nielson	Aye
Council Member Pineda	Aye
Vice Mayor Dennis	Aye
Mayor Weise	Aye

Meeting adjourned at 8:20 p.m.

Kenn Weise, Mayor

CERTIFICATION AND ATTESTATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Work Session and Regular Meeting of the Council of the City of Avondale held on the 21st day of January 2020. I further certify that the meeting was duly called and held and that the quorum was present.

Marcella Carrillo, City Clerk

CITY COUNCIL REPORT

SUBJECT: Budget Transfer for the 9th Street Construction Project

MEETING DATE: 3/23/2020

TO: Mayor and Council

FROM: Kevin Murphy, Development and Engineering Services Director, (623) 333-4011

THROUGH: Charles A. Montoya, City Manager, (623) 333-1016

PURPOSE:

City Council will consider a request to approve a budget transfer of \$400,000 from the Thomas Road Bridge Design CIP account to the 9th Street Construction account, to fund the construction of 9th Street, adjacent to the new City Resource Center and authorize staff to take the necessary action to complete the budget transfer. The Council will take appropriate action.

BACKGROUND:

The City of Avondale is currently constructing a new Resource Center on the South side of Riley Drive, east of 9th Street, which is unimproved. The Resource Center is currently under construction, and the facility is being constructed under a design-build contract. That contract did not include the construction of 9th Street. A separate capital project was added to the CIP for 9th Street. Although the construction of 9th Street is needed for the proper function and traffic circulation of the Resource Center, it is considered a separate project.

DISCUSSION:

The civil engineering sub-consultant for the Resource Center project was chosen to prepare design plans for 9th Street, since that consultant had specialized knowledge of the project. The 9th Street construction fund line item currently has a zero balance, and funds need to be transferred to this project line for the anticipated cost of the 9th Street Improvements, which include asphalt pavement, curb and gutter, and streetlights.

The Thomas Road Bridge project currently has funding available that can be transferred to the 9th Street project. The Thomas Road Bridge project had \$750k budgeted for 2020, of which \$280k has been encumbered for a consultant that is currently completing a design concept report for the bridge, which will be completed in the Fall of 2020. No other funds are planned to be expended for the Thomas Road Bridge until at least 2025 for remaining design and land acquisition, if the bridge project is chosen to move forward.

Council is being asked to consider transferring \$400k from the Thomas Road Bridge project to 9th Street for the needed construction.

STRATEGIC PLAN ALIGNMENT

INITIATIVE:

Foster Sustainable Community Development

GOAL:

Maintain and expand infrastructure and improve connectivity to City amenities

OBJECTIVE:

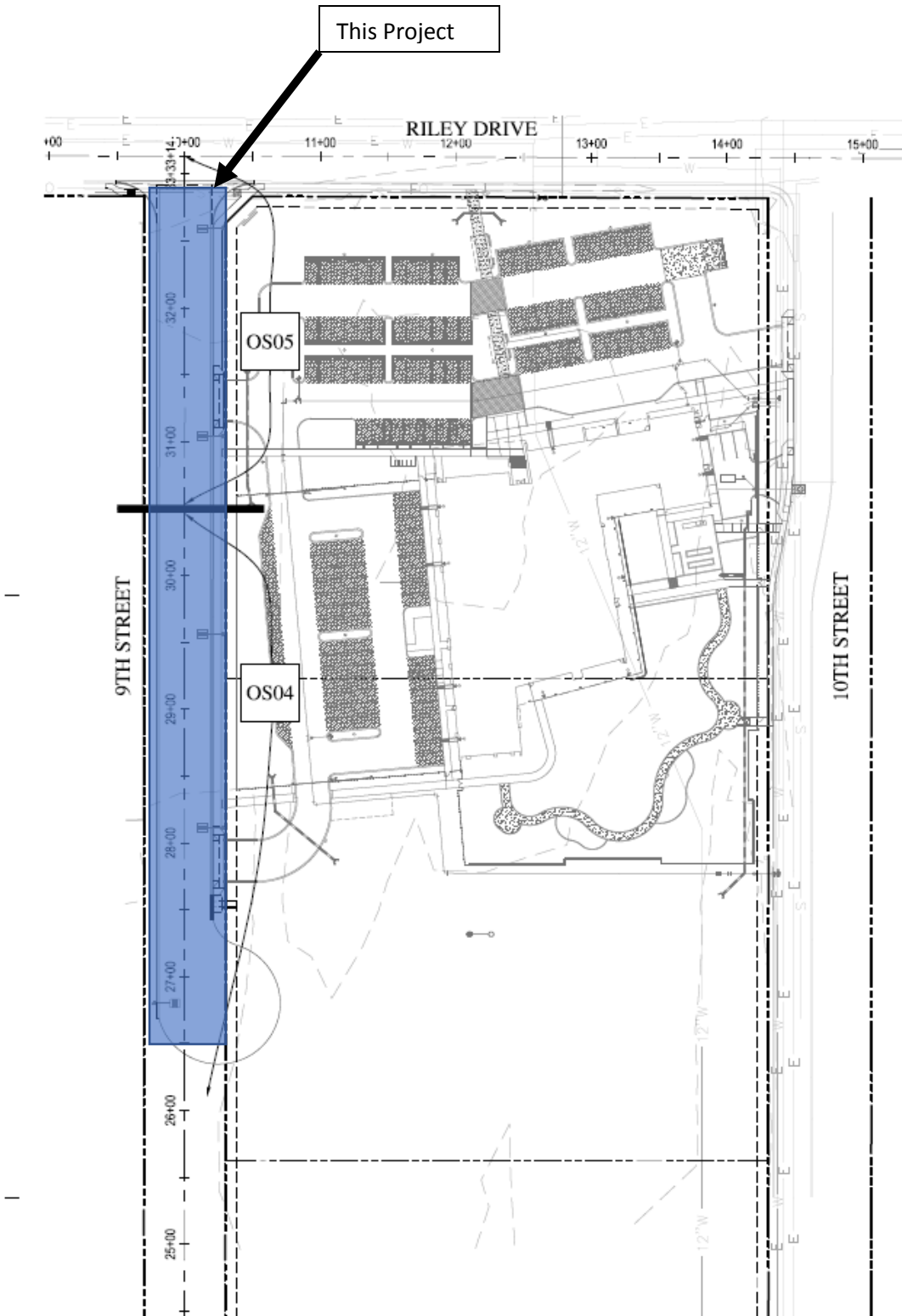
Construct new street adjacent to Resource Center for traffic circulation with ingress and egress to the new facility

BUDGET IMPACT:

This action will transfer \$400,000 from CIP line item 304-1510-00-8001, Thomas Road Bridge Design, to 304-1520-00-8410, 9th Street Construction.

RECOMMENDATION:

Staff recommends that City Council authorize the requested budget transfer and authorize the Mayor, or City Manager and City Clerk, to execute the necessary documents.



CITY COUNCIL REPORT

SUBJECT: Resolution 1016-0320 – Mutual Aid Agreement with Gila River Indian Community

MEETING DATE: 3/23/2020

TO: Mayor and Council

FROM: Dale Nannenga, (623) 333-7207

THROUGH: Charles A. Montoya, City Manager, (623) 333-1016

PURPOSE:

City Council will consider a request to adopt Resolution 1016-0320 approving the Gila River Indian Community Mutual Aid Agreement for the provision of requesting emergency police mutual aid and authorize the Mayor, or City Manager and City Clerk to execute the necessary documents. The Council will take appropriate action.

BACKGROUND:

The Gila River Indian Community is located along the southern border of the City and communication between the two police agencies is for crime related concerns is common. While the actual need for police assistance is rare, there have been occasions when the police department has requested assistance from the Gila River Police Department for emergency assistance in their jurisdiction for police matters. Having a written emergency mutual aid agreement in place provides an outline by which the two agencies interact and establishes a better working relationship when such emergency assistance is required.

DISCUSSION:

The mutual aid agreement establishes parameters on which law enforcement agency takes the lead for emergencies when assistance is requested and the protocol when handling arrests. While each agency agrees to assist the other police agency in emergencies, the agreement in no way binds the agencies to provide assistance when the request conflicts with present duties, resources or general orders (policies).

When emergency assistance is provided, each agency will incur their own costs for time, materials and equipment. The term of the Mutual Aid Agreement will expire January 1, 2029.

BUDGET IMPACT:

There is no budgetary impact by signing this agreement as each police agency is responsible for their own costs in providing emergency mutual assistance.

RECOMMENDATION:

Staff recommends City Council adopt a resolution authorizing a Mutual Aid Agreement between the Gila River Indian Community and the City of Avondale allowing the police department to request emergency mutual aid if needed.

RESOLUTION NO. 1016-0320

A RESOLUTION OF THE COUNCIL OF THE CITY OF AVONDALE, ARIZONA, APPROVING A MUTUAL AID AGREEMENT WITH THE GILA RIVER INDIAN COMMUNITY RELATING TO THE MUTUAL AID AND ASSISTANCE OF LAW ENFORCEMENT.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF AVONDALE as follows:

SECTION 1. The Mutual Aid Agreement with the Gila River Indian Community relating to the assistance and aid between the Avondale Police Department and the Gila River Police Department (the “Agreement”) is hereby approved in substantially the form and substance attached hereto as Exhibit A and incorporated herein by reference.

SECTION 2. The Mayor, the City Manager, the City Clerk and the City Attorney are hereby authorized and directed to take all steps necessary to cause the execution of the Agreement and to take all steps necessary to carry out the purpose and intent of this Resolution.

PASSED AND ADOPTED by the Council of the City of Avondale, Arizona, March 23, 2020.

Kenneth N. Weise, Mayor

ATTEST:

Marcella Carrillo, City Clerk

APPROVED AS TO FORM:

Michael Wawro, City Attorney

EXHIBIT A
TO
RESOLUTION NO. 1016-0320

[Agreement]

See following pages.

**MUTUAL AID AGREEMENT BETWEEN
THE GILA RIVER INDIAN COMMUNITY
AND
THE CITY OF AVONDALE**

THIS MUTUAL AID AGREEMENT (“Agreement”), entered into as of the_____ day of _____2020, between the City of Avondale, a municipality incorporated under the laws of the State of Arizona, acting through the Avondale Police Department (“Avondale”), and the Gila River Police Department (the “GRPD”) of the Gila River Indian Community (the “Community”), a federally recognized Indian sovereign nation. The Community and Avondale shall be collectively referred to as the “Parties.”

WHEREAS, Avondale is authorized to enter into this Agreement pursuant to A.R.S. §§ 11- 952 and 13-3872; and

WHEREAS, the Gila River Indian Community Council (the “Community Council”) is the governing body of the Community; and

WHEREAS, the Community Council is empowered by Article XV, Sec. 1(a)(I) of the Constitution and Bylaws of the Gila River Indian Community (approved March 17, 1960) (“Constitution”) to enter into this Agreement on behalf of the Gila River Indian Community; and

WHEREAS, the Community Council is further empowered pursuant to Article XV, Sec. 1(a) (17) of the Community's Constitution to establish a police force and define the powers and duties thereof; and

WHEREAS, both Parties employ Arizona Peace Officer Standards and Training (“POST”)-certified peace officers and are authorized by A.R.S. §§ 13-3871 to 13-3874, to enter into this Agreement; and

WHEREAS, Avondale and the Community have a long history of cooperation involving law enforcement; and

WHEREAS, it is to the mutual benefit of the Parties that they enter into an Agreement for the mutual protection of its citizens and to provide assistance to effectively allocate law enforcement services; and

WHEREAS, the Parties voluntarily agree to aid and assist each other when appropriate; and

WHEREAS, the Parties recognize that this Agreement does not constitute a waiver of State or Tribal sovereignty.

NOW, THEREFORE, it is mutually agreed by the Parties:

1. EMERGENCY AND SPECIALTY LAW ENFORCEMENT MUTUAL AID:

1.1. Avondale, through its designated and employed officers, agrees to assist and aid the designated and employed officers of the Community when requested; and the Community, through its duly designated and employed officers, agrees to assist and aid the designated and employed officers of Avondale when requested. Such assistance will be provided unless requests for assistance conflict with then present duties, resources, or general orders.

1.2. Upon a duly authorized request for assistance from a GRPD officer, the Avondale officers will assist the GRPD officers with enforcement of the Community's Law and Order Code. Responding Avondale officers recognize that the GRPD officers will be the officers in charge when Avondale officers respond to provide aid and assistance within the exterior boundaries of the Gila River Indian Reservation ("Reservation"). Avondale officers requested by a GRPD officer to render assistance, or who enter onto the Reservation while engaged in the "HOT PURSUIT" of a fleeing suspect of an alleged offense that occurred within Avondale, may detain but will not remove a Native American from the Reservation unless it is determined that the suspect committed no alleged offenses within the boundaries of the Community. An individual detained within the boundaries of the Community shall be turned over to the responding GRPD officers if an alleged offense, over which the Community possesses jurisdiction, occurred within the boundaries of the Community.

1.3. Upon a duly authorized request for assistance from an Avondale officer, the GRPD officers will assist the Avondale officers in enforcement of the law relating to all crimes of the State of Arizona as set out in the Arizona Revised Statutes. Responding GRPD officers recognize that Avondale officers will be the officers in charge when GRPD officers respond to provide aid and assistance within the exterior boundaries of the City of Avondale.

1.4. The Parties' officers may also provide assistance to each other when there is a duly authorized request in non-criminal incidents and accidents where a response does not conflict with their present duties and resources.

1.5. After occurrences in which mutual assistance was given, each Party shall exchange with the other Party all reports arising out of such occurrence when requested by the other Party; provided that nothing in this section shall be interpreted to waive, limit, or remove the duty of confidentiality imposed or allowed by law as to such reports or the contents thereof. Reports generated pursuant to mutual aid between the agencies remain the records of the respective agencies and any public records requests shall be the responsibility of the Party creating the record.

2. **AUTHORITY:** The provisions of A.R.S. § 13-3872 shall apply to the Parties' officers operating pursuant to this Agreement. Arizona POST-certified Avondale officers have the authority of state peace officers pursuant to Arizona law and shall also have the authority of GRPD officers when responding to requests for assistance by the GRPD to incidents occurring within the boundaries of the Gila River Indian Community Reservation. Arizona POST-certified GRPD officers have the authority of state peace officers pursuant to A.R.S. § 13-3874 and shall also have the authority granted by A.R.S. § 13-3871(1) when responding to requests for assistance

by the Avondale Police Department to incidents occurring within the boundaries of Avondale. Nothing in this section shall be construed to limit in any way, the authority of either Party's police officers within their primary or home jurisdiction.

3. TERM: This Agreement shall be effective upon execution of the Agreement by both Parties, and shall expire on January 1, 2029.

4. TERMINATION: Either Party may terminate this Agreement upon sixty (60) days' prior written notice by registered and/or certified mail or personal delivery to the other Party.

5. COSTS:

5.1. Each Party shall absorb its own costs in support of this Agreement. The Community agrees to hire and pay the entire salary of the duly commissioned officers of the GRPD without compensation from Avondale, and Avondale agrees to hire and pay the salaries of the duly commissioned officers of Avondale without compensation from the Community, in the exercise of any and all of the provisions of this Agreement.

5.2. Nothing contained in this Agreement shall be construed or constructed as an employment contract of or for individual officers of the Community or Avondale.

5.3. Each Party shall within its lawful methods establish and provide for payment of the costs and expenses of performance of its obligations undertaken pursuant to this Agreement and no taxable event shall arise from this Agreement.

5.4. In rendering mutual law enforcement assistance, each Party shall be responsible for the provision and maintenance of its own equipment, materials and supplies except in cases of emergency wherein it appears to the officers involved that the sharing or use of equipment, materials or supplies is necessary or proper.

5.5. Each Party will pay its own incurred overtime and expenses associated with its officers working an occurrence or traveling to testify or testifying, unless provided for in a separate agreement. The Parties' chief law enforcement officer shall direct and require his/her officers to travel and testify, under subpoena, to the court with jurisdiction over the occurrence.

6. INDEMNIFICATION: Each Party shall be responsible and liable (hereinafter referred to as the "Indemnifying Party") for damages, costs, and defense of the Party not at fault (hereinafter the "Indemnified Party") caused by its elected or appointed officials, officers, agents or employees ("Indemnifying Party's Employees") under this Agreement when said Indemnifying Party's Employees are acting within the scope of their employment. The Indemnifying Party shall hold the Indemnified Party harmless for liability caused, in whole or in part, by its Indemnifying Party's Employees. The Indemnified Party shall have the right of contribution against the Indemnifying Party to the extent of the liability cause by the Indemnifying Party's Employees in activities creating joint liability. Officers of the assisting Party shall not be considered employees of the requesting Party. Nothing herein shall be construed as a waiver of either Party's sovereign immunity.

7. ENTIRE UNDERSTANDING:

7.1. This Agreement embodies the entire understanding between the Parties with respect to the subject matter hereof and supersedes all prior or contemporaneous agreements and understandings, inducements, and conditions, express or implied, oral or written, except as herein contained. This Agreement may not be modified or amended other than by an Agreement in writing, signed by both Parties.

7.2. The Parties to this Agreement note that the applicability of federal and tribal laws in “Indian Country” may depend on whether the subject or the victim is Native American, and that state law has been held generally to be inapplicable to Native Americans in Indian Country. Nothing in this Agreement makes any law applicable to a certain person or certain conduct where it would not otherwise be applicable.

8. SEVERABILITY: The provisions of this Agreement shall be deemed severable and the invalidity or enforceability of any provisions shall not affect the validity or enforceability of the other provisions hereof.

9. SOVEREIGN IMMUNITY: Nothing in this Agreement shall be construed as a waiver of any government’s sovereign immunity, and is not intended to impair, limit, or affect the status of any Party or its sovereignty. Further, it is not the intent of this Agreement to create, and nothing contained in this Agreement shall create, any partnership, joint venture, or similar arrangement by the Parties.

10. NOTICES: All notices or demands upon any Party to this Agreement shall be in writing and shall be delivered in person or sent by certified mail addressed as follows:

City of Avondale Police Department
Attn: Dale Nannenga, Chief of Police
11485 W. Civic Center Drive
Avondale, AZ 85323

With a copy that shall not constitute notice to:

Avondale City Attorney
Attn: Michael Wawro
11485 W. Civic Center Drive
Avondale, AZ 85323

Gila River Indian Community
Attn: Stephen Roe Lewis, Governor
P.O. Box 97
Sacaton, AZ 85147

Gila River Indian Community Police Department
Attn: Timothy Chavez, Chief of Police
P.O. Box 2186
Sacaton, AZ 85147

With a copy that shall not constitute notice to:

Gila River Indian Community
Office of the General Counsel
Attn: Linus Everling, General Counsel
P.O. Box 97
Sacaton, AZ 85147

11. INSURANCE – GENERAL REQUIREMENTS

11.1. Upon execution of this Agreement, each Party shall furnish each other with a certificate of insurance on a standard insurance industry Association for Cooperative Operations Research and Development (“ACORD”) form. The ACORD form must be issued by an insurance company legally authorized to transact business in the State of Arizona, with policies and forms in conformance with this Agreement, and possessing a current A.M. Best, Inc. rating of A-7 or better, provided, however, the A.M. Best rating requirement shall not be deemed to apply to required Workers’ Compensation coverage.

11.2. Each Party shall procure and maintain the insurances set forth below until all of their obligations under this Agreement have been discharged.

11.3. The insurance requirements set forth below are minimum requirements for this Agreement and in no way limit the indemnity covenants contained in this Agreement.

11.4. The Parties in no way warrant to each other that the minimum insurance limits contained in this Agreement are sufficient to protect themselves from liabilities that might arise out of the performance of the obligations under this Agreement, and each is free to purchase any additional insurance as may be determined necessary.

11.5. Failure to demand evidence of full compliance with the insurance requirements in this Agreement or failure to identify any insurance deficiency will not relieve each Party from, nor will it be considered a waiver of its obligation to maintain the required insurance at all times during the performance of this Agreement.

12. MINIMUM SCOPE AND LIMITS OF INSURANCE: Each Party shall provide coverage with limits of liability not less than those stated below:

12.1. General Liability-Occurrence Form. Each Party must maintain “occurrence” form General Liability insurance with a limit of not less than \$2,000,000 for each occurrence, \$4,000,000 aggregate. Said insurance must also include coverage for independent contractors,

personal injury, and property damage. If any Excess Liability insurance is utilized to fulfill the requirements of this paragraph, the Excess Liability insurance must be “follow form” coverage of an equal or broader scope of coverage than the underlying insurance.

12.2. Automobile Liability-Any Auto Owned, Hired and Non-Owned Vehicles. Each Party must maintain Automobile Liability insurance with a limit of \$1,000,000 each accident on each Party’s owned, hired, and non-owned vehicles assigned to or used in the performance of each Party’s work or services under this Agreement. If any Excess Liability or Umbrella insurance is utilized to fulfill the requirements of this paragraph, the Excess or Umbrella insurance must be “follow form” coverage of an equal or broader scope of coverage than the underlying insurance.

12.3. WORKERS’ COMPENSATION AND EMPLOYER’S LIABILITY INSURANCE:

12.3.1. For the purpose of workers’ compensation, an employee of a Party to this Agreement who works under the jurisdiction or control of, or who works within the jurisdictional boundaries of another Party pursuant to this Agreement, shall be deemed to be an employee of both Parties as provided in A.R.S. § 23-1022, and the primary employer Party of such an employee shall be solely liable for payment of workers’ compensation benefits for the purpose of this section.

12.3.2. Each Party must maintain Workers’ Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction of each Party’s employees engaged in the performance of work or services under this Agreement and must also maintain Employer’s Liability insurance of not less than \$1,000,000 for each accident and \$1,000,000 disease for each employee.

13. ADDITIONAL POLICY PROVISIONS REQUIRED:

13.1. Self-Insured Retentions or Deductibles. Any self-insured retentions and deductibles must be declared.

13.2. Each Party as Additional Insured. The policies are to contain, or be endorsed to contain, the following provisions:

13.3. The General Liability and Automobile Liability policies are to contain, or be endorsed to contain, the following provisions: The Indemnified Party, its officers, officials, agents, and employees are additional insureds with respect to liability arising out of activities performed by, or on behalf of, the Indemnifying Party, including the Indemnified Party’s general supervision of the Indemnifying Party’s employees and the Indemnified Party’s automobiles owned, leased, hired, or borrowed by such Party.

13.4. Each Party, its officers, officials, agents, and employees must be additional insureds to the full limits of liability purchased by the other Party even if those limits of liability are in excess of those required by this Agreement.

13.5. The Indemnifying Party’s insurance coverage must be primary insurance with respect to the Indemnified Party, its officers, officials, agents, and employees. Any insurance or self-

insurance maintained by the Indemnified Party, its officers, officials, agents, and employees shall be in excess of the coverage provided by the Indemnifying Party and must not contribute to it.

13.6. The Indemnifying Party's insurance must apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

13.7. Coverage provided by the Indemnifying Party must not be limited to the liability assumed under the indemnification provisions of this Agreement.

13.8. The policies must contain a severability of interest clause and waiver of subrogation against the Indemnified Party, its officers, officials, agents, and employees, for losses arising from any services performed by Indemnifying Party for the Indemnified Party.

13.9. If a certificate of insurance is submitted as verification of coverage, the Indemnified Party will reasonably rely upon the certificate of insurance as evidence of coverage, but this acceptance and reliance will not waive or alter in any way the insurance requirements or obligations of this Agreement. If any of the required policies expire during the life of this Agreement, each Party must forward renewal or replacement certificates to the other within 10 days after the renewal date containing all the necessary insurance provisions.

[intentionally left blank]

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#

[Signatures on following page]

In witness whereof, the Parties have executed this Agreement on the day and year first written above.

FOR THE GILA RIVER INDIAN COMMUNITY:

Stephen Roe Lewis, Governor

DATE

Timothy Chavez, Chief of Police

DATE

Approved as to form:

Linus Everling, General Counsel

DATE

FOR THE CITY OF AVONDALE:

Kenn Weise, City Mayor

DATE

Dale Nannenga, Chief of Police

DATE

Approved as to form:

Michael Wawro, City Attorney

DATE

Attest:

Marcella Carrillo, City Clerk

DATE

CITY COUNCIL REPORT

SUBJECT: Resolution 1017-0320 - Development Agreement with FER Properties - McDowell Road and 107th Avenue Road Widening Right-of-Way

MEETING DATE: 3/23/2020

TO: Mayor and Council

FROM: Kevin Murphy, PE, Development & Engineering Services Director, (623) 333-4011 

THROUGH: Charles A. Montoya, City Manager, (623) 333-1016

PURPOSE:

City Council will consider a request to adopt Resolution 1017-0320 approving a Development Agreement with FER Enterprises, addressing the dedication of right of way, a temporary construction easement, a drainage easement, the purchase of a well, and design/construction improvements by the City in connection with the McDowell Rd & 107th Avenue road widening project, and authorize the Mayor, or City Manager and City Clerk, to execute the necessary documents. The Council will take appropriate action.

BACKGROUND:

The City of Avondale is currently in the design phase of a road widening project at McDowell Road & 107th Avenue. This project will design and construct improvements that will widen McDowell Road to 3 lanes west of 107th Avenue. 107th Avenue will be widened south of McDowell Road to provide two lanes in each direction.

Additional right of way is required at the southwest corner of the intersection, and along the west side of 107th Avenue due to the proposed roadway widening. There is an existing private irrigation well structure located at the southwest corner which also needs to be removed.

DISCUSSION:

The City contacted the owner of the southwest corner of the intersection, FER Enterprises. The owner has agreed to provide the dedication of right of way and necessary easements to complete the project, at no cost to the City. The City has agreed to purchase the well at the southwest corner of the intersection, at a cost of \$150,000, and the City will design and construct a deceleration lane on the west side of 107th Avenue into the owner's property as part of the project. As part of the City project, City improvements will also include pavement improvements for an eastbound third lane on McDowell Rd fronting the owner's property, curbing and sidewalk on the south side of McDowell Road fronting the owner's property and street light improvements along both of the owner's frontages.

STRATEGIC PLAN ALIGNMENT**INITIATIVE:**

Foster Sustainable Community Development

GOAL:

Maintain and expand infrastructure and improve connectivity to City amenities

OBJECTIVE:

Execute the development agreement to acquire the necessary right of way to complete the improvements for the the road widening at McDowell Road and 107th Avenue and reimbursement of \$150,000 to FER Enterprises once agreement is recorded.

BUDGET IMPACT:

The financial impact this action will have on the City is \$150,000. Currently, there is \$2,450,303 available in the 107th Avenue/McDowell Widening and Well Relocation project and the expense will hit 304-124-00-8200.

RECOMMENDATION:

Staff recommends approval of this Development Agreement with FER Enterprises in connection with the McDowell Road & 107th Avenue capital improvement, and authorize the Mayor, or City Manager and City Clerk to execute the necessary documents. The Council will take appropriate action.

RESOLUTION NO. 1017-0320

A RESOLUTION OF THE COUNCIL OF THE CITY OF AVONDALE,
ARIZONA, APPROVING THE DEVELOPMENT AGREEMENT WITH FER
PROPERTIES.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF AVONDALE as follows:

SECTION 1. The Development Agreement with FER Properties (the “Agreement”) is hereby approved substantially in the form and substance attached hereto as Exhibit A and incorporated herein by reference.

SECTION 2. The Mayor, the City Manager, the City Clerk and the City Attorney are hereby authorized and directed to take all steps necessary to cause the execution of the Agreement and its related documents and to take all steps necessary to carry out the purpose and intent of this Resolution.

PASSED AND ADOPTED by the Council of the City of Avondale, Arizona,
March 23, 2020

Kenneth N. Weise, Mayor

ATTEST:

Marcella Carrillo, City Clerk

APPROVED AS TO FORM:

Michael Wawro, City Attorney

EXHIBIT A
TO
RESOLUTION NO. 1017-0320

[Agreement]

See following pages.

When recorded, return to:

City Clerk
City of Avondale
11465 W. Civic Center Drive, Suite 110
Avondale, Arizona 85323-6804

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this "Agreement") is made March 23, 2020 (the "Effective Date"), by and between the City of Avondale, an Arizona municipal corporation (the "City") and FER Properties, an Arizona general partnership ("Owner"). The City and Owner are sometimes referred to herein collectively as the "Parties" or individually as a "Party."

RECITALS:

A. ARIZ. REV. STAT. § 9-500.05 authorizes the City to enter into an agreement with any person or entity having an interest in real property providing for the development of such property.

B. The Owner owns approximately 6.5 acres of real property generally located at the southwest corner of the intersection of 107th Ave and McDowell Road, within the corporate limits of Avondale, Arizona (the "Owner Property").

C. The Owner owns a well located within the Owner Property that is currently in operation and being used and accessed by a third-party.

D. The City desires to expand City roadway adjacent to 107th Ave and McDowell (the "Project") and desires to acquire certain property from the Owner for the Project.

E. The Owner desires to (i) sell the well to the City and (ii) dedicate the necessary property to the City for the Project.

F. The Parties understand and acknowledge that this Agreement is a "Development Agreement" within the meaning of and entered into pursuant to the terms of ARIZ. REV. STAT. § 9-500.05, to facilitate development of the Owner Property and other matters related to the development of the Owner Property by providing, among other things, conditions, terms, restrictions and requirements for the Property. The terms of this Agreement shall constitute covenants running with the Property as more fully described in this Agreement.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing recitals, which are incorporated herein by reference, the promises contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which the Parties acknowledge, the Parties hereto agree as follows:

1. Owner's Obligations.

1.1 Dedication of Right of Way. The Owner agrees to dedicate the necessary right-of-way generally located adjacent to the Owner Property (the "Dedicated ROW"), as legally described and depicted in Exhibit A attached hereto and incorporated herein by reference for the Project.

1.2. Owner's Well. Owner agrees to sell the well, Well Registration Number 55-625942, located on the Owner Property (the "Well") to the City. The Owner shall terminate any existing easements and rights regarding access and use of the Well by any third-party prior to the City's purchase of the Well. However, the Owner may access the Well water up until August 1, 2020 as described in Section 2.1 below. Owner will remove the existing pump, motor, and casing (Well Facilities) and haul off of the Dedicated ROW, at its sole cost and expense, no later than September 1, 2020.

1.3 Drainage Easement. Owner agrees to grant to the City, at no additional cost, a temporary drainage easement over a portion of the Owner Property in the form attached hereto as Exhibit B and incorporated herein by reference.

1.4. Temporary Construction Easement. Owner agrees to grant the City, at no additional cost, a temporary construction easement over a portion of the Owner Property in the form attached hereto as Exhibit C and incorporated herein by reference.

2. City Obligations.

2.1 Purchase of the Well. The City agrees to purchase the Well from the Owner for \$150,000. The City will decommission the Well after Owner's removal of the Well Facilities from the Dedicated ROW as required by Section 1.2 above. The City will grant the Owner full access to the Well water up until August 1, 2020. Owner's continued use of the Well water shall be at its sole cost and expense. In no event shall the Owner's use of the Well water extend beyond August 1, 2020. If the Owner fails to remove the Well Facilities from the Dedicated ROW by September 1, 2020, the City may immediately remove the Well Facilities and decommission the Well.

2.2 Deceleration Lane on 107th Avenue. The City agrees to design and construct a deceleration lane on 107th Avenue into the Owner Property as part of the Project and at no additional cost to the Owner (the "Owner Improvements"). City will provide all the improvements required by the City along the parcel frontage as shown on the 90% engineering plans (107th Avenue & McDowell Road Intersection City Project No. ST1224) created by Kimley Horn and Associates, Inc, dated February 26, 2020, (the "Engineering Plans") attached hereto as Exhibit D and incorporated herein by reference, and will not require further improvements or cost from the Owner in the future. The Owner Improvements will include: pavement improvements for eastbound third lane on McDowell Road; pavement improvements for southbound second lane on 107th Avenue; median island improvements for McDowell Road; median island improvements for 107th Avenue; street lighting improvements on southside of McDowell Road and west side of 107th Avenue; driveway and exclusive southbound right turn lane on 107th Avenue; dedicated

northbound left turn lane into 107th Avenue driveway; and curbing and sidewalk on southside of McDowell Road and west side of 107th Avenue. SRP irrigation pipes/structure and SRP electrical that is in conflict will be relocated by the City with the Owner Improvements.

3. Rights Run with the Land. The rights established under this Agreement are attached to and run with the Property. The Owner and its successors are entitled to exercise the rights granted pursuant to this Agreement.

4. Default; Remedies; Termination.

4.1 Default. Unless otherwise provided in this Agreement, failure or unreasonable delay by Owner or City to perform or otherwise act in accordance with any term or provision hereof shall constitute a breach of this Agreement and, if the breach is not cured within 45 days after written notice thereof from the other Party, shall constitute a default under this Agreement; provided, however, that if the failure is such that more than 45 days would reasonably be required to perform such action or comply with any term or provision hereof, then the Party shall have such additional time as may be necessary to perform or comply so long as the Party commences performance or compliance within 15 days after written notice and diligently proceeds to complete such performance or fulfill such obligation (the "Cure Period"); provided further, however, that no such cure period shall exceed 90 days, unless otherwise agreed to, in writing, by the Parties. Any notice of a breach shall specify the nature of the alleged breach and the manner in which said breach may be satisfactorily cured, if possible. In the event a breach is not cured within the Cure Period, the non-defaulting Party shall have all rights and remedies which may be available under law or equity, including without limitation the right to (A) specifically enforce any term or provision of this Agreement, (B) terminate this Agreement or (C) institute an action for damages.

4.2 Dispute Resolution. In the event that there is a dispute hereunder that the Parties cannot resolve between themselves and the Cure Period for the breach has expired, the Parties agree that there shall be a 45 day moratorium on litigation during which time the Parties agree to attempt to settle the dispute by non-binding mediation before commencement of litigation. The mediation shall be held under the commercial mediation rules of the American Arbitration Association. The matter in dispute shall be submitted to a mediator mutually selected by Owner and the City. In the event that the Parties cannot agree upon the selection of a mediator within seven days, then within three days thereafter, the City and Owner shall request the presiding judge of the Superior Court in and for the County of Maricopa, State of Arizona, to appoint an independent mediator. The mediator selected shall have at least five years of experience in mediating or arbitrating disputes relating to land and property development. The cost of any such mediation shall be divided equally between the City and Owner. The results of the mediation shall be non-binding on the Parties, and either Party shall be free to initiate litigation. This Section 4.2 shall not apply to any legal rights of Owner that must be exercised within a certain number of days that is less than 45.

4.3 No Personal Liability.

A. City to Owner. No member, official, employee, or agent of the City shall be personally liable to Owner, or any successor or assignee (1) in the event of any

default or breach by the City or (2) pursuant to any obligation of the City under the terms of this Agreement.

B. Owner to City. No member, official, employee, or agent of Owner shall be personally liable to the City (1) in the event of any default or breach by Owner, (2) for any amount that may become due to the City or (3) pursuant to any obligation of Owner under the terms of this Agreement.

5. General Provisions.

5.1 Cooperation. The City and Owner hereby acknowledge and agree that they shall cooperate in good faith with each other as contemplated by this Agreement.

5.2 Time of Essence. Time is of the essence with respect to each and every provision of this Agreement and the performance required by each Party hereto.

5.3 Conflict of Interest. Pursuant to Arizona law, rules and regulations, no member, official or employee of the City shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to this Agreement which affects his or her personal interest or the interest of any corporation, partnership or association in which he or she is, directly or indirectly, interested. This Agreement is subject to cancellation pursuant to ARIZ. REV. STAT. § 38-511.

5.4 Notices and Requests. Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if (A) delivered to the Party at the address set forth below, (B) deposited in the U.S. Mail, registered or certified, return receipt requested, to the address set forth below or (C) given to a recognized and reputable overnight delivery service, to the address set forth below:

If to the City: City of Avondale
11465 West Civic Center Drive
Avondale, Arizona 85323
Attn: Charles Montoya, City Manager

With copy to: City of Avondale.
11465 West Civic Center Drive
Avondale, Arizona 85323
Attn: Michael Wawro, City Attorney

If to Owner: FER Properties
11111 West McDowell Road
Avondale, Arizona 85392
Attn: Thomas F. Rosztoczy, Managing Partner

or at such other address, and to the attention of such other person or officer, as any Party may designate in writing by notice duly given pursuant to this subsection. Notices shall be deemed received (A) when delivered to the Party, (B) three business days after being placed in the U.S.

Mail, properly addressed, with sufficient postage or (C) the following business day after being given to a recognized overnight delivery service, with the person giving the notice paying all required charges and instructing the delivery service to deliver on the following business day. If a copy of a notice is also given to a Party's counsel or other recipient, the provisions above governing the date on which a notice is deemed to have been received by a Party shall mean and refer to the date on which the Party, and not its counsel or other recipient to which a copy of the notice may be sent, is deemed to have received the notice.

5.5 Governing Law; Venue. This Agreement shall be governed by the laws of the State of Arizona and suit pertaining to this Agreement may be brought only in courts in Maricopa County, Arizona. The Parties hereby irrevocably waive any right to object to such venue.

5.6 Assignment. Owner shall not transfer or assign its rights and obligations under this Agreement to any person or entity at any time during the duration of this Agreement without the prior, written consent of the City which consent shall not be unreasonably withheld. Owner shall be released and relieved of all obligations hereunder arising from and after a permitted assignment in which the assignee assumes in writing such obligations. Any attempted assignment or delegation by the Owner in violation of this provision shall be a breach of this Agreement.

5.7 Waiver. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver by either Party of any breach of any of the terms, covenants or conditions of this Agreement shall be construed or held to be a waiver of any succeeding or preceding breach of the same for any other term, covenant or condition herein contained.

5.8 Attorneys' Fees. In the event of any actual litigation between the Parties in connection with this Agreement, each Party shall pay for its own attorneys' fees.

5.9 Limited Severability. The City and Owner each believe that this Agreement was executed, delivered and performed in compliance with all applicable laws. However, in the unlikely event that any phrase, clause, sentence, paragraph, section, article or other portion of this Agreement is declared void or unenforceable by a court of competent jurisdiction (or is construed as requiring the City to do any act in violation of any applicable laws, constitutional provision, law, regulation or City Code), such provision shall be deemed severed from this Agreement and this Agreement shall otherwise remain in full force and effect; provided that this Agreement shall retroactively be deemed reformed to the extent reasonably possible in such a manner so that the reformed agreement (and any related agreements effective as of the same date) provide essentially the same rights and benefits (economic or otherwise) to the Parties as if such severance and reformation were not required. The Parties further agree, in such circumstances, to do all acts and to execute all amendments, instruments and consents necessary to accomplish and to give effect to the purposes of this Agreement, as reformed.

5.10 Exhibits. All exhibits attached hereto are incorporated herein by this reference as though fully set forth herein.

5.11 Entire Agreement; Interpretation; Parol Evidence. This Agreement represents the entire agreement of the Parties with respect to its subject matter, and all previous agreements, whether oral or written, entered into prior to this Agreement are hereby revoked and

superseded by this Agreement. No representations, warranties, inducements or oral agreements have been made by any of the parties except as expressly set forth herein, or in any other contemporaneous written agreement executed for the purposes of carrying out the provisions of this Agreement. This Agreement shall be construed and interpreted according to its plain meaning, and no presumption shall be deemed to apply in favor of, or against the party drafting the Agreement. The parties acknowledge and agree that each has had the opportunity to seek and utilize legal counsel in the drafting of, review of, and entry into this Agreement.

5.12 Recordation of Agreement. This Agreement shall be recorded in the Maricopa County Recorder's Office within ten days after its approval and execution by the City.

5.13 No Partnership; Third Parties. It is not intended by this Agreement to, and nothing contained in this Agreement shall, create any partnership, joint venture or other agreement between Owner and the City. No term or provision of this Agreement is intended to, or shall, be for the benefit of any person or entity not a Party hereto, and no such other person or entity shall have any right or cause of action hereunder.

5.14 Future Effect. The provisions of this Agreement are binding upon and shall inure to the benefit of the Parties, and all of their successors in interest and assigns.

5.15 Additional Acts and Documents. Each Party hereto agrees to do all such things and take all such actions, and to make, execute and deliver such other documents and instruments, as shall be reasonably requested to carry out the provisions, intent and purpose of this Agreement. If any action or approval is required of any Party in furtherance of the rights under this Agreement, such approval shall not be unreasonably withheld.

5.16 Headings; Counterparts. The headings of this Agreement are for purposes of reference only and shall not limit or define the meaning of any provision of this Agreement. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which shall constitute one and the same instrument.

5.17 Force Majeure. The performance of either Party and the duration of this Agreement shall be extended by any causes that are extraordinary and beyond the control of the Party required to perform, such as, but not limited to, a significant weather or geological event or other act of God, civil or military disturbance, labor or material shortage, or acts of terrorism.

5.18 Computation of Time. In computing any period of time under this Agreement the date of the act or event from which the designated period of time begins to run shall not be included. The last day of the period so completed shall be included unless it is a Saturday, Sunday, or legal holiday, in which event the period shall run until the end of the next day which is not a Saturday, Sunday, or legal holiday. The time for performance of any obligation or taking any action under this Agreement shall be deemed to expire at 5:00 p.m. (local time in Phoenix, Arizona) on the last day of the applicable time period provided herein.

5.19 Amendment. This Agreement may be modified only by a written amendment signed by persons duly authorized to enter into contracts on behalf of the City and the

Owner. Within ten days after the execution of the amendment by both Parties, the amendment shall be recorded by the City with the Maricopa County Recorder.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date set forth above.

“City”

CITY OF AVONDALE,
an Arizona municipal corporation

Charles A. Montoya, City Manager

ATTEST:

Marcella Carrillo, City Clerk

(ACKNOWLEDGMENT)

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

On _____, 2020 before me personally appeared Charles A. Montoya, the City Manager of the CITY OF AVONDALE, an Arizona municipal corporation, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above document, on behalf of the City of Avondale.

Notary Public in and for the State of Arizona

(Affix notary seal here)

(SIGNATURES CONTINUE ON FOLLOWING PAGE)

FER PROPERTIES,
an Arizona general partnership

(ACKNOWLEDGMENT)

On Feb 27th, 2020, before me personally appeared Thomas F. Rosztoczy, the Managing Partner of FER PROPERTIES, an Arizona general partnership, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above document on behalf of the partnership.



(Affix notary seal here)

EXHIBIT A
TO
DEVELOPMENT AGREEMENT
BETWEEN
CITY OF AVONDALE
AND
FER PROPERTIES

[Dedicated ROW Legal Description and Map]

See following pages.

LEGAL DESCRIPTION
PROPOSED ROAD RIGHT OF WAY
Part of Assessor Parcel no. 102-56-001J

(Reference 2006 Results of Survey recorded in
Maricopa County Recorders Office (MCR) Book 826, Page 5)

The following described parcel being a portion of the parcel described in Special Warranty Deed recorded in MCR instrument no. 2010-0782800, both located in the northeast quarter (NE1/4) of Section 06, Township 1 North, Range 1 East of the Gila and Salt River Meridian, City of Avondale, Maricopa County, Arizona:

Commencing at the northeast corner of said Section 06, being marked by a City of Phoenix brass cap in handhole per the Record of Survey recorded in MCR Book 699, page 26, from which for a bearing reference, per said MCR Book 699, Page 26, the north quarter corner of said Section 06, position being marked by a City of Avondale brass cap in handhole, being a non-stamped replacement survey monument for the Maricopa County Highway Department brass cap in hand hole per said MCR Book 699, Page 26, bears South 88° 48' 15" West, 2638.13 feet; and from which for a second bearing reference, per MCR Book 686, Page 43, the east quarter corner of said Section 06, being marked by a City of Avondale brass cap in handhole, being a stamped replacement survey monument per MCR instrument 2018-0509467 for the previous Maricopa County Highway Department brass cap in hand hole per said MCR Book 686, Page 43, bears South 00° 04' 04" East, 2640.80 feet (said distances determined with a combined grid to ground scale factor 1.000126616);

Thence along the north line of said Section 06, South 88° 48' 15" West, 515.67 feet;

Thence leaving said north line, South 01° 11' 45" East, 33.00 feet to the south line of the north 33.00 feet of said Section 06, also being the northwest corner of the parcel described in said parcel per MCR instrument no. 2010-0782800;

Thence leaving said south line, along the west line of said parcel per MCR instrument no. 2010-0782800, South 00° 04' 04" East, 32.01 feet to the south line of the north 65.00 feet of said Section 06, also being the northeast corner of Lot 1 of the 2005 Map of Dedication recorded in MCR Book 768, page 38, and the POINT OF BEGINNING;

Thence along last said south line, North 88° 48' 15" East, 28.92 feet;

Thence leaving last said south line, South 86° 21' 46" East, 225.51 feet to the south line of the north 84.00 feet of said Section 06;

Thence along last said south line, North 88° 48' 15" East, 146.00 feet to an equal distance 40.00 feet chamfer line;

Thence southeasterly along said equal distance 40.00 feet chamfer line, South 45° 37' 54" East, 56.01 feet to the west line of the east 75.00 feet of said Section 06;

Thence leaving said southeasterly chamfer line, along said west line, South 00° 04' 04" East, 155.00 feet;

Thence leaving said west line, South 14° 07' 29" East, 41.17 feet to the west line of the east 65.00 feet of said Section 06;

Thence along last said west line, South 00° 04' 04" East, approximately 189.55 feet to the north line of the parcel described in the Final Order In Condemnation recorded in MCR instrument no. 1984-040114;

Thence leaving last said west line, along said north parcel line, North 89° 55' 56" East, 18.00 feet to the west line of the east 47.00 feet of said Section 06, also being the existing west highway right of way line of the Arizona Department of Transportation (ADOT) Interstate 10 (I-10) per MCR instruments 1983-076160, 1983-076161, 1983-076162, and 1983-076163;

Thence along last said west line of the east 47.00 feet of Section 06, also along said west highway right of way line, North 00° 04' 04" West, 319.04 feet to the south line of the north 189.97 feet of said Section 6, being the south line of a 22.00 feet wide by 157.00 feet long roadway easement per MCR instrument no. 1986-0420055;

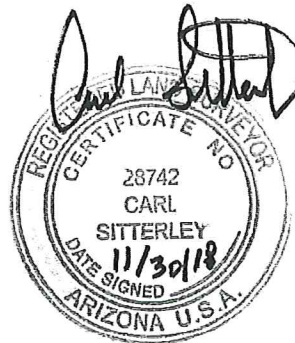
Thence leaving last said west line, along said south line, North 88° 48' 15" East, 14.00 feet to the said west line of the east 33.00 feet of Section 06;

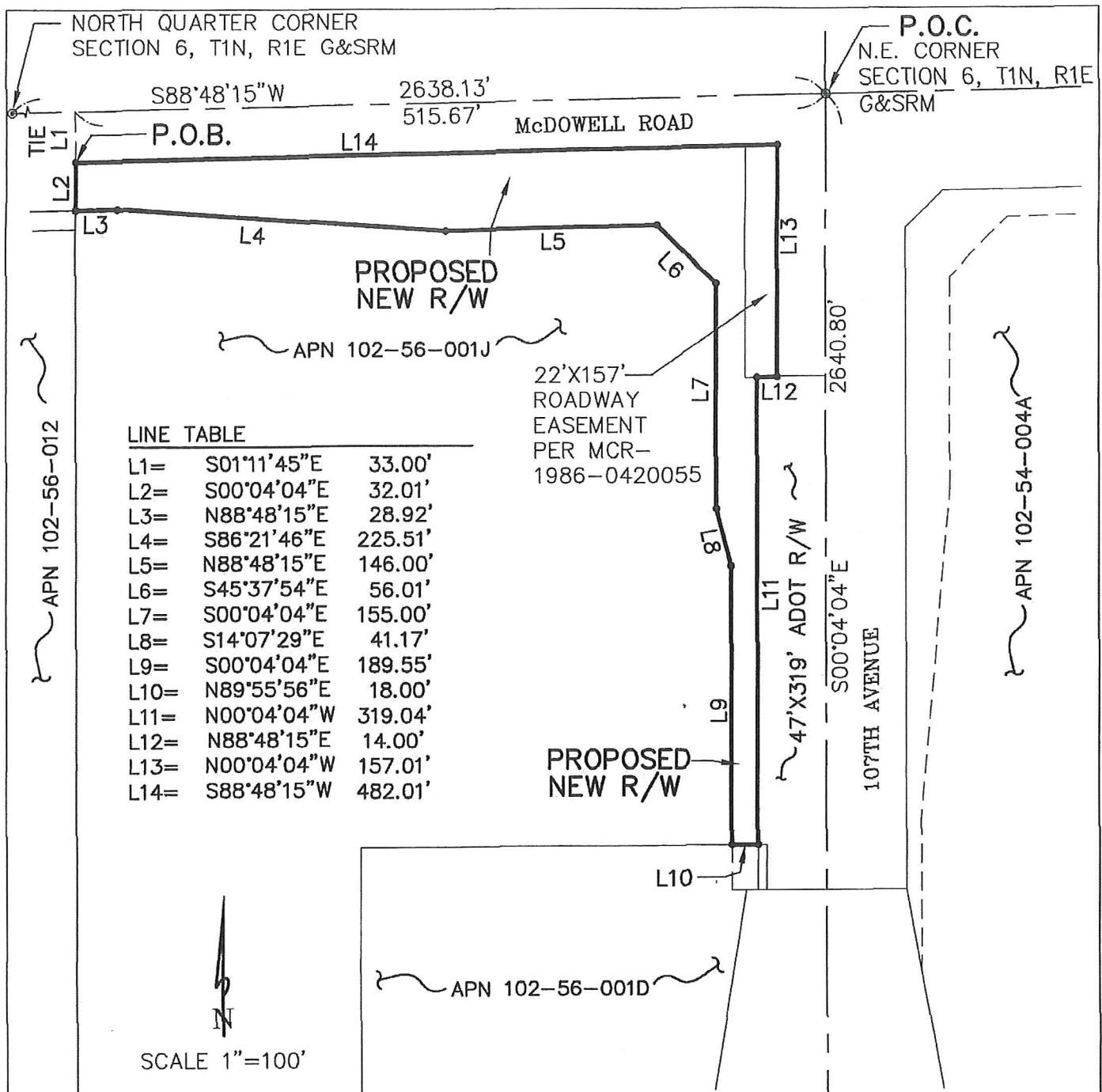
Thence leaving said south line, along last said west line, North 00° 04' 04" West, 157.01 feet back to the said south line of the north 33.00 feet of Section 06;

Thence leaving last said west line, along last said south line of the north 33.00 feet of Section 06, South 88° 48' 15" West, 482.01 feet back to the POINT OF BEGINNING;

Described parcel contains 33,977 square feet or 0.78000 acres, more or less, of which 3,454 square feet or 0.07929 acres, more or less is existing 22 feet wide by 157 feet long road way easement per MCR instrument no. 1986-0420055.

Exhibit Map, attached and made a part hereon.



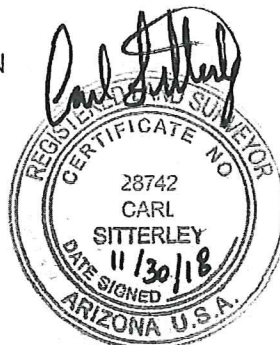


LEGEND

MCR = MARICOPA COUNTY RECORDERS
 APN = ASSESSOR PARCEL NUMBER
 R/W = RIGHT OF WAY
 G&SRM = GILA AND SALT RIVER MERIDIAN
 N.E. =NORTHEAST
 T1N =TOWNSHIP 1 NORTH
 R1E =RANGE 1 EAST
 P.O.B. =POINT OF BEGINNING
 P.O.C. =POINT OF COMMENCING

EXHIBIT MAP

NEW ROAD RIGHT OF WAY
 A PORTION OF APN 102-56-001J
 VESTING MCR 2010-0782800
 REFERENCE MCR BOOK 826, PAGE 05



EAST QUARTER CORNER
 SECTION 6, T1N, R1E
 G&SRM

CRS

CONSULTANT REGISTERED
 SURVEYING
 8732 E. PICCADILLY ROAD
 SCOTTSDALE, ARIZONA
 480-620-1382

EXHIBIT B
TO
DEVELOPMENT AGREEMENT
BETWEEN
CITY OF AVONDALE
AND
FER PROPERTIES

[Drainage Easement]

See following pages.

When Recorded Mail To:

City Clerk
City of Avondale
11465 West Civic Center Drive, Suite 200
Avondale, Arizona 85323

This Easement is exempt from recording fee
and Affidavit of Property Value pursuant to
Ariz. Rev. Stat. § 11-1134(A)(2)

TEMPORARY DRAINAGE EASEMENT AGREEMENT

GRANTOR: FER Properties, an Arizona general partnership (the "Grantor")

GRANTEE: City of Avondale, an Arizona municipal corporation (the "City or Grantee")

THIS TEMPORARY DRAINAGE EASEMENT AGREEMENT (this "Agreement") is entered into _____, 2020, by and between the City and Grantor for the purposes set forth below.

RECITALS

A. The Grantor is the record owner of certain real property generally located along McDowell Road and 107th Avenue (the "Property")

B. Grantee desire to acquire easements over certain areas of the Property, as legally described and depicted on Exhibit A, attached hereto and incorporated herein by this reference (the "Easement Areas").

C. City and Grantor desire to enter into this Agreement for Grantor to grant to the City easements upon, over, across, in, through and under the Easement Areas, for purposes of installing, operating, inspecting, maintaining, repairing, replacing, or removing drainage facilities (the "Facilities") as more particularly described herein.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor and the City agree as follows:

1. Grant of Easement; Term. At no additional consideration, the Grantor hereby grants to the City, its successors and assigns, easements through, over, under, upon, in, across and along the Easement Areas for the benefit of the City, its successors, assigns, heirs, executors or personal representatives, tenants, lessees, guests, invitees, or the guests or invitees of tenants, for the purpose of installing, operating, inspecting, maintaining, repairing, replacing, or

removing the Facilities in the Easement Areas (the "Easement"). The City will construct a retention basin in the Easement Areas and will maintain the basin until the real property under the Easement Areas are developed. When the property under the Easement Areas develops, Grantor, its successors or assigns shall incorporate the basin drainage functions in its development plans. The basin may be moved or reshaped to better fit with the development plans, as long as it contains the same runoff volume. The term of this Agreement shall commence upon the date first set forth above and shall remain in full force and effect until the permanent basin is constructed, upon which this Agreement shall automatically terminate.

2. Maintenance of the Easement. Grantor shall not maintain the Easement Areas in a manner that impairs the ability or capacity of the City to fully utilize the Easement. Notwithstanding the foregoing, the City shall be responsible for routine landscape maintenance.

a. Grantor shall not install or construct, or permit to be installed or constructed, any building, structure, utility or other facility, nor shall Grantor drill any well, plant any trees, store materials of any kind, or alter ground level by cut or fill, within the limits of the Easement Areas, without the prior written consent of the City.

b. The City shall allow reasonable, typical landscaping within the Easement Areas including shrubs, groundcover and decomposed granite except in a ten-foot clear zone around any drainage manholes or clean-out locations. The City shall, at the City's sole cost and expense, trim, cut or remove brush or other vegetation on the Easement Area that obstructs or hinders access to the Easement Areas, and whenever in the City's judgment the same shall be necessary for the convenient and safe exercise of the rights herein granted.

c. The City shall restore Easement Areas to substantially the same condition as practical in the event the Facilities require maintenance, repair, replacement and/or removal for whatever reason.

3. Liens and Encumbrances. The City represents and warrants that it will maintain the Easement Areas free and clear from any liens or encumbrances of any nature whatsoever in connection with the City's construction of improvements on the Easement Areas or the City's use of the Easement Areas.

4. Running of Benefits and Burdens. All provisions of this Agreement, including the benefits and burdens, run with the land and are binding upon and inure to the assigns and successors and tenants of the parties hereto.

5. Attorneys' Fees. Either party may enforce this instrument by appropriate legal action and the prevailing party in such litigation may recover as part of its costs in such action reasonable attorneys' fees and court costs.

6. Additional Easements. Nothing contained in this Agreement shall prohibit Grantor from conveying additional easements for access, utility or other purposes through, over, under, upon, in, across and along the Easement Areas to the owners of properties which abut the Easement Areas or to government or quasi-governmental agencies; provided however, that no such additional rights or easement shall impair the City's use of the Easement herein granted.

7. Insurance. The City shall provide such evidence of insurance which Grantor may require regarding City's activities upon the Easement Areas.

8. Entire Agreement. This instrument contains the entire agreement between the parties relating to City's use of the Easement for drainage purposes. Any oral representations or modifications concerning this instrument shall be of no force or effect, excepting a subsequent modification in writing, signed by the parties.

9. Cancellation by City. This Agreement may be cancelled by the City pursuant to ARIZ. REV. STAT. § 38-511.

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the date and year first set forth above.

"Grantor"

FER PROPERTIES,
an Arizona general partnership

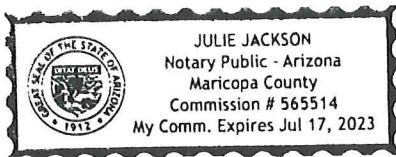
[Redacted signature area]

Thomas F. Rosztoczy, Managing Partner

(ACKNOWLEDGMENT)

STATE OF Arizona)
COUNTY OF Maricopa) ss.

On Feb 27th, 2020, before me personally appeared Thomas F. Rosztoczy, the Managing Partner of FER PROPERTIES, an Arizona general partnership, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above document on behalf of the partnership.



(Affix notary seal here)

[Redacted signature area]
Notary Public

“Grantee”

CITY OF AVONDALE,
an Arizona municipal corporation

Charles A. Montoya, City Manager

ATTEST:

Marcella Carrillo, City Clerk

(ACKNOWLEDGMENT)

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

On _____, 2020, before me personally appeared Charles A. Montoya, the City Manager of the CITY OF AVONDALE, an Arizona municipal corporation, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above document, on behalf of the City of Avondale.

Notary Public

(Affix notary seal here)

EXHIBIT A
TO
TEMPORARY DRAINAGE EASEMENT AGREEMENT

[Legal Description and Map of Easement Areas]

See following pages.

LEGAL DESCRIPTION
PROPOSED DRAINAGE EASEMENT
Part of Assessor Parcel no. 102-56-001J

(Reference 2006 Results of Survey recorded in
Maricopa County Recorders Office (MCR) Book 826, Page 5)

The following two described parcels being a portion of the parcel described in Special Warranty Deed recorded in MCR instrument no. 2010-0782800, both located in the northeast quarter (NE1/4) of Section 06, Township 1 North, Range 1 East of the Gila and Salt River Meridian, City of Avondale, Maricopa County, Arizona:

Easement 1 (west)

Commencing at the northeast corner of said Section 06, being marked by a City of Phoenix brass cap in handhole per the Record of Survey recorded in MCR Book 699, page 26, from which for a bearing reference, per said MCR Book 699, Page 26, the north quarter corner of said Section 06, position being marked by a City of Avondale brass cap in handhole, being a non-stamped replacement survey monument for the Maricopa County Highway Department brass cap in hand hole per said MCR Book 699, Page 26, bears South 88° 48' 15" West, 2638.13 feet; and from which for a second bearing reference, per MCR Book 686, Page 43, the east quarter corner of said Section 06, being marked by a City of Avondale brass cap in handhole, being a stamped replacement survey monument per MCR instrument 2018-0509467 for the previous Maricopa County Highway Department brass cap in hand hole per said MCR Book 686, Page 43, bears South 00° 04' 04" East, 2640.80 feet (said distances determined with a combined grid to ground scale factor 1.000126616);

Thence along the north line of said Section 06, South 88° 48' 15" West, 515.67 feet;

Thence leaving said north line, South 01° 11' 45" East, 33.00 feet to the south line of the north 33.00 feet of said Section 06, also being the northwest corner of the parcel described in said parcel per MCR instrument no. 2010-0782800;

Thence leaving said south line, along the west line of said parcel per MCR instrument no. 2010-0782800, South 00° 04' 04" East, 32.01 feet to the south line of the north 65.00 feet of said Section 06, also being the northeast corner of Lot 1 of the 2005 Map of Dedication recorded in MCR Book 768, page 38;

Thence along said south line, North 88° 48' 15" East, 27.01 feet, to the POINT OF BEGINNING;

Thence leaving said south line, South 01° 11' 45" East, 65.00 feet;

Thence South 89° 24' 21" East, 160.08 feet;

Thence North 01° 11' 45" West, 56.63 feet;

(continued next page 2 of 2)

Thence North 86° 21' 46" West, 158.65 feet back to said south line of the north 65.00 feet of Section 06;

Thence along said south line of the north 65.00 feet, South 88° 48' 15" West, 1.91 feet back to the POINT OF BEGINNING;

Described Easement 1 (west) parcel contains 9,743 square feet or 0.22367 acres, more or less.

Easement 2 (east)

Commencing at the northeast corner of said Section 06, being marked by a City of Phoenix brass cap in handhole per the Record of Survey recorded in MCR Book 699, page 26, from which for a bearing reference, per said MCR Book 699, Page 26, the north quarter corner of said Section 06, position being marked by a City of Avondale brass cap in handhole, being a non-stamped replacement survey monument for the Maricopa County Highway Department brass cap in hand hole per said MCR Book 699, Page 26, bears South 88° 48' 15" West, 2638.13 feet; and from which for a second bearing reference, per MCR Book 686, Page 43, the east quarter corner of said Section 06, being marked by a City of Avondale brass cap in handhole, being a stamped replacement survey monument per MCR instrument 2018-0509467 for the previous Maricopa County Highway Department brass cap in hand hole per said MCR Book 686, Page 43, bears South 00° 04' 04" East, 2640.80 feet (said distances determined with a combined grid to ground scale factor 1.000126616);

Thence along the east line of said Section 06, South 00° 04' 04" East, 245.85 feet;

Thence leaving said east line, South 89° 55' 56" West, 75.00 feet to the west line of the east 75.00 feet of said Section 06 and the POINT OF BEGINNING;

Thence leaving said west line, continuing South 89° 55' 56" West, 55.00 feet to the west line of the east 130.00 feet of said Section 06;

Thence along last said west line, North 00° 04' 04" West, 105.00 feet;

Thence leaving last said west line, North 89° 55' 56" East, 55.00 feet back to said west line of the east 75.00 feet of said Section 06;

Thence along last said west line of the east 75.00 feet, South 00° 04' 04" East, 105.00 feet back to the POINT OF BEGINNING;

Described Easement 2 (east) parcel contains 5,775 square feet or 0.13258 acres, more or less.

Exhibit Map, attached and made a part hereon.



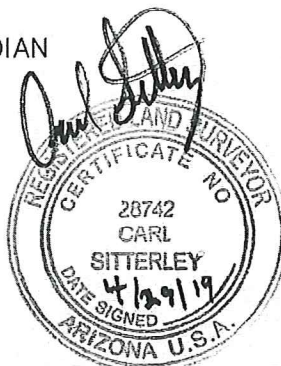
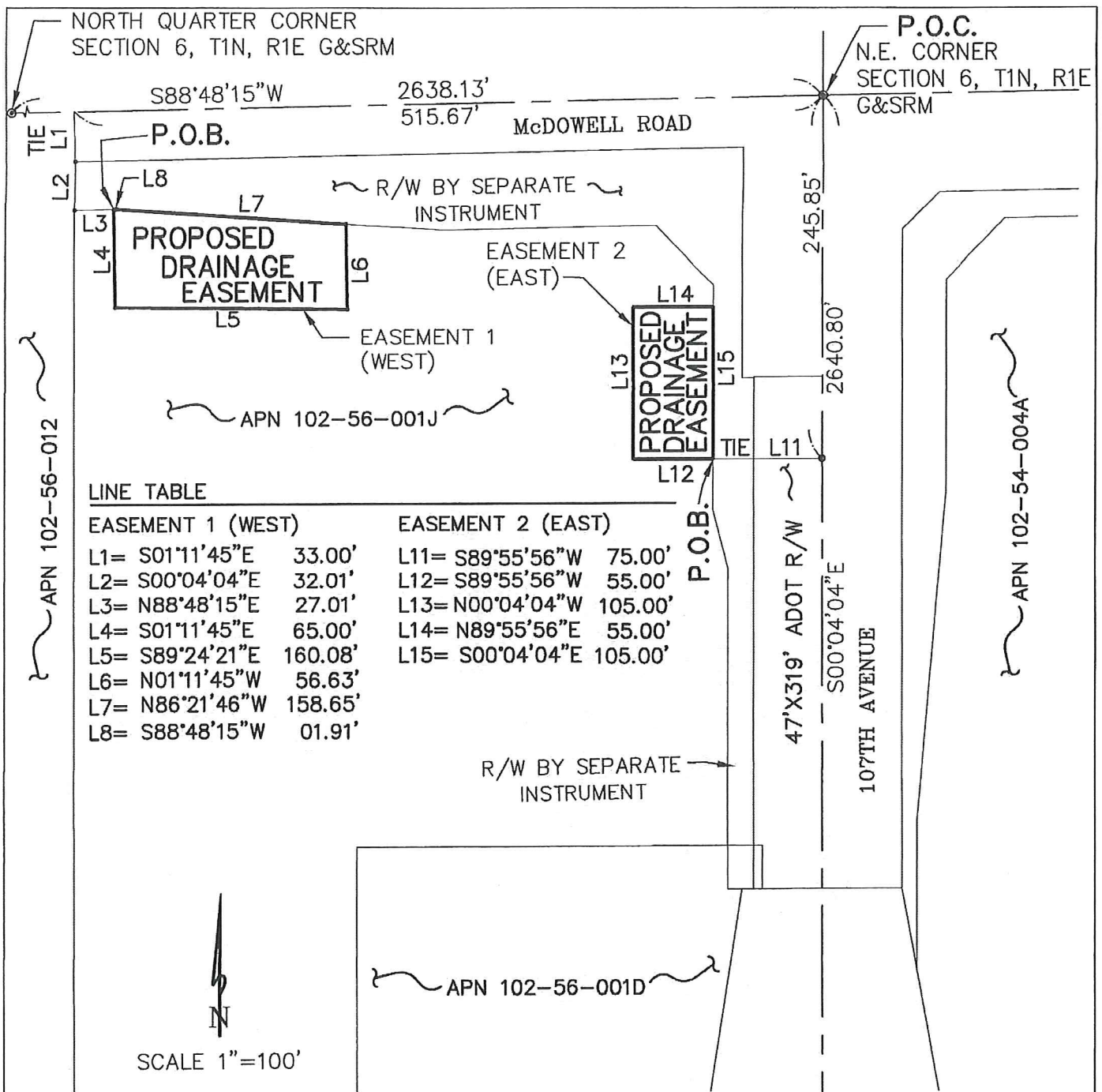


EXHIBIT C
TO
DEVELOPMENT AGREEMENT
BETWEEN
CITY OF AVONDALE
AND
FER PROPERTIES

[Temporary Construction Easement]

See following pages.

When recorded return to:
City Clerk
City of Avondale
11465 West Civic Center Drive, Suite 200
Avondale, Arizona 85323

This Easement is exempt from recording fee
and Affidavit of Property Value pursuant to
Ariz. Rev. Stat. § 11-1134(A)(2)

TEMPORARY CONSTRUCTION EASEMENT

THIS TEMPORARY CONSTRUCTION EASEMENT (this "Easement") is entered into on _____, 2020, by and between FER Properties, an Arizona general partnership ("Grantor") and the City of Avondale, an Arizona municipal corporation ("Grantee").

RECITALS

Grantee has requested, and Grantor has agreed to grant to the Grantee, a non-exclusive temporary construction easement upon, over, across, in, through and under certain portions of Grantor's property as shown, labeled, particularly depicted and legally described as "Proposed Construction Easement" on Exhibit A, attached hereto and incorporated herein by reference (the "Grantor Easement Area"), for the purpose of constructing roadway improvements along 107th Ave and McDowell Road (the "Improvements").

AGREEMENT

NOW, THEREFORE, in consideration of the recitals set forth above, which are incorporated herein by reference, the mutual covenants set forth herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor and the Grantee agree as follows:

1. Grant of Easement. Grantor hereby grants and conveys to Grantee a temporary construction easement upon, over, across, in, through and under the Grantor Easement Area for purpose of performing the Improvements.

2. Use of Easement. Grantor shall not maintain its property in a manner that impairs the ability or capacity of the Grantee to fully utilize this Easement. Grantor shall not construct, install or place, or permit to be constructed, installed or placed upon its property any fence, wall, structure or other improvement or obstruction that may interfere with or impede the Grantee's access to the Grantor Easement Area or the Grantee's right to perform the Improvements.

3. Term. This Easement and the rights, privileges and duties contained herein shall remain in full effect until December 31, 2020, unless extended by mutual written agreement of the parties hereto.

4. Indemnification. To the fullest extent permitted by law, the Grantee shall indemnify, defend and hold harmless Grantor, its successors and assigns, for, from and against any and all losses, liabilities and expenses which may be claimed or asserted against Grantor, its successors or assigns, or the property, arising from the Grantee's negligent acts in conjunction with the use of this Easement.

5. Running of Benefits and Burdens. This Easement shall be appurtenant to and run with the land. This Easement shall be binding upon Grantor and Grantee and their respective successors and assigns, as applicable, and the Grantor property and Grantee property, as applicable.

6. Attorney's Fees. Either party may enforce this instrument by appropriate legal action and the prevailing party in such litigation may recover as part of its costs in such action reasonable attorney's fees and court costs.

7. Counterparts. This Easement may be executed in counterparts, all of which are identical, each of which shall be deemed an original, and all of which counterparts, when executed, taken together shall constitute one and the same instrument.

8. Amendment. This Easement may be modified only by a written amendment signed by persons duly authorized to enter into contracts on behalf of the Grantee and the Grantor.

9. Cancellation by Grantee. This Agreement may be cancelled by Grantee pursuant to ARIZ. REV. STAT. § 38-511.

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first set forth above.

“Grantor”

FER PROPERTIES,
an Arizona general partnership

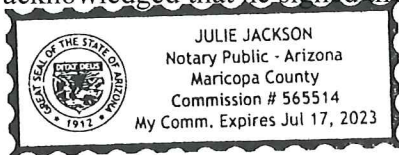
[Redacted signature area]

Thomas F. Rosztoczy, Managing Partner

(ACKNOWLEDGMENT)

STATE OF Arizona)
)ss.
COUNTY OF Maricopa)

On Feb 27th, 2020, before me personally appeared Thomas F. Rosztoczy, the Managing Partner of FER PROPERTIES, an Arizona general partnership, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above document on behalf of the partnership.



(affix notary seal here)

[Redacted signature area]

Notary Public

[Handwritten signature]

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

“Grantee”

CITY OF AVONDALE, an Arizona
municipal corporation

Charles A. Montoya, City Manager

ATTEST:

Marcella Carrillo, City Clerk

(ACKNOWLEDGMENT)

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

On _____, 2020, before me personally appeared Charles A. Montoya, the City Manager of the CITY OF AVONDALE, an Arizona municipal corporation, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above document, on behalf of the City of Avondale.

(affix notary seal here)

Notary Public

EXHIBIT A
TO
TEMPORARY CONSTRUCTION EASEMENT
BETWEEN
THE CITY OF AVONDALE
AND
FER PROPERTIES

[Legal Description and Easement Area]

See following pages.

LEGAL DESCRIPTION
PROPOSED CONSTRUCTION EASEMENT

Part of Assessor Parcel no. 102-56-001J

(Reference 2006 Results of Survey recorded in
Maricopa County Recorders Office (MCR) Book 826, Page 5)

The following described parcel being a portion of the parcel described in Special Warranty Deed recorded in MCR instrument no. 2010-0782800, both located in the northeast quarter (NE1/4) of Section 06, Township 1 North, Range 1 East of the Gila and Salt River Meridian, City of Avondale, Maricopa County, Arizona:

Commencing at the northeast corner of said Section 06, being marked by a City of Phoenix brass cap in handhole per the Record of Survey recorded in MCR Book 699, page 26, from which for a bearing reference, per said MCR Book 699, Page 26, the north quarter corner of said Section 06, position being marked by a City of Avondale brass cap in handhole, being a non-stamped replacement survey monument for the Maricopa County Highway Department brass cap in hand hole per said MCR Book 699, Page 26, bears South 88° 48' 15" West, 2638.13 feet; and from which for a second bearing reference, per MCR Book 686, Page 43, the east quarter corner of said Section 06, being marked by a City of Avondale brass cap in handhole, being a stamped replacement survey monument per MCR instrument 2018-0509467 for the previous Maricopa County Highway Department brass cap in hand hole per said MCR Book 686, Page 43, bears South 00° 04' 04" East, 2640.80 feet (said distances determined with a combined grid to ground scale factor 1.000126616);

Thence along the north line of said Section 06, South 88° 48' 15" West, 515.67 feet;

Thence leaving said north line, South 01° 11' 45" East, 33.00 feet to the south line of the north 33.00 feet of said Section 06, also being the northwest corner of the parcel described in said parcel per MCR instrument no. 2010-0782800;

Thence leaving said south line, along the west line of said parcel per MCR instrument no. 2010-0782800, South 00° 04' 04" East, 32.01 feet to the south line of the north 65.00 feet of said Section 06, also being the northeast corner of Lot 1 of the 2005 Map of Dedication recorded in MCR Book 768, page 38, and the POINT OF BEGINNING;

Thence continuing along said west parcel line, South 00° 04' 04" East, 100.00 feet to the south line of the north 164.98 feet of said Section 06;

Thence leaving said west parcel line, South 89° 54' 11" East, 222.48 feet;

Thence North 01° 11' 45" West, 40.00 feet to the south line of the north 130.00 feet of said Section 06;

Thence along last said south line, North 88° 48' 15" East, 128.24 feet to the west line of the east 165.00 feet of said Section 03;

Thence leaving last said south line, along said west line, South 00° 04' 04" East, 142.57 feet;

Thence leaving said west line, North 89° 55' 56" East, 65.00 feet to the west line of the east 100.00 feet of said Section 06;

Thence along last said west line, South 00° 04' 04" East, 234.14 feet to the south line of said parcel described in MCR instrument no. 2010-0782800;

Thence along said south parcel line, North 89° 55' 56" East, 35.00 feet to the west line of the east 65.00 feet of said Section 06;

Thence along last said west line, North 00° 04' 04" West, 189.55 feet

Thence leaving said west line, North 14° 07' 29" West, 41.17 feet to the west line of the east 75.00 feet of said Section 06;

Thence along last said west line, North 00° 04' 04" West, 34.65 feet;

Thence leaving said west line, South 89° 55' 56" West, 55.00 feet to the west line of the east 130.00 feet of Section 06;

Thence along last said west line, North 00° 04' 04" West, 105.00 feet;

Thence leaving last said west line, North 89° 55' 56" East, 55.00 feet back to said west line of the east 75.00 feet of said Section 06

Thence along last said west line, North 00° 04' 04" West, 15.35 feet to an equal distance 40.00 feet chamfer line;

Thence northwesterly along said equal distance 40.00 feet chamfer line, North 45° 37' 54" West, 56.01 feet, to the south line of the north 84.00 feet of said Section 06;

Thence along last said south line, South 88° 48' 15" West, 146.00 feet;

Thence leaving last said south line, North 86° 21' 46" West, 66.86 feet;

Thence South 01° 11' 45" East, 56.63 feet;

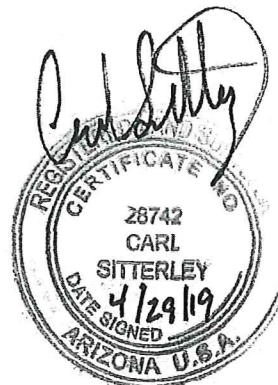
Thence North 89° 24' 21" West, 160.08 feet;

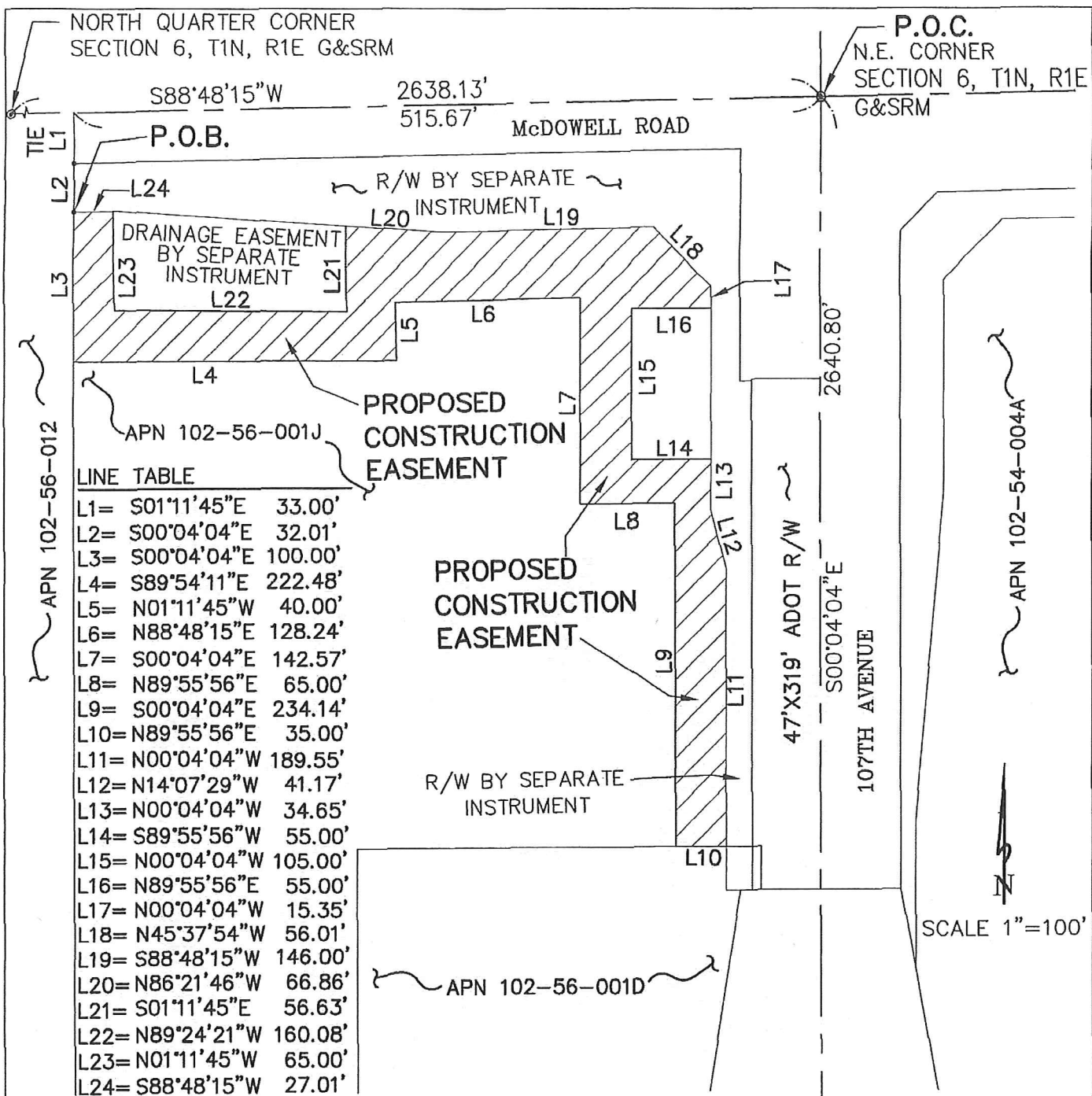
Thence North 01° 11' 45" West, 65.00 feet back to said south line of the north 65.00 feet of Section 06;

Thence along said south line of the north 65.00 feet, South 88° 48' 15" West, 27.01 feet back to the POINT OF BEGINNING;

Described parcel contains 35,796 square feet or 0.82176 acres, more or less.

Exhibit Map, attached and made a part hereon.



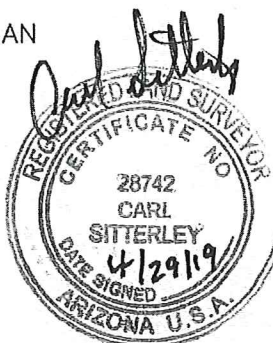


LEGEND

MCR = MARICOPA COUNTY RECORDERS
 APN = ASSESSOR PARCEL NUMBER
 R/W = RIGHT OF WAY
 G&SRM = GILA AND SALT RIVER MERIDIAN
 N.E. = NORTHEAST
 T1N = TOWNSHIP 1 NORTH
 R1E = RANGE 1 EAST
 P.O.B. = POINT OF BEGINNING
 P.O.C. = POINT OF COMMENCING

EXHIBIT MAP

CONSTRUCTION EASEMENT
 A PORTION OF APN 102-56-001J
 VESTING MCR 2010-0782800
 REFERENCE MCR BOOK 826, PAGE 05



EAST QUARTER CORNER
 SECTION 6, T1N, R1E
 G&SRM

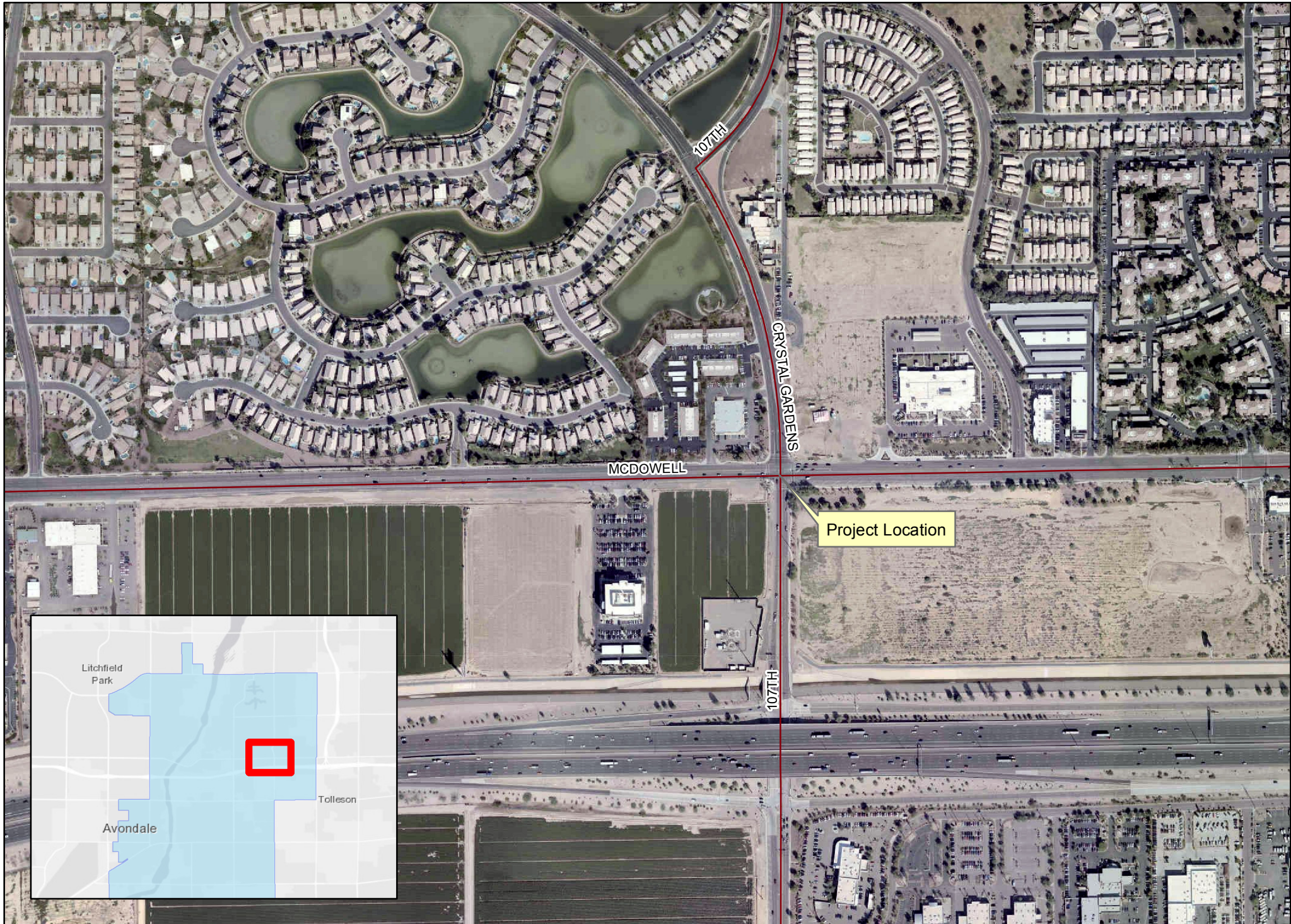
CRS

CONSULTANT REGISTERED
 SURVEYING
 8732 E. PICCADILLY ROAD
 SCOTTSDALE, ARIZONA
 480-620-1382

EXHIBIT D
TO
DEVELOPMENT AGREEMENT
BETWEEN
CITY OF AVONDALE
AND
FER PROPERTIES

[Engineering Plans]

See following pages.



CITY COUNCIL REPORT

SUBJECT: Resolution 1018-0320 – Acquisition of Real Property for the Wastewater Collection Hydrogen Peroxide Injection Site from Maricopa County

MEETING DATE: 3/23/2020

TO: Mayor and Council

FROM: Cindy Blackmore, Public Works Director, (623) 333-4410

THROUGH: Charles A. Montoya, City Manager, (623) 333-1016

PURPOSE:

City Council will consider a request to adopt Resolution 1018-0320 authorizing the dedication, purchase, or condemnation of real property for the Wastewater Collection Hydrogen Peroxide injection site from Maricopa County and authorize the Mayor or City Manager and City Clerk to execute the necessary documents. The Council will take appropriate action.

BACKGROUND:

The sewer line running under Avondale Boulevard carries approximately one Million Gallons per Day (MGD) of wastewater. To address the potential for odor emanating from this line the City installed a Hydrogen Peroxide injection system just south of the Police Station near the Civic Center Complex. The site has been in place and in operation since 2008. The City has a Cooperative Purchasing Agreement (14739C) effective through June 30, 2022, with US Peroxide, LLC for equipment, products and services associated with this dosing and monitoring station.

DISCUSSION:

The Hydrogen Peroxide Injection System is currently fenced and sits at the end of our gravity sewer system. It was brought to the City's attention that the facility was installed on Maricopa County property, which the County currently has on the market to sell. Prior to the sale of the land, the Maricopa County Real Estate Department reached out to staff to discuss an option to purchase a portion of the parcel on which the injection system resides. Based on an appraisal dated June 7, 2019, staff agreed to move forward with the property acquisition. The property required for continued operation of the injection system totals 1,447 square feet (sf). At the appraised value of \$5.74 sf, the total cost to purchase the property is \$8,306. The attached parcel legal description and vicinity map identify the exact location of the property.

BUDGET IMPACT:

Funds for this project are available in Sewer Operations, Line Item 503-9200-00-8200, Land Acquisition.

RECOMMENDATION:

Staff recommends that the City Council adopt a Resolution authorizing the dedication, purchase, or condemnation of real property for the Wastewater Collection Hydrogen Peroxide injection site from Maricopa County and authorize the Mayor or City Manager and City Clerk to execute the necessary documents.

RESOLUTION NO. 1018-0320

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AVONDALE, ARIZONA, AUTHORIZING THE ACQUISITION OF REAL PROPERTY FOR PUBLIC USE.

WHEREAS, Article I, Section 3 of the Avondale City Charter authorizes the City of Avondale (the “City”) to acquire real property in fee simple or any lesser interest, inside or outside its corporate limits for any City purpose, when the public convenience requires it and in accordance with the provisions of State law; and

WHEREAS, the City Council desires to authorize the acquisition of certain real property generally located in the southern portion of the Civic Center campus near West Madison Street for public use.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF AVONDALE as follows:

SECTION 1. The recitals above are hereby incorporated as if fully set forth herein.

SECTION 2. The acquisition, by purchase, condemnation or dedication of real property, generally located in the southern portion of the Civic Center campus near West Madison Street is hereby authorized, based on the approximate initial legal description depicted on Exhibit A, attached hereto and incorporated herein by reference, which Council acknowledges that said legal description is approximate in nature.

SECTION 3. If any provision of this Resolution is for any reason held by any court of competent jurisdiction to be unenforceable, such provision or portion hereof shall be deemed separate, distinct and independent of all other provisions and such holding shall not affect the validity of the remaining portions of this Resolution.

SECTION 4. The Mayor, the City Manager, the City Clerk and the City Attorney are hereby authorized and directed to take all steps and to execute all documents necessary to carry out the purpose and intent of this Resolution.

[SIGNATURES ON FOLLOWING PAGES]

PASSED AND ADOPTED by the Council of the City of Avondale, Arizona,
March 23, 2020.

Kenneth N. Weise, Mayor

ATTEST:

Marcella Carrillo, City Clerk

APPROVED AS TO FORM:

Michael Wawro, City Attorney

EXHIBIT A
TO
RESOLUTION NO. 1018-0320

[Legal Description and Map]

See following pages.

**Parcel No. 101-01-017 (Portion of)
File No. 189
AVONDALE CIVIC CENTER
BOOK 642 OF MAPS, PAGE 07**

EXHIBIT "A"

LEGAL DESCRIPTION

A portion of that certain property conveyed to Maricopa County in Recording Number 2004-0991929 located in the Northwest Quarter of Section Seven, Township One North, Range One East of the Gila and Salt River Meridian, and being more particularly described as follows:

The West 30 feet of Lot 9 as shown in Book 642 of Maps, Page 07.

The above described parcel contains 1,447 square feet or 0.0332 acres, more or less.

**PURCHASE AGREEMENT
AND TRANSACTION INSTRUCTIONS
C-78-18-017-3-01**

This Agreement is entered into by and between **MARICOPA COUNTY**, a political subdivision of the State of Arizona (hereinafter **Seller**), and the **CITY OF AVONDALE**, an Arizona municipal corporation (hereinafter **Buyer**).

Agreement means, when fully executed by Seller and Buyer, this Purchase Agreement and Transaction Instructions (hereinafter **Agreement**),

WITNESSETH

THAT Seller agrees to sell to Buyer and the Buyer agrees to purchase from Seller, the property described and depicted on Exhibit A, attached hereto and made a part hereof, (hereinafter **Property**).

Seller will convey title to and possession of the Property to Buyer via a duly executed deed ("Deed"), the form of which is attached hereto and made a part hereof as Exhibit B.

1. PURCHASE PRICE. The purchase price for the Property is eight thousand three hundred and six dollars (\$8,306.00^{DF(1)}) and shall be paid by the Buyer to the Seller in exchange for a Deed.

1.01. Buyer's Investigations; Right of Entry. Upon full execution of this Agreement, Buyer, and its agents or assigns, in accordance with Section 3.01 of this Agreement, shall have the right to enter the Property to conduct Buyer Investigations, as hereinafter defined.

1.02. Appraisal. Seller has provided Buyer a copy of the appraisal of the parcel of land known as Maricopa County Assessor Parcel Number 101-01-017, of which the Property is a part. The appraisal: (1) was provided to Seller by others; (2) was not prepared by or verified by Seller; (3) was provided simply as an accommodation to Buyer; and (4) Seller makes no representations or warranties as to its accuracy or completeness.

1.03. Consideration Date. Buyer shall issue and deliver to Seller payment for the purchase price by certified check, cashier's check or bank wire transfer, within sixty (60) business days after the last day of the Inspection Period, as hereinafter defined, which date shall be referred to as the **Consideration Date**.

1.04. Close of Transaction Date. Seller shall execute and record a Deed for the transfer of the Property within thirty (30) days after the Consideration Date (**Close of Transaction Date**). At the discretion of the Director of Maricopa County Real Estate Department, the Close of Transaction Date may be extended by not more than thirty (30) days. At the Close of Transaction Date, both the title to, and possession of, the Property shall be transferred from the Seller to the Buyer.

2. SELLER'S REPRESENTATIONS.

- 2.01. Seller owns the Property in fee simple, and has full power and authority to execute this Agreement and to consummate the transaction contemplated herein.
- 2.02. Seller represents that there is no pending or threatened condemnation proceeding affecting any part of the Property, and Seller has not received any notice of any such proceeding and has no knowledge that any such proceeding is contemplated.
- 2.03. Seller represents that there are no parties in adverse possession of the Property; there are no parties in possession of the Property except Seller; and no party has been granted any license, lease, or other right relating to the use of possession of the Property. Seller has not granted any rights of first refusal or options to purchase the Property to any other third party.
- 2.04. Seller makes no representations whatsoever regarding conditions or features of the Property.
- 2.05. Seller further makes no representation as to zoning, access, availability of utilities, or development potential of the Property.
- 2.06. Seller is a political subdivision of the State of Arizona, and therefore is exempt from paying real property taxes. Upon completion of the recording of the conveyance deed to the Buyer, Buyer shall become responsible for any real property taxes and assessments (if any) as required by law.
- 2.07. Upon full execution of this Agreement, Seller agrees that it will not at any time prior to the Close of Transaction Date, grant to any party any interest in the Property or voluntarily encumber the Property.

3. ACCESS TO PROPERTY.

- 3.01. **Buyer's Investigations; Right of Entry.** Upon full execution of this Agreement, and ending at 5 p.m. on the thirtieth (30th) day after (hereinafter **Inspection Period**), Buyer and its agents or assigns, shall have the right to enter the Property, via a separate right of entry, at their sole cost and expense, for the purposes of completing such investigations, surveys and physical inspections of the Property, including but not limited to a Phase I environmental site assessment, and if necessary, a Phase II environmental site assessment (hereinafter **Buyer Investigations**), as Buyer deems necessary to assure Buyer that the Property is suitable for Buyer's intended purposes and that no hazardous wastes or substances are located on or under the Property. If the Buyer Investigations are not acceptable to Buyer, in Buyer's sole discretion, Buyer may deliver written notice terminating this Agreement to Seller on or before the end of the Inspection Period. If Buyer timely delivers a written termination notice, this Agreement will be deemed immediately cancelled. Seller has no obligation to cure or remove any matter found as a result of the Buyer Investigations. Buyer's obligation to purchase the

Property is conditioned on Buyer obtaining approval from the Buyer's City Council to proceed with the contemplated purchase of the Property.

- 3.02. Insurance.** The parties acknowledge and agree that both Buyer and Seller are self-insured. If Buyer chooses to enter the Property for the purposes of conducting the Buyer Investigations contemplated above, Buyer and/or Buyer's contractors shall obtain and keep in force during the term of the entry, a commercial general liability insurance policy with a combined single limit of not less than \$2,000,000 covering single limit coverage per occurrence for bodily injury, personal injury and property damage and workers' compensation with limits not less than \$2,000,000 for each accident, \$2,000,000 disease for each employee, and \$2,000,000 disease policy limit. All policies of insurance required to be provided hereunder by Buyer shall be issued by insurer(s) licensed and qualified to do business in the State of Arizona, with a current A.M. Best Company rating of at least B++VII. Prior to entry, Buyer shall deliver to Seller certificates of insurance, evidencing the existence and amounts of the policies of insurance required pursuant to this section, as well as the deductibles.
- 3.03. Reports.** Seller shall be named as a party authorized to view and rely on the results of any reports(s) produced by or on behalf of Buyer as a result of Buyer Investigations contemplated above and shall be provided with a copy of any such reports at Buyer's expense.
- 3.04. Damages.** Buyer shall be solely responsible for any damage Buyer causes to the Property prior to the Close of Transaction Date.
- 3.05. Claims arising out of entry.** To the extent not prohibited by law, Buyer, and its agents or assigns, agree to indemnify, defend, and hold harmless the Seller, as indemnitee, from and against any and all claims, losses, liability, costs, or expenses (including reasonable attorney's fees) (hereinafter collectively referred to as **Claims**) arising out of Buyer's or its officers, officials, agents, employees, or contractors entry on to the Property for the purposes of conducting the investigations, surveys, and inspections contemplated herein but only to the extent that such Claims are caused by the act, omission, negligence, misconduct, or other fault of the Buyer and its officers, officials, agents, employees, or contractors.

4. BUYER'S REPRESENTATIONS.

- 4.01.** Buyer represents that it has full power and authority to enter into this Agreement and to consummate all of the transactions hereby contemplated and agrees that simultaneous with execution of this Agreement, Buyer shall provide proof that the person who executed this Agreement on behalf of Buyer has the legal authority to bind Buyer.
- 4.02.** Buyer represents that neither the execution of this Agreement nor the performance by Buyer of its obligations under this Agreement will result in any breach or violation of the terms of any law, rule, ordinance or regulation. There are no consents, waivers, authorizations or approvals from any third party necessary to be obtained by Buyer in order to carry out the transactions contemplated by this Agreement.

5. RISK OF LOSS. Except as otherwise provided in this Agreement, all risk of loss related to ownership of the Property, including liability to third persons, shall be the responsibility of the Seller until the title of the Property passes to the Buyer on the Close of Transaction Date. Seller shall indemnify and hold Buyer harmless for all such loss, damage, liability, fees or costs of any kind whatsoever, except those caused by the Buyer. This indemnity shall survive termination of this Agreement.

6. ENVIRONMENTAL LIABILITY. To the best of Seller's knowledge no hazardous substances or wastes or petroleum products have been located on the Property, and Seller has received no notice of any violations of any local, state or federal statutes or laws governing the generation, treatment, storage, disposal or clean-up of hazardous substances. To the best of Seller's knowledge, there are no underground storage tanks on the Property.

7. ASSIGNABILITY. Neither the Seller nor the Buyer may assign any of its rights or obligations under this Agreement without the other party's advance written consent. This Agreement shall be binding upon Seller and Buyer and their respective successors and assigns.

8. BREACH OF AGREEMENT, DAMAGES.

8.01. In the event of (i) the breach or non-performance of this Agreement by Seller, or (ii) a default in the performance of any of its obligations hereunder by Seller, and if Seller fails to cure the breach, non-performance or default within thirty (30) business days after receipt of written notice from Buyer specifying the breach or default, then the Agreement shall be canceled and the Seller shall be liable for all customary transaction cancellation charges, if any. Payment of such charges will be the Buyer's sole and exclusive remedy in the event of default by Seller. Buyer hereby waives and releases any right to (and hereby covenants that Buyer shall not) sue the Seller for (a) specific performance, or (b) damages related to this cancellation.

8.02. In the event of (i) the breach or non-performance of this Agreement by Buyer, or (ii) Buyer fails to close this transaction, other than due to the default of the Seller, and if Buyer fails to cure the breach, non-performance or failure within thirty (30) business days after receipt of written notice from Seller specifying the default, the Agreement shall be canceled and the Buyer shall be liable for all customary transaction cancellation charges, if any. Payment of such charges will be the Seller's sole and exclusive remedy in the event of default by Buyer. Seller hereby waives and releases any right to (and hereby covenants that Seller shall not) sue the Buyer for (a) specific performance, or (b) damages related to this cancellation.

9. "AS-IS, WHERE IS".

9.01. The Seller has provided to Buyer, at Seller's expense, a preliminary title report on the Property (hereinafter **Title Report**). Further, in the event that any updates, supplements or amendments to the Title Report are subsequently prepared, copies of such documents shall be delivered to Buyer. Except with respect to any title exception intentionally and voluntarily created by Seller after the issuance of the Title Report, nothing herein shall be deemed to impose on Seller any obligation to bring any action or proceeding, or to expend any unreasonable (in Seller's sole and absolute discretion) sum or effort in order

to fulfill any condition, nor shall Buyer otherwise have any right or action against Seller in respect thereof.

- 9.02.** The Property will be conveyed to the Buyer by Seller in a strict “as is, where is” condition and without title insurance. Seller has made no representations or warranties regarding the condition of the Property, or the title to the Property, other than as set forth in this document and Buyer shall not rely upon any representation or warranty that is not set forth in writing in this Agreement or in the Deed.

10. NOTICES. No notices, waiver or other communication under this Agreement shall be effective unless in writing and personally served, or sent by certified mail, return receipt requested, with postage prepaid or by commercial express delivery service providing receipted delivery. All such notices shall be addressed to the parties at the addresses noted below. If personally served or sent via commercial delivery service, any such notice shall be deemed given at the time of such service or, if by certified mail, two (2) days following the depositing of the same in a post office box regularly maintained by the United States Postal Service.

SELLER:

Maricopa County
Attn: Director, Real Estate Department
2801 W. Durango Street
Phoenix, AZ 85009

BUYER:

City of Avondale
City Manager
11465 Civic Center Drive
Avondale, AZ 85323

11. GENERAL PROVISIONS.

- 11.01. Date of Agreement.** The date of this Agreement for all purposes where such date is referenced herein shall be the date last signed on the signature pages that follow.
- 11.02. Section Headings.** The section headings in this Agreement are inserted only as a matter of convenience in reference and are not to be given any effect whatsoever in construing any provision of this Agreement.
- 11.03. Authority to Execute.** The Seller and Buyer both acknowledge that the persons whose signatures appear below have appropriate authority to execute this Agreement on behalf of the Seller and Buyer.
- 11.04. Counterparts.** This Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto are upon the same instrument.
- 11.05. Attorney Fees.** If there is any litigation or arbitration between Seller and Buyer to enforce or interpret any provisions or rights of this Agreement, the unsuccessful party in the litigation or arbitration, as determined by the court or arbitrator, agrees to pay the successful party, as determined by the court or arbitrator, all reasonable costs, legal fees, and expenses (through trial and appeal), including, but not limited to, reasonable attorney fees incurred by the successful party

- 11.06. Severability.** If any term, covenant, condition or provision of this Agreement, or the application thereof to any person or circumstance shall, at any time or to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such terms or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant, condition and provision of this Agreement shall be valid and be enforceable to the fullest extent permitted by law.
- 11.07. Conflict of Interest.** This Agreement is subject to A.R.S. 38-511 and may be canceled pursuant thereto.
- 11.08. Waiver.** Failure of any party to exercise any right or option arising out of a breach of this Agreement shall not be deemed a waiver of any right or option with respect to any subsequent or different breach, or the continuance of any existing breach.
- 11.09. Ambiguity.** This Agreement was drafted by the Seller with the assistance of their attorneys. Neither the Seller nor its attorneys have rendered legal or other advice to the Buyer regarding sale of the Property or the specific terms of this Agreement. Buyer is aware of its right to obtain independent professional and/or legal assistance with this Agreement and, upon signing of the Agreement, represents that they have taken all steps they deem necessary (including but not limited to, seeking the advice of professionals and/or attorneys) to assist them with this transaction. Consequently, any ambiguity in this Agreement shall not be construed against either party.
- 11.10. Governing Law.** This Agreement shall be deemed to be made under, and shall be construed in accordance with and shall be governed, interpreted and regulated by, the laws of the State of Arizona, and arbitration proceedings, if applicable, or suit to enforce any provision of this Agreement or to obtain any remedy with respect hereto may be brought in the Superior Court of the State of Arizona, Maricopa County or in the United States District Court for the District of Arizona, and for this purpose each party hereby expressly and irrevocably consents to the jurisdiction of said Court.
- 11.11. Statutory Authority.** The Property is being sold to Buyer in compliance with A.R.S. 11-251(9) with unanimous consent of Seller's Board of Supervisors.
- 11.12. Time is of the Essence.** Other than where this Agreement provides for a period of cure, time is of the essence in the performance of all obligations under this Agreement. If the time for performance of any obligation or for taking any action under the Agreement expires on a Saturday, Sunday, or legal holiday, the time for performance or for taking action will be extended to the next succeeding day which is not a Saturday, Sunday, or legal holiday.

Accepted and executed this _____ day of _____, 20____. [DF(2)]

BUYER:

CITY OF AVONDALE,
an Arizona municipal corporation

SELLER:

MARICOPA COUNTY,
a political subdivision of the State of Arizona

By: _____
Signature

Printed Name

Its: _____
Title

Date: _____

By: _____
Clint Hickman,
Chairman of the Board of Supervisors

Date: _____

ATTEST:

City Clerk

APPROVED AS TO FORM:

Attorney

Date

Clerk of the Board

Date

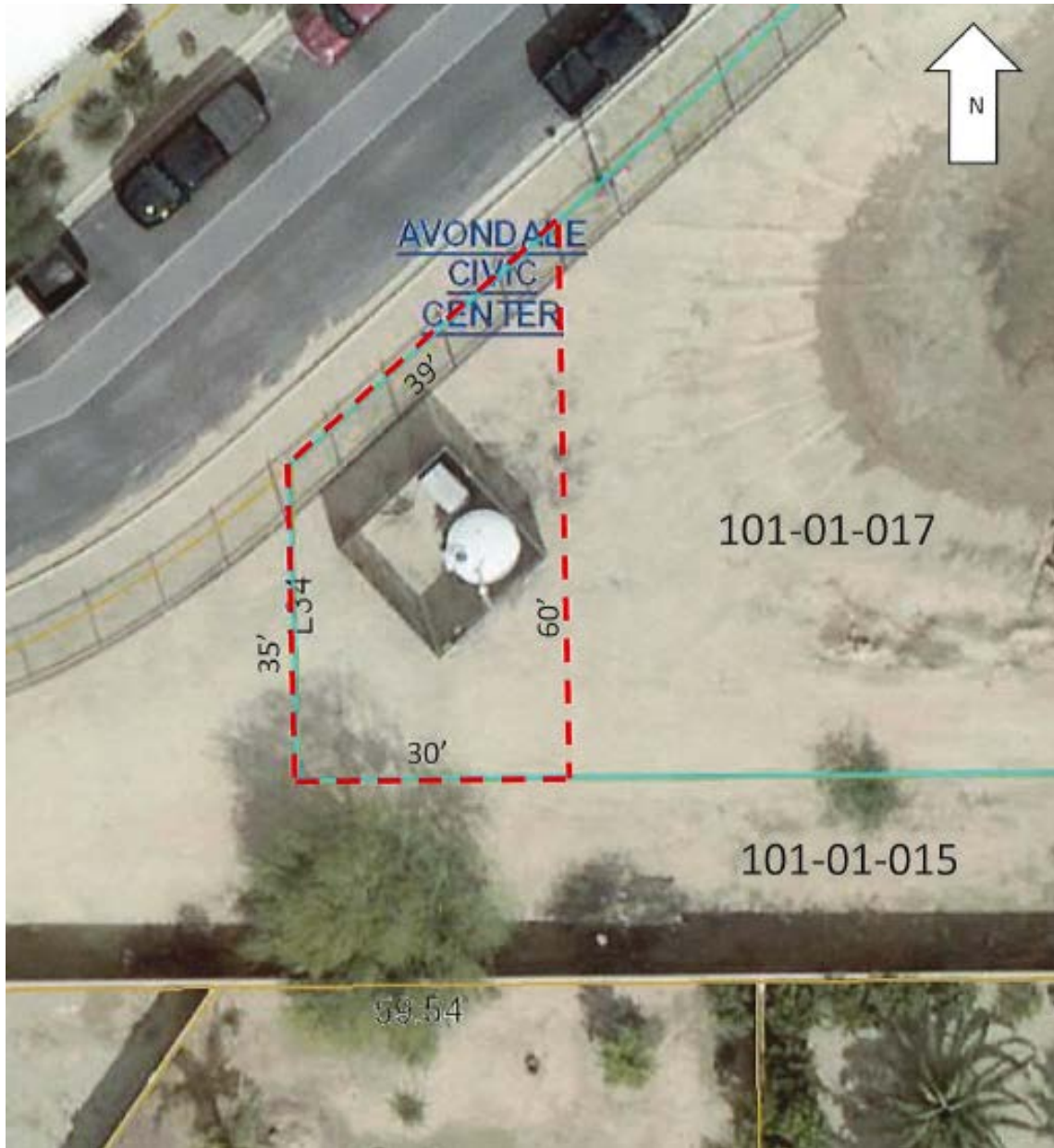
APPROVED AS TO FORM:

Deputy County Attorney

Date

EXHIBIT A

Attached to Purchase Agreement & Transaction Instructions



**Parcel No. 101-01-017 (Portion of)
File No. 189
AVONDALE CIVIC CENTER
BOOK 642 OF MAPS, PAGE 07**

EXHIBIT "A"

LEGAL DESCRIPTION

A portion of that certain property conveyed to Maricopa County in Recording Number 2004-0991929 located in the Northwest Quarter of Section Seven, Township One North, Range One East of the Gila and Salt River Meridian, and being more particularly described as follows:

The West 30 feet of Lot 9 as shown in Book 642 of Maps, Page 07.

The above described parcel contains 1,447 square feet or 0.0332 acres, more or less.

EXHIBIT B

Attached to Purchase Agreement & Transaction Instructions

FORM OF DEED

WHEN RECORDED RETURN TO:

City of Avondale
Attention: City Manager
11465 West Civic Center Drive
Avondale, AZ 85323

**EXEMPT PURSUANT TO A.R.S. §11-1134(A)(3)
C-78-18-017-3-01**

DEED

This Deed is made on the _____ day of _____, 2020 by **MARICOPA COUNTY**, a political subdivision of the State of Arizona (**GRANTOR**), to the **CITY OF AVONDALE**, an Arizona municipal corporation (**GRANTEE**).

Witness that **GRANTOR**, for good and valuable consideration, receipt of which is acknowledged, does hereby grant and convey to **GRANTEE**, without warrant or guaranty of any nature whatsoever, all of its right, title and/or interest in the following real property situated in Maricopa County, Arizona:

**SEE ATTACHED EXHIBIT "A" HERETO
AND BY REFERENCE MADE A PART HEREOF**

SUBJECT TO current real property taxes, zoning and other governmental restrictions, and all covenants, conditions, restrictions, easements, rights-of-way, and other matters of record or matters that could be disclosed by a visual inspection or accurate survey of the real property.

GRANTOR warrants the title against all acts of the Grantor herein and no other. The Property is being conveyed to **GRANTEE** in an "AS IS, WHERE IS" condition in compliance with A.R.S. 11-251(9) with unanimous consent of **GRANTOR'S** Board of Supervisors. No other covenants or warranties, express or implied, are given by this Deed.

GRANTOR:
MARICOPA COUNTY, a political subdivision of the State of Arizona

Page 11 of 13

CITY OF AVONDALE, an Arizona municipal corporation

APPROVED AS TO FORM:

STATE OF ARIZONA)
)
COUNTY OF MARICOPA)

(SEAL and Expiration Date)

Page 12 of 13

**Parcel No. 101-01-017 (Portion of)
File No. 189
AVONDALE CIVIC CENTER
BOOK 642 OF MAPS, PAGE 07**

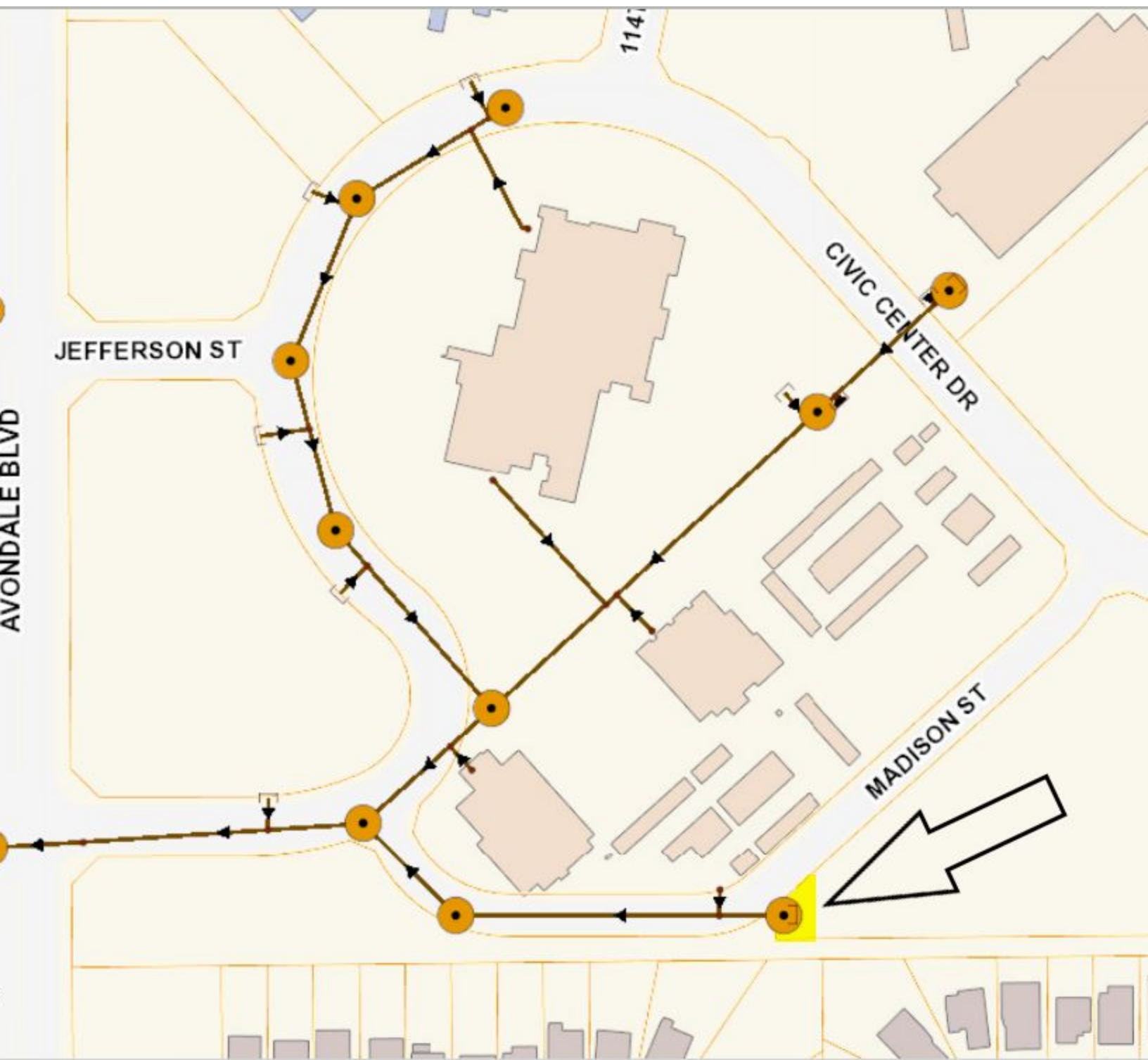
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Parcel No. 101-01-017 (Portion of)
File No. 189
AVONDALE CIVIC CENTER
BOOK 642 OF MAPS, PAGE 07

EXHIBIT "A"

LEGAL DESCRIPTION

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The West 30 feet of Lot 9 as shown in Book 642 of Maps, Page 07.

The above described parcel contains 1,447 square feet or 0.0332 acres, more or less.

MARICOPA COUNTY		
Prelim: 12/05/19 jb	Chk:	Appr:
Rev: 02/12/20 jb		
Maricopa County Real Estate Department		



EXPIRES 12 / 31 / 2020

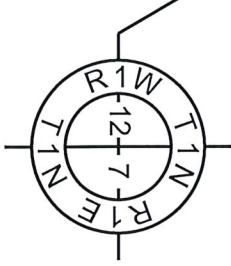
GRANTOR _____ DATE _____

EXHIBIT "A"

Not to Scale

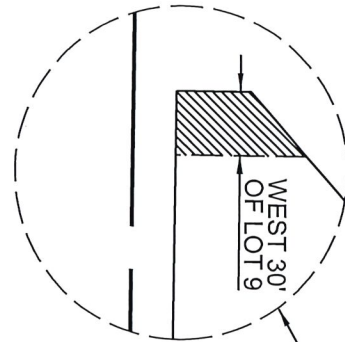


AVONDALE BLVD.



WEST 30'
OF LOT 9

DETAIL



DETAIL

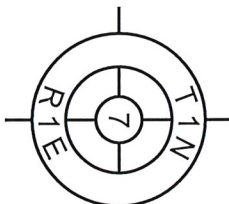
LOT 9, "AVONDALE CIVIC CENTER"

BOOK 642, PG. 07

APN NO. 101-01-017



EXPIRES 12/31/2020



107th AVENUE

Total Area: 1,447 square foot or 0.0332 acres

MARICOPA COUNTY

West 30 feet of Lot 9 of Avondale Civic Center

File No. 189

APN No. 101-01-017

DATE 012/12/2020

MARICOPA COUNTY

P.M. AGENT T.C.

CITY COUNCIL REPORT

SUBJECT: Resolution 1019-0320 – Data Sharing Agreement with Arizona State University (ASU)

MEETING DATE: 3/23/2020

TO: Mayor and Council

FROM: Dale Nannenga, Chief of Police, (623) 333-7207

THROUGH: Charles A. Montoya, City Manager, (623) 333-1016

PURPOSE:

City Council will consider a request to adopt Resolution 1019-0320 authorizing a Data Sharing Agreement between Arizona State University (ASU) and the City of Avondale to share police report information on incidents leading to violent deaths occurring in Arizona and authorize the Mayor, or City Manager and City Clerk to execute the necessary documents. The Council will take appropriate action.

BACKGROUND:

The Avondale Police Department, by collaborating with ASU's Center for Violence Prevention and Community Safety, supports participation in the Centers for Disease Control and Prevention's (CDC) National Violent Death Reporting System (NVDRS) in Arizona (AZ-VDRS). Recently, the NVDRS expanded to its current level of 50 participating states across the country, as well as the District of Columbia and Puerto Rico. The NVDRS compiles statewide, comprehensive data on violent deaths by collecting information from death certificates, medical examiner reports, police departments, and other appropriate state, county, local, or tribal agencies. Objectives of these statewide surveillance systems include providing comprehensive snapshots of violent incidents to further understand such events and informing communities, policy makers, planners, and decision makers on violent deaths so that preventive programs can be enacted. Establishment of the AZ-VDRS enables increased scientific understanding of violent injury through research, translation of research findings into prevention strategies, and the dissemination of knowledge of violent injury and prevention to professionals and the public.

DISCUSSION:

This Agreement establishes the basis for the Avondale Police Department to share with the Center police report information on incidents leading to violent deaths occurring in Arizona. To help find answers to prevent violent deaths, the CDC's NVDRS links information about the "who, when, where, and how" from the data on violent deaths and provides insights about "why" they occurred. This data will be used for the purpose of contributing to the AZ-VDRS by providing accurate, comprehensive, and objective information regarding violent deaths.

The sharing of police report data will be in accordance with the terms and conditions stated in this agreement and predicated on the mutual assurance that all unique identifiers in these data will be protected and kept strictly confidential. No personally identified information is collected.

BUDGET IMPACT:

There is no budget impact as this agreement is strictly a statement of understanding between the Avondale Police Department and ASU to the sharing and use of confidential information related to the purposes stated in the agreement.

RECOMMENDATION:

Staff recommends City Council adopt a resolution authorizing a Data Sharing Agreement between Arizona State University (ASU) and the City of Avondale to share police report information on incidents leading to violent deaths occurring in Arizona.

RESOLUTION NO. 1019-0320

A RESOLUTION OF THE COUNCIL OF THE CITY OF AVONDALE, ARIZONA, APPROVING A DATA SHARING AGREEMENT WITH THE ARIZONA BOARD OF REGENTS FOR AND ON BEHALF OF ARIZONA STATE UNIVERSITY RELATING TO SHARING INFORMATION RELATED TO THE NATIONAL VIOLENT DEATH REPORTING SYSTEM.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF AVONDALE as follows:

SECTION 1. The Data Sharing Agreement with the Arizona Board of Regents for and on behalf of Arizona State University relating to sharing data between the Avondale Police Department and the Arizona State University (the “Agreement”) is hereby approved in substantially the form and substance attached hereto as Exhibit A and incorporated herein by reference.

SECTION 2. The Mayor, the City Manager, the City Clerk and the City Attorney are hereby authorized and directed to take all steps necessary to cause the execution of the Agreement and to take all steps necessary to carry out the purpose and intent of this Resolution.

PASSED AND ADOPTED by the Council of the City of Avondale, Arizona, March 23, 2020.

Kenneth N. Weise, Mayor

ATTEST:

Marcella Carrillo, City Clerk

APPROVED AS TO FORM:

Michael Wawro, City Attorney

EXHIBIT A
TO
RESOLUTION NO. 1019-0320

[Agreement]

See following pages.

**Data Sharing Agreement
Between
Avondale Police Department
and
Arizona Board of Regents for and on behalf of
Arizona State University (ASU)**

1. TERM OF THE AGREEMENT:

The term of this Agreement shall become effective upon last signature below and shall remain in effect for five (5) years unless terminated, canceled or extended as otherwise provided herein.

2. TERMINATION OR AMENDMENT:

Each party shall have the right to terminate this Agreement by mailing the other party written notice of termination by certified mail, return receipt requested, at least thirty (30) days prior to the termination date. This Agreement may be modified at any time by mutual written Amendment in order to accommodate unforeseen circumstances by the authorized representative of the respective parties.

3. CONFIDENTIALITY:

- A. Any information that may be exchanged through this Agreement shall not be used for purposes other than those covered in section 12 Scope of Work without prior approval of all parties to this Agreement.
- B. Neither confidential medical information nor personally identifying information that may be exchanged through this Agreement shall be made available for any political or commercial purpose, nor shall such information be used as basis for determining eligibility for care or source of payment for care to any individual.
- C. ASU designates the following personnel (Designated Personnel) as individuals who will receive, use or disclose the Limited Data Set on its behalf:

All individuals identified in ASU Institutional Review Board (IRB) Protocol No. STUDY00001484, including any individuals named in authorized IRB modifications or amendments that occur during the Length of Agreement specified above.

- D. ASU will implement appropriate safeguards to prevent the use or disclosure of the Limited Data Set not otherwise permitted in this Agreement.
- E. ASU will report to AVONDALE Police Department (as appropriate) any use or disclosure of the Limited Data Set not permitted by this Agreement within five (5) business days of ASU's learning of such use or disclosure.

4. HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA) COMPLIANCE:

- A. All parties agree to adhere to the Health Insurance Portability and Accountability Act of 1996 (HIPAA) Privacy and Security Rules as defined in 45 CFR Parts 160, and 164 and under the HIS Circular No. 2003-02 for policy and procedures.

- B. Parties warrant that they will cooperate with the State in the course of performance of the Agreement so that both parties will be in compliance with HIPAA, including cooperation and coordination with State privacy officials and other compliance officers required by HIPAA and its documents that are reasonably necessary to keep both parties in compliance with HIPAA, including but not limited to business associate agreements, pledge of confidentiality, HIPAA training certification or other HIPAA related compliance documents.

5. APPLICABLE LAW:

Arizona Law. Applicable law of Arizona applies to this Agreement including, where applicable, the Uniform Commercial Code as adopted by the State of Arizona.

6. CONFLICT OF INTEREST:

Pursuant to A.R.S. 38-511, the State, its political subdivisions or any department or agency of either may, within four (4) years after its execution, cancel any Agreement, without penalty or further obligation, made by the State, its political subdivisions, or any of the departments or agencies of either if any person significantly involved in initiating, negotiating, securing, drafting or creating the Agreement on behalf of the State, its political subdivisions or any of the departments or agencies of either is, at any time while the Agreement or any extension of the Agreement is in effect, an employee or agent of any other party to the Agreement in any capacity or a consultant to any other party of the Agreement with respect to the subject matter of the Agreement. A cancellation made pursuant to this provision shall be effective when ASU receives written notice of the cancellation unless the notice specifies a later time.

7. ARBITRATION:

Pursuant to A.R.S. 12-1518, disputes under this Agreement shall be resolved through the use of arbitration as follows:

- A. Cases under the Jurisdictional Limit. In all cases filed in superior court in which the court finds or the parties agree that the amount in controversy does not exceed the jurisdictional limit; arbitration shall be used, unless all parties file a written stipulation waiving the arbitration requirement, and the court waives the arbitration requirement on a showing of good cause.

8. FUNDING:

This Agreement is not an obligation of or a commitment of funds, or a basis for a transfer of funds, but rather a statement of understanding between the Parties concerning the sharing and use of confidential information related to the purposes of this Agreement. Expenditures by each party are subject to that party's budgetary processes and to the availability of funds and resources pursuant to applicable laws, regulations, and policies of the respective parties.

9. INSURANCE:

The AVONDALE Police Department and ASU are self-insured for liability per A.R.S. 41-621.

10. BACKGROUND:

The AVONDALE Police Department, by collaborating with ASU's Center for Violence Prevention and Community Safety (CENTER), supports participation in the Centers for Disease Control and Prevention's (CDC) National Violent Death Reporting System (NVDRS) in Arizona (AZ-VDRS). Recently, the NVDRS

Avondale Police Department to ASU

expanded to its current level of 50 participating states across the country, as well as the District of Columbia and Puerto Rico. The NVDRS compiles statewide, comprehensive data on violent deaths by collecting information from death certificates, medical examiner reports, police departments, and other appropriate state, county, local, or tribal agencies. Objectives of these statewide surveillance systems include providing comprehensive snapshots of violent incidents to further understand such events and informing communities, policy makers, planners, and decision makers on violent deaths so that preventive programs can be enacted. Establishment of the AZ-VDRS enables increased scientific understanding of violent injury through research, translation of research findings into prevention strategies, and the dissemination of knowledge of violent injury and prevention to professionals and the public. Data collection for the project will be sponsored by the CDC and coordinated by the research team at the CENTER.

11. PURPOSE:

This Agreement establishes the basis for the AVONDALE Police Department to share with the CENTER police report information on incidents leading to violent deaths occurring in Arizona. This data will be used for the purpose of contributing to the AZ-VDRS by providing accurate, comprehensive, and objective information regarding violent deaths.

The sharing of police report data will be in accordance with the terms and conditions stated in this agreement and predicated on the mutual assurance that all unique identifiers in these data will be protected and kept strictly confidential.

12. SCOPE OF WORK:

- I. AVONDALE Police Department agrees to provide or continue to provide the CENTER with the following:
 - a. Confidential police report data, but only for incidents involving violent deaths, related to incident narrative, person type (victim/suspect), name address, age, sex, race, ethnicity, when and where (injury/death), additional person descriptors, wounds, associated circumstances, victim suspect relationship, history of victim abuse, suspect was victim caretaker, firearm descriptors, poison details, weapon used by/on person, person purchasing firearm, and any other available person descriptors for individuals residing within or events occurring within Arizona.
 - i. The above noted data will be made available to the CENTER from January 1, 2015 and forward.
 - ii. The above noted data will be made available to the CENTER on a monthly basis.
 - b. Confidential supplemental homicide report data related to person type (victim/suspect), name address, age, sex, race, ethnicity, additional person descriptors, associated circumstances, weapon used by /on person, and any other available person descriptors for individuals residing within or events occurring within Arizona.
 - i. The above noted data will be made available to the CENTER from January 1, 2015 and forward.
 - ii. The above noted data will be made available to the CENTER on a monthly basis.
 - c. Within this agreement, it is understood that at least 99% of police reports (and associated data)

are available within 90 days of death and are then ready to be shared with ASU.

- d. The name or names of the AVONDALE Police Department employees that will provide the information designated under Section I. Immediate notification will occur when there are any changes in this list of employees.
- e. A AVONDALE Police Department employee who may serve on the AZ-VDRS statewide advisory board.

II. The CENTER agrees to provide AVONDALE Police Department with:

- a. A description of the security measures that are in place to maintain the confidentiality of the data being received. These measures at a minimum should follow the recommendations for the "Security Considerations for Applicants" prepared by the Human Subjects Review Board of the ADHS.
- b. Analytical support for matters related to data collected as part of the Arizona Violent Death Reporting System. The scope, nature, and frequency of the support will be mutually agreed upon by both parties, in writing, after funding has been secured.

III. Confidential Information:

- a. The parties agree to provide information following a mutually agreeable format and that the information shall be marked confidential if disclosed in written or other tangible form, or if disclosed orally or visually, identified as confidential at the time of disclosure and reduced to writing and marked confidential and transmitted to the receiving party within thirty (30) days of the initial disclosure.
- b. The CENTER will not use, or disclose to any third party, confidential information of AVONDALE Police Department in any manner whatsoever except as authorized pursuant to this Agreement, and will require that its employees and agents who have access to such information will not use, or disclose AVONDALE Police Department information for three (3) years after the termination of this Agreement, except as authorized under this Agreement; provided that the CENTER's obligations hereunder shall not apply to information that was already known to receiving party prior to the time of first disclosure, as demonstrated by contemporaneous, written documentation; or
 - i. At the time of disclosure is in the public domain, or after the date of the disclosure, lawfully becomes a part of the public domain other than through breach of this Agreement by receiving party; or
 - ii. Is received without any obligation of confidentiality from a third party having a legal right to disclose the same; or
 - iii. Is independently developed by the receiving party by individuals without access to such information, as demonstrated by contemporaneous, written documentation; or
 - iv. Is required to be disclosed by the receiving party pursuant to a legally enforceable order, subpoena, or other regulation ("ORDER"), provided, however, that the receiving party promptly notify the disclosing party in advance of such disclosure and discloses only that INFORMATION necessary to comply with said ORDER.

IV. The parties agree to

- a. Carefully restrict use and access of information to those designated by the CENTER. Data provided by AVONDALE Police Department are for the use of the AZ-VDRS only and no copies may be made of such records to provide to other individuals or entities for other purposes.
- b. Prohibit identifying information about a person that was supplied under the terms of this agreement from being released to anyone not working on AZ-VDRS data collection, or the development of the AZ-VDRS.
- c. Require all officers, agents and employees to keep all such shared information strictly confidential. To communicate the requirements for this section to all officers, agents and employees, to discipline all persons who may violate the requirements of this section and to notify the originating party in writing within forty-eight (48) hours of any violation and corrective actions to be taken.

13. CONTACTS FOR NOTICES UNDER THIS AGREEMENT:

Notices to be sent to mailing address with courtesy copies identified below.

For ASU

Arizona State University
Office for Research and Sponsored Projects Administration
P.O. Box 876011
Tempe, AZ 85287-6011

E-mail: asu.awards@asu.edu

Phone: 480-965-1427

Fax: 480-965-2455

Copy: Charles Katz

ASU Center for Violence Prevention and Community Safety
Attn: Charles Katz, Director
411 N Central Ave., Suite 680
Phoenix, Arizona 85004

E-mail: Charles.katz@asu.edu

Phone: 602-496-1471

Copy: Aaron D. Krasnow, Ph.D.

ASU HIPAA Privacy Officer
Assistant Vice President/Director ASU Counseling

E-mail: Aaron.Krasnow@asu.edu

Phone: 480-727-6884

For Avondale Police Department on behalf of the City of Avondale

City of Avondale

Attn: Dale Nannenga

11485 West Civic Center Drive

Avondale, AZ 85323

Email: dnannenga@avondaleaz.gov

14. SIGNATURE APPROVALS:

City of Avondale, Avondale Police Department

Signature: _____

Printed Name: _____

Date: _____

**ARIZONA BOARD OF REGENTS FOR AND ON BEHALF OF
ARIZONA STATE UNIVERSITY**

Signature: _____

Printed Name: Debra Murphy, Director

Date: _____

CITY COUNCIL REPORT

SUBJECT: Purchase and Sale Agreement with The Allison Trust for the Property located at Avondale Boulevard and Van Buren Street

MEETING DATE: 3/23/2020

TO: Mayor and Council

FROM: Ken Chapa, Economic Development Director, (623) 333-1411

THROUGH: Charles A. Montoya, City Manager, (623) 333-1016

PURPOSE:

City Council will consider a request to approve the Purchase and Sale Agreement with the Allison Trust to purchase real property located at the north of the northeast corner of Avondale Boulevard and Van Buren Street and authorize the Mayor or City Manager and City Clerk to execute the necessary documents. The Council will take appropriate action.

BACKGROUND:

On March 2, 2020 City Council adopted Ordinance 2008-0320 authorizing the purchase of real property located north of the northeast corner of Avondale Boulevard and Van Buren Street; approved budget authorization not to exceed \$2,310,000 to cover the land acquisition and closing costs; and approved a budget amendment in the amount of 2,210,000; and authorized the Mayor or City Manager and City Clerk to execute the necessary documents. The City of Avondale has recently rebranded The BLVD area as an economic engine in the City. In an effort to bring quality development to this area, the acquisition of this property would provide a contiguous land ownership and provide more opportunities for future development needs. The property is approximately 7 acres and is located between the current city owned parcels to the north and south of the property.

DISCUSSION:

Under the terms of the agreement, the City would purchase the approximate 7 acres of land located on the northeast corner of Avondale Blvd and Van Buren St for \$2,210,000 and applicable closing costs for a total not to exceed \$2,310,000. The property was appraised for \$3,000,000 on August 26th, 2019.

BUDGET IMPACT:

This land acquisition will cost approximately \$2,210,000 plus applicable closing costs. Budget capacity is available in line item 101-6700-00-8200. The resources necessary for the purchase will be available from the proceeds upon closing the sales of City properties at 801 N Avondale Boulevard and 705 N 114th Avenue. The proceeds from those sales totals approximately \$2,429,000.

RECOMMENDATION:

Staff recommends approval of the purchase of real property located north of the northeast corner of Avondale Blvd and Van Buren St for \$2,210,000 and applicable closing costs for a total not to exceed \$2,310,000.

**PURCHASE AND SALE AGREEMENT
BETWEEN
THE ALLISON TRUST
AND
THE CITY OF AVONDALE
(APN 102-57-005V, 102-57-005T, AND 102-57-005U)**

THIS PURCHASE AND SALE AGREEMENT (this "**Agreement**"), dated as of March 23, 2020 (the "**Effective Date**"), is entered into between, the Allison Trust, an Arizona Intervivos Trust [qualified to do business in the State of Arizona ("**Seller**"), and the City of Avondale, an Arizona Municipal Corporation ("**Purchaser**").

WITNESSETH

The parties hereto, for themselves, and their respective successors and assigns, for Ten and 00/100 (\$10.00) Dollars and other good and valuable consideration, hereby covenant as follows:

ARTICLE I DEFINITIONS

"**Apportionment Date**" has the meaning set forth in Section 10.01.

"**Assignment of Leases**" has the meaning set forth in Section 8.03(e).

"**Bankruptcy Code**" has the meaning set forth in Section 5.03.

"**Broker**" has the meaning set forth in Section 15.01.

"**Business Day**" has the meaning set forth in Section 20.07.

"**Closing**" has the meaning set forth in Section 6.01.

"**Closing Date**" has the meaning set forth in Section 6.01.

"**Closing Statement**" has the meaning set forth in Section 10.07.

"**Conveyance Deed**" has the meaning set forth in Section 8.01(a).

"**Current Month**" has the meaning set forth in Section 10.01(a).

"Earnest Money Deposit" has the meaning set forth in Section 3.02(a).

"Environmental Laws" has the meaning set forth in Section 16.03.

"Escrow Agent" has the meaning set forth in Section 3.02(a).

"Facts" has the meaning set forth in Section 7.01(d).

"FIRPTA Certificate" has the meaning set forth in Section 8.01(h).

"Hazardous Substances" has the meaning set forth in Section 16.03.

"Holiday" has the meaning set forth in Section 20.07.

"Laws and Regulations" has the meaning set forth in Section 7.01(b).

"Leases" has the meaning set forth in Section 2.01(g).

"Noticing Party" has the meaning set forth in Section 5.01(c).

"Non-Noticing Party" has the meaning set forth in Section 5.01(c).

"Non-Objectionable Encumbrances" has the meaning set forth in Section 7.02(b)

"Notice to Tenant" has the meaning set forth in Section 8.01(g).

"Official Records" has the meaning set forth in Section 20.13.

"Party or Parties" has the meaning set forth in Section 20.03(c).

"PCBs" has the meaning set forth in Section 16.03.

"Permitted Exceptions" has the meaning set forth in Section 7.01.

"Person or Persons" has the meaning set forth in Section 20.06(c).

"Personal Property" has the meaning set forth in Section 2.01(d).

"Property" has the meaning set forth in Section 2.01.

"Purchase Price" has the meaning set forth in Section 3.01.

"Purchaser" has the meaning set forth in the preamble to this Agreement.

"Purchaser's Representatives" has the meaning set forth in Section 4.01.

"Qualified Intermediary" has the meaning set forth in Section 20.04.

"Real Property" has the meaning set forth in Section 2.01(a).

"Rights" has the meaning set forth in Section 7.01(c).

"Seller" has the meaning set forth in the preamble to this Agreement.

"Seller Related Parties" has the meaning set forth in Section 4.03.

"Seller's Affiliates" has the meaning set forth in Section 18.04.

"Seller's Broker" has the meaning set forth in Section 15.01.

"Tax Proceedings" has the meaning set forth in Article XI.

"Tenants" has the meaning set forth in Section 7.01(e).

"Title Company" has the meaning set forth in Section 7.02(a).

"Title Insurance Policy" has the meaning set forth in Section 14.02(c).

"Title Report" has the meaning set forth in Section 7.02(a).

"Title Report Objection Date" has the meaning set forth in Section 7.02(a).

"Title Report Objection Notice" has the meaning set forth in Section 7.02(a).

"**Transaction Parties**" has the meaning set forth in Section 19.01.

"**Voluntary Lien**" has the meaning set forth in Section 7.03(b).

ARTICLE II PURCHASE AND SALE

Section 2.01 The Property. Seller agrees to sell to Purchaser and Purchaser agrees to purchase from Seller in accordance with the terms and conditions of this Agreement, all of the following (collectively referred to as the "**Property**"):

(a) The real property, including all right, title and interest therein, designated under Maricopa County Assessor's Parcel/Tax Parcel Numbers:

102-57-005V, Section 6, T1N, Range 1E

102-57-005T, Section 6, T1N, Range 1E

102-57-005U, Section 6, T1N, Range 1E

All in Maricopa County, Arizona (the "**Real Property**").

(b) All rights, privileges, easements and rights of way appurtenant to said Real Property, including without limitation, all mineral, oil and gas and other subsurface rights, development rights, air rights and water rights (collectively, the "**Appurtenances**").

(c) All rights, title and interest of Seller in and to all tenant leases, lease amendments, guarantees, exhibits, addenda and riders thereto and any other documents creating a possessory interest in the Real Property or Improvements with any persons leasing, using or occupying the Real Property or Improvements or any part of either, unless Seller provides Purchaser a written termination of Lease (collectively, the "**Leases**").

Notwithstanding anything herein to the contrary, "**Property**" does not include any tenant fixtures or other property belonging to Tenants of the Property, or any item leased from third-parties.

ARTICLE III PURCHASE PRICE AND DEPOSIT

Section 3.01 Purchase Price. Purchaser shall pay Seller the sum of Two Million, Two Hundred and Ten Thousand and 00/100 Dollars (\$2,210,000) (the "**Purchase Price**"), subject to such apportionments, adjustments and credits as are provided in Article X.

Section 3.02 Payment of Purchase Price. Purchaser shall pay the Purchase Price as follows:

- (a) The sum of Two Hundred and Twenty Thousand and 00/100 Dollars (\$220,000.00) (together with any interest earned thereon, collectively, the "**Earnest Money Deposit**"), upon the execution of this Agreement, payable to Clear Title Agency of Arizona, Inc. (the "**Escrow Agent**"), subject to collection, or by wire transfer of immediately available federal funds.
- (b) The balance of the Purchase Price shall be paid to Seller on the Closing Date, simultaneously with the delivery of the Conveyance Deed, by federal funds wire transfer of immediately available funds to an account at such bank or banks as shall be designated by Seller by notice to Purchaser at least ten (10) Business Day[s] prior to the Closing Date.

Section 3.03 Earnest Money Deposit.

- (a) The Earnest Money Deposit shall be held by Escrow Agent and disbursed in accordance with the terms and conditions of this Agreement. Any interest earned on the principal portion of the Earnest Money Deposit shall be deemed to be part of the Earnest Money Deposit and shall be paid together with the principal portion of the Earnest Money Deposit. Notwithstanding the foregoing or anything to the contrary contained in this Agreement, Purchaser and Seller hereby understand and agree that if the transaction contemplated under this Agreement closes on the Closing Date, any interest earned on the Earnest Money Deposit shall not be deemed a Purchaser credit on the Closing Statement and credited to the Purchase Price upon the Closing but shall, upon the Closing, be a Seller credit on the Closing Statement and remain the property of Seller.
- (b) In the event Purchaser fails to deposit the Earnest Money Deposit with Escrow Agent in accordance with this Agreement, this Agreement shall automatically terminate, without the need for further notice or instruction.
- (c) Subject to Article V, whenever in this Agreement Purchaser is entitled to a return of the Earnest Money Deposit, Purchaser shall be entitled to the return of the Earnest Money Deposit actually being held by Escrow Agent pursuant to this Agreement. Subject to Article V, whenever in this Agreement Seller is entitled to retain the Earnest Money Deposit, Seller shall be entitled to the Earnest Money Deposit actually being held by Escrow Agent pursuant to this Agreement.

Section 3.04 No Financing Contingency. Purchaser expressly agrees and acknowledges that Purchaser's obligations to pay the Purchase Price and otherwise consummate the transactions contemplated hereby are not in any way conditioned upon Purchaser's ability to obtain financing of any type or nature whatsoever, whether by way of debt financing or equity investment, or otherwise.

ARTICLE IV ACCESS

Section 4.01 Purchaser's Access. Subject to the provisions of Section 4.02, Purchaser and its agents, employees, consultants, inspectors, appraisers, engineers and contractors (collectively "Purchaser's Representatives") shall have the right, through the Closing Date, from time to time, upon the advance notice required pursuant to Section 4.02(b), to enter upon and pass through the Property during normal business hours to examine and visually inspect the same. Notwithstanding any such inspection, or anything to the contrary herein contained, Purchaser's obligations hereunder shall not be limited or otherwise affected as a result of any fact, circumstance or other matter of any kind discovered following the date hereof in connection with any such inspection, access or otherwise; it being agreed that Seller is permitting Purchaser such right of inspection and access as a courtesy to Purchaser in its preparation for taking title to the Property. Without limiting the generality of the foregoing: (a) Purchaser agrees that it shall not have any so-called "due diligence period" and that it shall have no right to terminate this Agreement or obtain a reduction of the Purchase Price as a result of any such fact, circumstance or other matter so discovered (including, without limitation, relating to the physical condition of the Property, the operations of the Property or otherwise) and (b) Purchaser shall have no right to terminate this Agreement or obtain a return of the Earnest Money Deposit except as otherwise expressly provided in this Agreement.

Section 4.02 Purchaser's Right to Inspect.

(a) In conducting any inspection of the Property or otherwise accessing the Property, Purchaser shall at all times: (i) comply with all laws and regulations of all applicable governmental authorities; In addition, while conducting any inspection of the Property or otherwise accessing the Property, neither Purchaser nor any of Purchaser's Representatives shall: (A) contact or have any discussions with any of Seller's or Seller's affiliates', employees, agents or representatives (other than Seller's Broker and Seller's attorneys), or with any Tenants at, or contractors providing services to, the Property, unless, in each case, Purchaser obtains the prior written consent of Seller, which consent may be withheld or conditioned in Seller's sole discretion; (B) interfere with the business of Seller (or any of its Tenants) conducted at the Property or disturb the use or occupancy of any occupant of the Property other than, in each case, to a de minimis extent; or (C) subject to the provisions set forth below in Section 4.03, damage the Property. In conducting the foregoing inspection or

otherwise accessing the Property, Purchaser and Purchaser's Representatives shall at all times comply with, and shall be subject to, the rights of the Tenants under the Leases (and any persons claiming under or through such Tenants). Seller may from time to time establish reasonable rules of conduct for Purchaser and Purchaser's Representatives in furtherance of the foregoing.

(b) Purchaser shall schedule and coordinate all inspections of the Property or other access thereto with Seller and shall give Seller at least Three (3) Business Day[s] prior notice thereof. Seller shall be entitled to have a representative present at all times during each such inspection or other access. Purchaser agrees to pay to Seller promptly upon demand the cost of repairing and restoring any damage or disturbance which Purchaser or Purchaser's Representatives shall cause to the Property. All inspection fees, appraisal fees, engineering fees and other costs and expenses of any kind incurred by Purchaser or Purchaser's Representatives relating to such inspection and its other access shall be at the sole expense of Purchaser.

(c) In the event that the Closing hereunder shall not occur for any reason whatsoever, Purchaser shall promptly return to Seller copies of all due diligence materials delivered by Seller to Purchaser and shall destroy all copies and abstracts thereof., Purchaser shall be obligated to pay to Seller promptly upon demand the cost of repairing and restoring any damage resulting from any environmental study ordered by Purchaser.

Section 4.03 Seller Indemnification. Purchaser agrees to indemnify and hold Seller and its disclosed or undisclosed, direct and indirect shareholders, officers, directors, trustees, partners, principals, members, employees, agents, affiliates, representatives, consultants, accountants, contractors and attorneys or other advisors, and any successors or assigns of the foregoing (collectively with Seller, the "**Seller Related Parties**") harmless from and against any and all losses, costs, damages, liens, claims, liabilities or expenses (including, but not limited to, reasonable attorneys' fees, court costs and disbursements) incurred by any Seller Related Parties arising from or by reason of Purchaser's and/or Purchaser's Representatives gross negligence or willful misconduct in connection access to, or inspection of, the Property, or any tests, inspections or other due diligence conducted by or on behalf of Purchaser.

ARTICLE V ESCROW

Section 5.01 Escrow Terms. Escrow Agent shall hold and disburse the Earnest Money Deposit in accordance with the following provisions:

- (a) Escrow Agent shall have the right, but not the obligation, to invest the Earnest Money Deposit in savings accounts, treasury bills, certificates of deposit and/or in other money market instruments, or in funds investing in any of the foregoing, and shall not be liable for any losses suffered in connection with any such investment.
- (b) If the Closing occurs, then Escrow Agent shall deliver the Earnest Money Deposit to Seller.
- (c) If Escrow Agent receives a notice signed by Purchaser or Seller (the "**Noticing Party**") stating that this Agreement has been canceled or terminated and that the Noticing Party is entitled to the Earnest Money Deposit, or that the other party hereto (the "**Non-Noticing Party**") has defaulted in the performance of its obligations hereunder, Escrow Agent shall deliver a copy of such notice to the Non-Noticing Party. The Non-Noticing Party shall have the right to object to such request for the Earnest Money Deposit by notice of objection delivered to and received by Escrow Agent Ten (10) Business Day[s] after the date of Escrow Agent's delivery of such copy to the Non-Noticing Party, but not thereafter. If Escrow Agent shall not have so received a notice of objection from the Non-Noticing Party, Escrow Agent shall deliver the Earnest Money Deposit to the Noticing Party. If Escrow Agent shall have received a notice of objection from the Non-Noticing Party within the time herein prescribed, Escrow Agent shall, at its sole option, either: (i) deliver to a court of competent jurisdiction the Earnest Money Deposit or (ii) retain the Earnest Money Deposit until one of the following events shall have occurred: (A) the Non-Noticing Party shall have failed to commence an action in a court of competent jurisdiction against the Noticing Party to resolve why the Noticing Party shall not be entitled to the payment of the Earnest Money Deposit within Thirty (30) Business Day[s] after delivery of the Noticing Party's notice, by serving a summons and complaint on the Noticing Party and delivering to Escrow Agent a copy thereof, together with an affidavit of service within such Thirty Business Day (30) period, in which event Escrow Agent shall pay over the Earnest Money Deposit to the Noticing Party; (B) there shall have been served upon Escrow Agent an order or judgment duly entered in a court of competent jurisdiction setting forth the manner in which the Earnest Money Deposit is to be paid out and delivered, in which event Escrow Agent shall deliver the Earnest Money Deposit as set forth in such order or judgment or (C) Seller and Purchaser shall have delivered to Escrow Agent a joint statement executed by both Seller and Purchaser setting forth the manner in which the Earnest Money Deposit is to be paid out and delivered, in which event Escrow Agent shall deliver the Earnest Money Deposit as set forth in such statement. Escrow Agent shall not be or become liable in any way to any person for its refusal

to comply with any such requests or demands by Seller and Purchaser until and unless it has received a direction of the nature described above.

(d) Any notice to Escrow Agent shall be sufficient only if received by Escrow Agent within the applicable time period set forth herein. All mailings and notices from Escrow Agent to Seller and/or Purchaser, or from Seller and/or Purchaser to Escrow Agent, provided for in this Article V shall be addressed to the party to receive such notice at its notice address set forth in Section 20.01 of this Agreement (with copies to be similarly sent to the additional persons therein indicated).

(e) Notwithstanding the foregoing, if Escrow Agent shall have received a notice of objection as provided for in Section 5.01(c) above within the time therein prescribed, or shall have received at any time before actual disbursement of the Earnest Money Deposit a notice signed by either Seller or Purchaser disputing entitlement to the Earnest Money Deposit or shall otherwise believe in good faith at any time that a disagreement or dispute has arisen between the parties hereto over entitlement to the Earnest Money Deposit (whether or not litigation has been instituted), Escrow Agent shall have the right, upon notice to both Seller and Purchaser to: (i) to deposit the Earnest Money Deposit with the Clerk of the Court in which any litigation is pending and/or (ii) to take such reasonable affirmative steps as it may, at its option, elect in order to terminate its duties as Escrow Agent, including, without limitation, the depositing of the Earnest Money Deposit with a court of competent jurisdiction and the commencement of an action for interpleader, the costs thereof to be borne by whichever of Seller or Purchaser is the losing party, and thereupon Escrow Agent shall be released of and from all liability hereunder except for any previous gross negligence or willful misconduct.

Section 5.02 No Liability. Escrow Agent is acting hereunder without charge as an accommodation to Purchaser and Seller, it being understood and agreed that Escrow Agent shall not be liable for any error in judgment or any act done or omitted by it in good faith or pursuant to court order, or for any mistake of fact or law. Escrow Agent shall not incur any liability in acting upon any document or instrument believed thereby to be genuine. Escrow Agent is hereby released and exculpated from all liability hereunder, except only for willful misconduct or gross negligence. Escrow Agent may assume that any person purporting to give it any notice on behalf of any party has been authorized to do so. Escrow Agent shall not be liable for, and Purchaser and Seller hereby jointly and severally agree to indemnify Escrow Agent against, any loss, liability or expense, including reasonable attorneys' fees (either paid to retained attorneys or, representing the fair value of legal services rendered by Escrow Agent to itself), arising out of any dispute under this Agreement, including the cost and expense of defending itself against

any claim arising hereunder. The provisions of this Section 5.02 shall survive the termination of this Agreement.

Section 5.03 Purchaser Acknowledgment. Purchaser hereby acknowledges and agrees that the Earnest Money Deposit held by Escrow Agent does not and shall not constitute property of the estate of Purchaser within the meaning of Section 541 of title 11 of the United States Code, or substantially similar provisions of state law (the "**Bankruptcy Code**"), and Purchaser's interest in such Earnest Money Deposit is limited to the right to have the Earnest Money Deposit returned if and when the conditions for the return of the Earnest Money Deposit to Purchaser are satisfied as set forth herein. Purchaser hereby acknowledges and agrees that: (a) the proper giving of notice by Seller to release the Earnest Money Deposit as provided hereunder and/or (b) the proper release of the Earnest Money Deposit to Seller as provided hereunder shall not be a violation of any provision of the Bankruptcy Code, including, without limitation, Section 362 of the Bankruptcy Code, or require the approval of any court with jurisdiction over any case in which Purchaser or any affiliate of Purchaser is a debtor. Purchaser hereby waives any provision of the Bankruptcy Code necessary to invoke the foregoing, including, without limitation, Sections 105 and 362, and waives any right to defend against any motion for relief from the automatic stay that may be filed by Seller.

ARTICLE VI CLOSING

Section 6.01 Closing; Closing Date. The closing of the transaction contemplated hereby (the "**Closing**") shall occur within Ninety Days after the date of this Agreement in accordance with the terms and conditions of this Agreement. Closing shall occur at the office of Escrow Agent. Seller shall be entitled to adjourn the Closing Date one or more times upon at least Five (5) Business Day[s] prior notice to Purchaser for the time period prescribed in Section 7.03(a)(i) of this Agreement to: (a) remedy or clear any Title Objections or (b) satisfy any other conditions to Purchaser's obligation to consummate the Closing under this Agreement. Purchaser acknowledges and agrees that **TIME SHALL BE OF THE ESSENCE** with respect to the performance by Purchaser of its obligations to purchase the Property, pay the Purchase Price and otherwise consummate the transactions contemplated in this Agreement on the Closing Date. For the purposes of this Agreement, any date to which the Seller elects to adjourn the Closing pursuant to the terms of this Agreement, shall be deemed the "Closing Date" hereunder.

ARTICLE VII EXCEPTIONS TO TITLE; TITLE MATTERS

Section 7.01 Permitted Exceptions. The Property shall be sold, assigned and conveyed by Seller to Purchaser, and Purchaser shall accept and assume same, subject only to the following matters (collectively, the "**Permitted Exceptions**"):

- (a) All presently existing and future liens for unpaid real estate taxes and water and sewer charges not due and payable as of the Closing Date, subject to adjustment as hereinafter provided.
- (b) All present and future zoning, building, environmental and other laws, ordinances, codes, restrictions and regulations of all governmental authorities having jurisdiction with respect to the Property, including, without limitation, landmark designations and all zoning variances and special exceptions, if any (collectively, "**Laws and Regulations**").
- (c) All covenants, restrictions and rights [of record] and all easements and agreements [of record] for the erection and/or maintenance of water, gas, steam, electric, telephone, sewer or other utility pipelines, poles, wires, conduits or other like facilities, and appurtenances thereto, over, across and under the Property (collectively, "**Rights**"), provided as to any such exceptions that are not set forth in the Title Report, do not interfere with the present use of the Property, do not prohibit the maintenance and operation of the Property and do not impose any financial or other obligations on the Purchaser.
- (d) Any state of facts which would be shown on or by an accurate current survey of the Property/Any state of facts shown on the survey dated March 4, 2020 made by Dibble Engineering , Survey No. 15200043-VS-SW-015, together with any additional state of facts that a subsequent accurate survey of the Property would show (collectively, "**Facts**").
- (e) Rights of tenants of the Property pursuant to leases and any and all amendments, assignments and subleases, with Seller, or any predecessor fee owner of the Property or other statutory tenants, and others claiming by, through or under any such tenants (collectively, the "**Tenants**"), unless such leases are terminated prior to closing.
- (f) Variations between tax lot lines and lines of record title.
- (g) The standard conditions and exceptions to title contained in the form of title policy or "marked-up" title commitment issued to Purchaser by the Title Company.
- (h) Any lien or encumbrance (including, without limitation, any mechanic's lien and materialmen's lien) the removal of which is the obligation of a Tenant.
- (i) The Non-Objectable Encumbrances and any liens, encumbrances or

other title exceptions approved or waived by Purchaser as provided in this Agreement.

(j) Any other matter which the Title Company may raise as an exception to title, provided the Title Company will insure against collection or enforcement of same out of the Property and/or that no prohibition of present use or maintenance of the Property will result therefrom, as may be applicable.

(k) Any lien or encumbrance arising out of the acts or omissions of Purchaser.

Section 7.02 Title.

(a) Purchaser shall promptly order from Clear Title Agency of Arizona, Inc (the "**Title Company**"), a preliminary title report (the "**Title Report**") and survey update and shall cause a copy of the Title Report and updated survey to be delivered to Seller's attorney concurrently with the delivery thereof to Purchaser's attorney. No later than Ten (10) Business Day[s] after the date hereof (the "**Title Report Objection Date**"), Purchaser [or Purchaser's attorney] shall furnish to Seller's attorney a writing (the "**Title Report Objection Notice**") specifying any exceptions to title to the Property set forth in the Title Report which are not Permitted Exceptions (each, a "**Title Objection**"). Purchaser's failure to timely deliver the Title Report Objection Notice on or prior to the Title Report Objection Date shall constitute Purchaser's irrevocable acceptance of the Title Report and Purchaser shall be deemed to have unconditionally waived any right to object to any matters set forth therein. If, after giving the Title Report Objection Notice to Seller, Purchaser receives a continuation report showing any exceptions to title to the Property which are not Permitted Exceptions, Purchaser shall give written notice thereof to Seller no later than Ten (10) Business Day[s] after the date Purchaser receives such continuation report. If Purchaser fails to give Seller such notice, Purchaser shall be deemed to have unconditionally waived any additional matters as to which it fails to give such notice to Seller. Purchaser hereby acknowledges and agrees that **TIME IS OF THE ESSENCE** with respect to all time periods relating to Purchaser's obligations as set forth in this Article VII.

(b) For the avoidance of doubt, Purchaser and Seller hereby acknowledge and agree that Purchaser shall only have the right to object to those exceptions to title disclosed on Schedule B of the Title Report that are not Permitted Exceptions. Permitted Exceptions shall be deemed to include, without limitation, any liens, encumbrances or other title exceptions: (i) which the Title Company is willing to omit as exceptions to title (without additional cost to Purchaser or where Seller pays such cost for Purchaser provided that the Title Company

will also agree to provide the same coverage to subsequent purchasers without cost); (ii) which will be extinguished upon the transfer of the Property; Seller shall use commercially reasonable efforts to enforce its rights, as landlord, under such tenant's Lease to cause such tenant to cure, correct and remove of record the subject lien, encumbrance or other title exception promptly after Seller's becoming apprised of the existence thereof (collectively, the "**Non-Objectable Encumbrances**").

Section 7.03 Seller Unable to Convey.

(a) If, on the Closing Date, Seller fails or is unable to convey title to the Property to Purchaser subject to and in accordance with the provisions of this Agreement, Seller and Purchaser shall have the following rights and obligations:

- (i) Seller shall be entitled to reasonable adjournments of the Closing one or more times for a period not to exceed Thirty (30) days in the aggregate to enable Seller to convey such title to the Property, upon written notice delivered to Purchaser on or prior to the Closing Date;
- (ii) If Seller does not so elect to adjourn the Closing, and on the Closing Date, fails or is unable to convey title subject to and in accordance with the provisions of this Agreement, Purchaser shall be entitled to terminate this Agreement by written notice to Seller [and Escrow Agent] delivered on or before the Closing Date, in which event Purchaser shall be entitled to a return of the Earnest Money Deposit, and this Agreement shall thereupon be deemed terminated and of no further effect, and neither party hereto shall have any obligations to the other hereunder or by reason hereof, .
- (iii) If Seller elects to adjourn the Closing as provided in Section 7.03(a)(i) above, this Agreement shall remain in effect for the period or periods of adjournment, in accordance with its terms.

(b) Notwithstanding anything to the contrary contained in this Agreement, Seller shall not be required to take or bring any action or proceeding or any other steps to remove any defect in or objection to title or to fulfill any condition precedent to Purchaser's obligations under this Agreement or to expend any moneys therefor, nor shall Purchaser have any right of action against Seller therefor, at law or in equity, except that Seller shall, on or prior to the Closing, pay, discharge or remove of record or cause any Voluntary Lien to be paid, discharged or removed of record at Seller's sole cost and expense. The term "**Voluntary Lien**" as used herein shall mean any lien and other encumbrances (other than Permitted Exceptions) which: (i) Seller has knowingly and intentionally placed (or allowed to be

placed) on the Property, including, without limitation, mortgages and mechanics' liens; (ii) are in a liquidated amount and (iii) may be satisfied solely by the payment of money.

Section 7.04 Title As Seller Can Convey. Notwithstanding anything in Section 7.03 above to the contrary, Purchaser may at any time accept such title as Seller can convey, without reduction of the Purchase Price or any credit or allowance on account thereof or any claim against Seller. The acceptance of the Conveyance Deed by Purchaser shall be deemed to be full performance of, and discharge of, every agreement and obligation on Seller's part to be performed under this Agreement, except for such matters which are expressly stated to survive the Closing hereunder.

Section 7.05 Unpaid Taxes; Assessments and Charges. The amount of any unpaid taxes, assessments and water and sewer charges which Seller is obligated to pay and discharge may, at the option of Seller, be paid by Purchaser out of the balance of the Purchase Price, if bills therefor, with any interest and penalties thereon figured to said date, are furnished to or obtained by the Title Company at the Closing and the Title Company omits same as an exception to its title policy.

Section 7.06 Liens and Other Encumbrances. If the Property shall, at the time of the Closing, be subject to any liens (such as for judgments or transfer, inheritance, estate, franchise, license or other similar taxes), encumbrances or other title exceptions which would be grounds for Purchaser to object to title hereunder, the same shall not be deemed an objection to title provided that, at the time of the Closing, either: (a) Seller delivers checks at the Closing in the amount required to satisfy the same and delivers to Purchaser and/or the Title Company at the Closing, instruments in recordable form (and otherwise in form reasonably satisfactory to the Title Company in order to omit same as an exception to its title policy) sufficient to satisfy and discharge of record such liens and encumbrances together with the cost of recording or filing such instruments.

Section 7.07 Certificate of Occupancy. Notwithstanding anything to the contrary contained in this Agreement, the fact that the Property does not have a certificate or certificates of occupancy (or, if there be such certificate or certificates, that there exist any variances between such certificate or certificates and the actual state or use of the Property) shall not be deemed an objection to title or a reason for Purchaser not to close hereunder.

ARTICLE VIII CLOSING DELIVERIES

Section 8.01 Seller's Closing Deliveries. Seller shall deliver or cause to be delivered to Purchaser the following at the Closing, except as otherwise specified below:

(a) One (1) original Special Warranty Deed in substantially the form attached hereto as Exhibit A, executed by Seller and acknowledged, and in recordable form, conveying to Purchaser the Real Property, Improvements and Appurtenances, subject only to the Permitted Exceptions.

(b) Two (2) original Assignment and Assumption of Leases [and Security Deposits] (the "**Assignment of Leases**") in substantially the form attached hereto as Exhibit B, each executed by Seller and assigning to Purchaser all of Seller's right, title and interest in the Leases.

(c) One (1) original affidavit in substantially the form attached hereto as Exhibit C, executed by Seller and stating its taxpayer identification number for federal income tax purposes and that Seller is not a foreign person within the meaning of Section 1445, et seq. of the Internal Revenue Code (the "**FIRPTA Certificate**").

(d) To the extent in the possession of Seller, all books, records and other documents in Seller's possession, custody or control that are used in the maintenance and operation of the Property.

(e) To the extent in the possession of Seller, all keys, key cards and codes for entrance to the Property in Seller's possession and identification of the locks to which they correspond.

(f) A consent of the [members/manager/board of directors/shareholders/partners/general partner] of Seller authorizing the transaction contemplated hereby and the execution and delivery of the documents required to be executed and delivered hereunder.

(g) Two (2) original Closing Statements.

(h) All other documents reasonably necessary or otherwise required by the Escrow Agent or the Title Company to consummate the transactions contemplated by this Agreement.

Section 8.02 Delivery of Documents. Seller shall be deemed to have delivered the items set forth in subsections (a) through (h) if the same are delivered the Escrow Officer prior to the Closing Date.

Section 8.03 Purchaser's Closing Deliveries. Purchaser shall deliver or cause to be delivered

to Seller, within Three (3) Business Day[s] prior to the Closing Date, all of the following:

- (a) The balance of the Purchase Price as set forth in Section 3.02(b).
- (b) Two (2) original Assignment of Leases, each executed by Purchaser and assuming all of Seller's obligations under the Leases listed on an exhibit to the Assignment of Leases.
- (c) An ordinance of the City of Avondale City Council authorizing the transaction contemplated hereby and the execution and delivery of the documents required to be executed and delivered hereunder.
- (d) Such evidence as the Title Company may require as to the authority of the person or persons executing documents on behalf of Purchaser.
- (e) Two (2) original Closing Statements.
- (f) All other documents reasonably necessary or otherwise required by the Escrow Agent or the Title Company to consummate the transactions contemplated by this Agreement.

ARTICLE IX CLOSING COSTS

Section 9.01 Seller's Closing Costs. Seller shall pay the following costs and expenses in connection with the transaction contemplated by this Agreement:

- (a) All recording fees for releasing any liens on the Real Property.
- (b) Seller's Broker's fees.
- (c) Any and all costs incurred by Seller in connection with the preparation, review and negotiation of this Agreement and the transactions and the Closing contemplated by this Agreement, including any attorneys' or consultancy fees.

Section 9.02 Purchaser's Closing Costs. Purchaser shall pay the following costs and expenses in connection with the transaction contemplated by this Agreement:

- (a) All Escrow Agent Fees.
- (b) Recording fees for the recording of the Deed.
- (c) Purchaser's Broker's fees.
- (d) The cost of the Title Report.
- (e) The cost of the Title Insurance Policy.

- (f) The cost of the survey.
- (g) Any and all costs incurred by Purchaser in connection with the preparation, review and negotiation of this Agreement and the transactions and the Closing contemplated by this Agreement, including any expenses associated with Purchaser's investigation of the Property, and any attorneys' or consultancy fees.

ARTICLE X APPORTIONMENTS

Section 10.01 Apportionments at Closing. The Parties shall pro-rate the following as of 11:59 p.m. on the day immediately preceding the Closing Date (the "**Apportionment Date**") on the basis of the actual number of days of the month which shall have elapsed as of the Closing Date and based upon the actual number of days in the month and a [365/366] day year:

- (a) All other income the Property generates.
- (b) All current year real property taxes and assessments affecting the Property.
- (c) All water, electric, telephone, fuel and other utility charges based on the last ascertainable bill unless meter readings are made as of the Closing Date, in which case such meter readings shall govern. If the apportionment is not based on an actual current reading, but rather the last ascertainable bill, then upon the taking of a subsequent actual reading (which shall be conducted no later than Thirty (30) day[s] following the Closing), the parties shall, within Ten (10) day[s] following notice of the determination of such actual reading, readjust such apportionment and Seller shall deliver to Purchaser or Purchaser shall deliver to Seller, as the case may be, the amount determined to be due upon such readjustment.

Section 10.02 Property Taxes. Property taxes shall be apportioned on the basis of the fiscal period for which assessed. If the Closing Date shall occur before an assessment is made or a tax rate is fixed for the tax period in which the Closing Date occurs, the apportionment of such Property Taxes based thereon shall be made at the Closing Date by applying the tax rate for the preceding year to the latest assessed valuation. If as of the Closing Date the Real Property or any portion thereof shall be affected by any special or general assessments which are or may become payable in installments of which the first installment is then a lien and has become payable, Seller shall pay the unpaid installments of such assessments which are due prior to the Closing Date and Purchaser shall pay the installments which are due on or after the Closing Date.

Section 10.03 Operating Costs and Expenses. All operating costs and expenses accrued before the Closing Date shall be paid by Seller on or before the Closing Date or promptly upon receipt of applicable statements. All operating costs and expenses accruing on or after the Closing Date shall be paid by Purchaser.

Section 10.04 Post-Closing Adjustments.

(a) To the extent that the amounts of any required pro-rations cannot be identified with reasonable certainty prior to the Closing Date, the pro-rations shall be made as soon as reasonably practicable after the Closing but in no event more than Five (5) day[s] thereafter. Refunds to Seller or Purchaser shall be made after the Closing Date as soon as reasonably practicable after identification, but in no event more than Five (5) Business Day[s] thereafter.

(b) Subsequent to the Closing, Purchaser agrees that it shall promptly render bills for and shall exercise reasonable diligence in the collection of any rent due to Seller pursuant to this Agreement. The obligations of Purchaser and Seller to pay over to the other rents collected as provided in this Section 10.01 shall be an independent covenant of Purchaser and Seller and such payments shall be made promptly without any set off or deduction whatsoever. Nothing herein shall preclude Seller from asserting separate and independent claims against Tenants owing rent to which Seller is entitled hereunder, including, without limitation, the institution of such actions and proceedings as Seller shall deem necessary or advisable for the purpose of collecting such rent, except after the Closing Date, Seller shall not institute any summary dispossession, eviction or similar proceedings which affect the possessory rights of any Tenant.

Section 10.05 Closing Statement. No later than Five (5) Business Day[s] prior to the Closing Date, Seller and Purchaser shall agree to a schedule of items to be pro-rated as of the Closing Date and the amounts thereof, and Escrow Agent will prepare a closing statement (the "**Closing Statement**") which will show the net amount due either to Seller or to Purchaser as the result of the adjustments and prorations provided for in this Agreement, and such net due amount will be added to or subtracted from the cash balance of the Purchase Price to be paid to Seller at the Closing pursuant to Section 3.02(b), as applicable.

Section 10.06 Seller's Insurance. Seller shall not be required to assign any policies of insurance in respect of the Property to Purchaser and Purchaser shall be responsible for obtaining its own insurance as of the Closing Date.

Section 10.07 Survival. The provisions of this Article X shall survive the Closing or the earlier termination of this Agreement, provided, however, that any re-prorations or re-apportionments shall be made as and when required under Section 10.06 hereof. Any corrected adjustment or proration shall be paid by wire transfer of immediately available funds to the party entitled thereto.

ARTICLE XI TAX PROCEEDINGS

Section 11.01 Tax Proceedings. If any proceedings for the reduction of the assessed valuation of the Property ("**Tax Proceedings**") relating to any tax years ending prior to the current tax year of 2020 are pending at the time of the Closing, Seller reserves and shall have the right to continue to prosecute and/or settle the same in Seller's sole discretion at no cost or expense to Purchaser, and any refunds or credits due for the periods prior to Purchaser's ownership of the Property shall remain the sole property of Seller. From and after the date hereof until the Closing, Seller is hereby authorized to commence any new Tax Proceedings and/or continue any Tax Proceedings, and in Seller's sole discretion at its sole cost and expense to litigate or settle same; provided, however, that Purchaser shall be entitled to that portion of any refund or future tax benefit relating to the period occurring after the Closing after payment to Seller of all costs and expenses, including, without limitation, reasonable attorneys' fees and disbursements, actually incurred by Seller in obtaining such refund or in obtaining any future tax benefits including benefits based on decreases in assessed valuation.

Section 11.02 Refunds and Credits. Any refunds or credits received by Seller relating to periods prior to the Closing shall be subject to reconciliation against payments by Tenants under the Leases, and Seller shall pay to any such Tenants amounts owed as a result of such refunds or credits in accordance with their Leases.

Section 11.03 Survival. The provisions of this Article XI shall survive the Closing.

ARTICLE XII SELLER'S COVENANTS

Section 12.01 Seller's Covenants. Seller covenants that:

- (a) From the Effective Date until the Closing, Seller shall:
 - (i) maintain the Property in the ordinary course of business and deliver the Property to Purchaser at the Closing in substantially the same condition it was in as of the Effective Date, ordinary wear and tear excepted;
 - (ii) continue its customary practices with respect to leasing and contracts affecting the Property;
 - (iii) maintain general liability and property damage insurance in amounts that it customarily maintains; and
 - (iv) comply with all laws applicable to the Property, use or occupancy thereof.

ARTICLE XIII REPRESENTATIONS AND WARRANTIES

Section 13.01 Seller's Representations and Warranties.

(a) Except as expressly set forth in this Section 13.01, Seller has not made and does not make any representations or warranties, including any representations or warranties as to the physical and environmental condition, layout, leases, footage, rents, income, expenses, zoning or other matters with respect to the Property.

(b) Seller represents and warrants that:

(i) Seller is a[n] Arizona Intervivos Trust duly formed and in good standing under the laws of the State of Arizona. Seller has full power and authority to enter into and perform this Agreement in accordance with its terms. All requisite action (corporate, trust, partnership or otherwise) has been taken by Seller in connection with this Agreement or shall have been taken on or prior to the Closing Date. Seller's execution, delivery and performance of this Agreement have been duly and validly authorized and all required consents or approvals have been obtained. The individuals executing this Agreement on behalf of Seller have the power and authority to bind Seller to the terms and conditions of this Agreement;

(ii) This Agreement is valid and binding upon Seller, subject to bankruptcy, reorganization and other similar laws affecting the enforcement of creditors' rights generally;

(iii) Neither the execution, delivery and performance of this Agreement, nor the consummation of the transactions contemplated hereby is prohibited by, or requires Seller to obtain any consent, authorization, approval or registration under any law, statute, rule, regulation, judgment, order, writ, injunction or decree which is binding upon Seller;

(iv) Seller is not a "foreign person" within the meaning of Section 1445 of the Internal Revenue Code 1986, as amended, or any regulations promulgated thereunder (collectively, the "**Code**");

(v) Seller is not, and will not become, a person or entity with whom United States persons or entities are restricted or prohibited from doing business under regulations of the Office of Foreign Asset Control ("**OFAC**") of the Department of the Treasury (including those named on OFAC's specially designated and blocked persons list) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action and is not and will not

engage in any dealings or transactions or be otherwise associated with such persons or entities; and

(vi) All representations and warranties made by knowledge in this Agreement are made based on the actual knowledge of Sellers, without any duty to review or investigate, the matters to which such knowledge, or the absence thereof, pertains and with no imputed knowledge whatsoever, whether from any partner, officer, director, member, shareholder or employee of Seller. Sellers shall have no personal liability arising out of any representations or warranties made herein.

Section 13.02 Purchaser's Representations and Warranties.

(a) Purchaser represents and warrants that:

(i) Purchaser has full power and authority to enter into and perform this Agreement in accordance with its terms. Purchaser is an Arizona Municipal Corporation validly formed and in good standing under the laws of the State of Arizona.. All requisite action (corporate, trust, partnership or otherwise) has been taken by Purchaser in connection with this Agreement or shall have been taken on or prior to the Closing Date. Purchaser's execution, delivery and performance of this Agreement have been duly authorized and all required consents or approvals have been obtained. The individuals executing this Agreement on behalf of Purchaser have the power and authority to bind Purchaser to the terms and conditions of this Agreement;

(ii) This Agreement is a valid and binding obligation of Purchaser, enforceable against Purchaser in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally;

(iii) Purchaser has not violated any contract, agreement or other instrument to which Purchaser is a party nor any judicial order, judgment or decree to which Purchaser is bound by: (x) entering into this Agreement; (y) executing any of the documents Purchaser is obligated to execute and deliver on the Closing Date or (z) performing any of its duties or obligations under this Agreement or otherwise necessary to consummate the transactions contemplated by this Agreement;

(iv) There are no actions, lawsuits, litigation or proceedings pending or threatened in any court or before any governmental or regulatory agency that affect Purchaser's power or authority to enter into or perform this Agreement;

(v) Purchaser shall defend and indemnify Seller against, and hold Seller harmless from, all claims, demands, liabilities, losses, damages, costs and expenses, including reasonable attorneys' fees, asserted by third parties for any breach, default or violation of any Lease, or covenant thereof, occurring after the Closing Date;

- (vi) Except for the express representations and warranties of Seller found in Section 13.01, Purchaser is acquiring the Property on an "AS IS, WHERE IS" basis, without any representation or warranty of any kind or nature whatsoever, express or implied, and Purchaser acknowledges that no such representations or warranties have been made except as set forth in writing herein. In deciding whether to acquire the Property, Purchaser is relying solely on Purchaser's investigation of the Property;
- (vii) Purchaser is not, and will not become, a person or entity with whom United States persons or entities are restricted or prohibited from doing business under regulations OFAC (including those named on OFAC's specially designated and blocked persons list) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action and is not and will not engage in any dealings or transactions or be otherwise associated with such persons or entities; and
- (viii) There are no judgments, orders, or decrees of any kind against Purchaser unpaid or unsatisfied of record, nor any actions, suits or other legal or administrative proceedings pending or, to the best of Purchaser's actual knowledge, threatened against Purchaser, which would have any material adverse effect on the business or assets or the condition, financial or otherwise, of Purchaser or the ability of Purchaser to consummate the transactions contemplated by this Agreement.
- (ix)

Section 13.03 No Representations. PURCHASER HEREBY ACKNOWLEDGES THAT, EXCEPT AS EXPRESSLY SET FORTH IN SECTION 13.01, NEITHER SELLER, NOR ANY PERSON ACTING ON BEHALF OF SELLER, NOR ANY PERSON OR ENTITY WHICH PREPARED OR PROVIDED ANY OF THE MATERIALS REVIEWED BY PURCHASER IN CONDUCTING ITS DUE DILIGENCE, NOR ANY DIRECT OR INDIRECT OFFICER, DIRECTOR, PARTNER, MEMBER, SHAREHOLDER, EMPLOYEE, AGENT, REPRESENTATIVE, ACCOUNTANT, ADVISOR, ATTORNEY, PRINCIPAL, AFFILIATE, CONSULTANT, CONTRACTOR, SUCCESSOR OR ASSIGN OF ANY OF THE FOREGOING PARTIES (SELLER, SELLER RELATED PARTIES AND ALL OF THE OTHER PARTIES DESCRIBED IN THE PRECEDING PORTIONS OF THIS SENTENCE (OTHER THAN PURCHASER) SHALL BE REFERRED TO HEREIN COLLECTIVELY AS THE "**EXCULPATED PARTIES**") HAS MADE OR SHALL BE DEEMED TO HAVE MADE ANY ORAL OR WRITTEN REPRESENTATIONS OR WARRANTIES, WHETHER EXPRESSED OR IMPLIED, BY OPERATION OF LAW OR OTHERWISE (INCLUDING WITHOUT LIMITATION WARRANTIES OF HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE), WITH RESPECT TO THE PROPERTY, THE PERMITTED USE OF THE PROPERTY

OR THE ZONING AND OTHER LAWS, REGULATIONS AND RULES APPLICABLE THERETO OR THE COMPLIANCE BY THE PROPERTY THEREWITH, THE REVENUES AND EXPENSES GENERATED BY OR ASSOCIATED WITH THE PROPERTY, OR OTHERWISE RELATING TO THE PROPERTY OR THE TRANSACTIONS CONTEMPLATED HEREIN. PURCHASER FURTHER ACKNOWLEDGES THAT EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, ALL MATERIALS WHICH HAVE BEEN PROVIDED BY ANY OF THE EXCULPATED PARTIES HAVE BEEN PROVIDED WITHOUT ANY WARRANTY OR REPRESENTATION, EXPRESSED OR IMPLIED AS TO THEIR CONTENT, SUITABILITY FOR ANY PURPOSE, ACCURACY, TRUTHFULNESS OR COMPLETENESS AND, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT PURCHASER SHALL NOT HAVE ANY RECOURSE AGAINST SELLER OR ANY OF THE OTHER EXCULPATED PARTIES IN THE EVENT OF ANY ERRORS THEREIN OR OMISSIONS THEREFROM. PURCHASER IS ACQUIRING THE PROPERTY BASED SOLELY ON ITS OWN INDEPENDENT INVESTIGATION AND INSPECTION OF THE PROPERTY AND NOT IN RELIANCE ON ANY INFORMATION PROVIDED BY SELLER, OR ANY OF THE OTHER EXCULPATED PARTIES. EXCEPT FOR THE REPRESENTATIONS, WARRANTIES AND COVENANTS EXPRESSLY SET FORTH HEREIN. EXCEPT AS EXPRESSLY SET FORTH HEREIN, PURCHASER EXPRESSLY DISCLAIMS ANY INTENT TO RELY ON ANY SUCH MATERIALS PROVIDED TO IT BY SELLER IN CONNECTION WITH ITS DUE DILIGENCE AND AGREES THAT IT SHALL RELY SOLELY ON ITS OWN INDEPENDENTLY DEVELOPED OR VERIFIED INFORMATION.

ARTICLE XIV CONDITIONS TO CLOSING

Section 14.01 Conditions to Obligations of Seller. Notwithstanding anything to the contrary contained herein, the obligation of Seller to close title in accordance with this Agreement is expressly conditioned upon the fulfillment by and as of the time of the Closing of each of the conditions listed below, provided that Seller, at its election, evidenced by written notice delivered to Purchaser at or prior to the Closing, may waive any of such conditions:

- (a) Purchaser shall have: (i) executed and delivered to Seller all of the documents; (ii) paid the full balance of the Purchase Price in accordance with Section 3.02(b) above; (iii) paid all other sums of money required under this Agreement and (iv) taken or caused to be taken all of the other action required of Purchaser pursuant to this Agreement.

- (b) Purchaser shall not be in default of any covenant or agreement to be performed by Purchaser under this Agreement, and shall have performed all other obligations required to be performed by it under this Agreement on or prior to the Closing Date.

- (c) On the Closing Date all representations and warranties made by Purchaser in Section 13.02 shall be true and correct as if made on the Closing Date.

Section 14.02 Conditions to Obligations of Purchaser. Notwithstanding anything to the contrary contained herein, the obligation of Purchaser to close title and pay the Purchase Price in accordance with this Agreement is expressly conditioned upon the fulfillment by and as of the time of the Closing of each of the conditions listed below, provided that Purchaser, at its election, evidenced by written notice delivered to Seller at or prior to the Closing, may waive all or any of such conditions:

- (a) Seller shall have executed and delivered to Purchaser all of the documents required to be delivered by Seller at the Closing and shall have taken all other action required of Seller at the Closing.
- (b) All representations and warranties made by Seller in Section 13.01 shall be true and correct in all material respects as if made on the Closing Date, provided, however, to the extent the facts and circumstances underlying such representations and warranties may have changed as of the Closing Date, Seller shall have the right to update its representations and warranties as of the Closing Date and Purchaser shall be obligated to consummate the transactions contemplated by this Agreement on the Closing Date.
- (c) The Title Company shall be willing to insure title to the Property pursuant to an ALTA Title Insurance Policy [TYPE OF OWNER'S POLICY] in the amount of the Purchase Price, subject only to the Permitted Exceptions and as otherwise provided in this Agreement (the "**Title Insurance Policy**").

Section 14.03 Failure of Conditions to Closing.

- (a) If Purchaser is unable to timely satisfy (and Seller has not waived in writing) the conditions precedent to Seller's obligation to effect the Closing, then such failure shall constitute a default hereunder, in which case, Seller shall have the right to terminate this Agreement by notice thereof to Purchaser in accordance with the terms of this Agreement. If this Agreement is so terminated, then Seller shall be entitled to receive the Earnest Money Deposit and thereafter, neither party shall have any further obligations hereunder, except those expressly stated to survive the termination hereof.
- (b) If Seller is unable to timely satisfy the conditions precedent to Purchaser's

obligation to effect the Closing (and Purchaser has not waived the same in writing), then Seller may, if it so elects and without any abatement in the Purchase Price, (i) adjourn the Closing Date for a period or periods not to exceed Thirty (30) day[s] in the aggregate after the Closing Date and (ii) if, after any such extension, the conditions precedent to Purchaser's obligation to effect the Closing continue not to be satisfied (and Purchaser has not waived the same in writing) or Seller does not elect such extension and, in either case, such failure of condition precedent is not the result of Seller's default hereunder, then Purchaser or Seller shall be entitled to terminate this Agreement by notice thereof to the other party in accordance with the terms of this Agreement. If this Agreement is so terminated, then Purchaser shall be entitled to receive the Earnest Money Deposit and thereafter neither party shall have any further obligations hereunder, except those expressly stated to survive the termination hereof.

ARTICLE XV BROKERAGE COMMISSIONS

Section 15.01 Purchaser Representation. Purchaser represents and warrants to Seller that it has not dealt or negotiated with, or engaged on its own behalf or for its benefit, any broker, finder, consultant, advisor, or professional in the capacity of a broker or finder (each a "**Broker**") in connection with this Agreement or the transactions contemplated hereby. Purchaser hereby agrees to indemnify, defend and hold Seller and its disclosed and undisclosed direct and indirect shareholders, officers, directors, partners, principals, members, employees, agents, contractors and any successors or assigns of the foregoing, harmless from and against any and all claims, demands, causes of action, losses, costs and expenses (including reasonable attorneys' fees, court costs and disbursements) arising from any claim for commission, fees or other compensation or reimbursement for expenses made by any Broker engaged by or claiming to have dealt with Purchaser in connection with this Agreement or the transactions contemplated hereby.

Section 15.02 Seller Representation. Seller represents and warrants to Purchaser that it has not dealt or negotiated with, or engaged on its own behalf or for its benefit, any Broker in connection with this Agreement or the transactions contemplated hereby other than John King (the "**Seller's Broker**"). Seller hereby agrees to indemnify, defend and hold Purchaser and its disclosed and undisclosed direct and indirect shareholders, officers, directors, partners, principals, members, employees, agents, contractors and any successors or assigns of the foregoing, harmless from and against any and all claims, demands, causes of action, losses, costs and expenses (including reasonable attorneys' fees, court costs and disbursements) arising from any claim for commission, fees or other compensation or reimbursement for expenses made by any Broker (including Seller's Broker) engaged by or claiming to have dealt with Seller in connection with this Agreement or the transactions contemplated hereby. Seller agrees to pay Seller's Broker in accordance with the terms of a separate agreement between Seller and Seller's Broker.

Section 15.03 Survival. The provisions of this Article XV shall survive the termination of this Agreement or the Closing.

ARTICLE XVI AS-IS

Section 16.01 AS-IS, WHERE-IS. Except as expressly set forth in this Agreement to the contrary, Purchaser is expressly purchasing the Property in its existing condition "AS-IS, WHERE-IS, AND WITH ALL FAULTS" with respect to all facts, circumstances, conditions and defects, and, Seller has no obligation to determine or correct any such facts, circumstances, conditions or defects or to compensate Purchaser for same., Purchaser is and will be relying strictly and solely upon such inspections and examinations and the advice and counsel of its own consultants, agents, legal counsel and officers. Purchaser is and will be fully satisfied that the Purchase Price is fair and adequate consideration for the Property and, by reason of all the foregoing, Purchaser assumes the full risk of any loss or damage (subject to Section 17.01 below) occasioned by any fact, circumstance, condition or defect pertaining to the Property.

Section 16.02 No Warranty or Other Representation. Except as expressly set forth in this Agreement to the contrary, Seller hereby disclaims all warranties of any kind or nature whatsoever (including, without limitation, warranties of habitability and fitness for particular purposes), whether expressed or implied including, without limitation warranties with respect to the Property. Except as is expressly set forth in this Agreement to the contrary, Purchaser acknowledges that it is not relying upon any representation of any kind or nature made by Seller, or Seller's Broker, or any of their respective direct or indirect members, partners, shareholders, officers, directors, employees or agents (collectively, the "**Seller Related Parties**") with respect to the Property, and that, in fact, except as expressly set forth in this Agreement to the contrary, no such representations were made. To the extent required to be operative, the disclaimers and warranties contained herein are "conspicuous" disclaimers for purposes of any applicable law, rule, regulation or order.

Section 16.03 Environmental Laws; Hazardous Materials. Seller makes no warranty with respect to the presence of Hazardous Materials on, above or beneath the Property (or any parcel in proximity thereto) or in any water on or under the Property. The Closing hereunder shall be deemed to constitute an express waiver of Purchaser's right to cause Seller to be joined in any action brought under any Environmental Laws. As used herein, the term "**Hazardous Materials**" shall mean: (a) those substances included within the definitions of any one or more of the terms "hazardous materials", "hazardous wastes", "hazardous substances", "industrial wastes", and "toxic pollutants", as such terms are defined under the Environmental Laws, or any of them; (b) petroleum and petroleum products, including, without limitation, crude oil and any fractions thereof; (c) natural gas, synthetic gas and any mixtures

thereof; (d) asbestos and or any material which contains any hydrated mineral silicate, including, without limitation, chrysotile, amosite, crocidolite, tremolite, anthophyllite and/or actinolite, whether friable or non-friable; (e) polychlorinated biphenyl ("**PCBs**") or PCB-containing materials or fluids; (f) radon; (g) any other hazardous or radioactive substance, material, pollutant, contaminant or waste and (h) any other substance with respect to which any Environmental Law or governmental authority requires environmental investigation, monitoring or remediation. As used herein, the term "**Environmental Laws**" shall mean all federal, state and local laws, statutes, ordinances and regulations, now or hereafter in effect, in each case as amended or supplemented from time to time, including, without limitation, all applicable judicial or administrative orders, applicable consent decrees and binding judgments relating to the regulation and protection of human health, safety, the environment and natural resources (including, without limitation, ambient air, surface, water, groundwater, wetlands, land surface or subsurface strata, wildlife, aquatic species and vegetation), including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. §§ 9601 et seq.), the Hazardous Material Transportation Act, as amended (49 U.S.C. §§ 5101 et seq.), the Federal Insecticide, Fungicide, and Rodenticide Act, as amended (7 U.S.C. §§ 136 et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. §§ 6901 et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. §§ 2601 et seq.), the Clean Air Act, as amended (42 U.S.C. §§ 7401 et seq.), the Federal Water Pollution Control Act, as amended (33 U.S.C. §§ 1251 et seq.), the Safe Drinking Water Act, as amended (42 U.S.C. §§ 300f et seq.), any state or local counterpart or equivalent of any of the foregoing, and any federal, state or local transfer of ownership notification or approval statutes.

Section 16.04 Seller Release. Purchaser shall rely solely upon Purchaser's own knowledge of the Property based on its investigation of the Property and its own inspection of the Property in determining the Property's physical condition and Purchaser agrees that it shall, subject to the express warranties, representations and conditions contained in this Agreement, assume the risk that adverse matters, including but not limited to, construction defects and adverse physical and environmental conditions may not have been revealed by Purchaser's investigations. While Purchaser is having performed a Phase one Environmental Study of the Property, Purchaser agrees and acknowledges that it is proceeding with this transaction solely based on its evaluation of the property and not based upon any statements made by Seller as part of any Phase One Study. Except as expressly set forth in this Agreement to the contrary, Purchaser releases Seller, the Seller Related Parties and their respective successors and assigns from and against any and all claims which Purchaser or any party related to or affiliated with Purchaser (each, a "**Purchaser Related Party**") has or may have arising from or related to any matter or thing related to or in connection with the Property except as expressly set forth in this Agreement to the contrary, including the documents and information referred to herein, the Leases, the Tenants, any construction defects, errors or omissions in the design or construction and any environmental conditions and, except as expressly set forth in this Agreement to the contrary, neither Purchaser nor any Purchaser Related Party shall look to

Seller, the Seller Related Parties or their respective successors and assigns in connection with the foregoing for any redress or relief. This release shall be given full force and effect according to each of its express terms and provisions, including those relating to unknown and unsuspected claims, damages and causes of action. To the extent required to be operative, the disclaimers and warranties contained herein are "conspicuous" disclaimers for purposes of any applicable law, rule, regulation or order.

Section 16.05 Survival. The provisions of this Article XVI shall survive the Closing or the earlier termination of this Agreement and shall not be deemed to have merged into any of the documents executed or delivered at the Closing.

ARTICLE XVII RISK OF LOSS

Section 17.01 Risk of Loss. If prior to the Closing Date any portion of the Property shall be taken by condemnation or eminent domain or damaged or destroyed by fire or other casualty, neither party shall have the right to cancel this Agreement. Purchaser shall purchase the Property in accordance with this Agreement, and the Purchase Price shall not be reduced; provided, however, that Seller's rights to any award resulting from such taking or any insurance proceeds resulting from such fire or other casualty (less any [reasonable] sums expended by Seller for repair or restoration through the Closing Date) shall be assigned by Seller to Purchaser at the Closing.

ARTICLE XVIII REMEDIES

Section 18.01 Liquidated Damages. THE PARTIES ACKNOWLEDGE THAT THEY HAVE DISCUSSED THE TYPE AND MAGNITUDE OF DAMAGES THAT EACH COULD SUFFER IF THIS AGREEMENT TERMINATES BECAUSE OF THE OTHER PARTY'S BREACH OR DEFAULT HEREUNDER. FURTHERMORE, EACH ACKNOWLEDGES THAT IT HAS NEGOTIATED THIS TOPIC IN GOOD FAITH WITH THE OTHER AND HAS CONCLUDED THAT IT IS EXTREMELY DIFFICULT AND IMPRACTICAL TO AFFIX A DOLLAR AMOUNT TO DAMAGES FOR BREACH OR DEFAULT.

Section 18.02 Seller's Remedies in the Event of Purchaser's Breach or Default.

(a) THE PARTIES AGREE THAT SELLER'S SOLE REMEDY, AT LAW OR IN EQUITY, IN THE EVENT OF A DEFAULT OR BREACH BY PURCHASER, IS FOR SELLER TO KEEP THE EARNEST MONEY DEPOSIT AND ALL INTEREST EARNED THEREON AS LIQUIDATED DAMAGES (NOT AS A PENALTY), WITHOUT ADDITIONAL INSTRUCTIONS TO ESCROW AGENT, AND THEREAFTER THIS AGREEMENT SHALL TERMINATE AND SELLER SHALL HAVE NO FURTHER

RIGHTS OR OBLIGATIONS UNDER THIS AGREEMENT EXCEPT FOR THOSE THAT ARE EXPRESSLY STATED TO SURVIVE THE TERMINATION THEREOF. THE PARTIES AGREE THAT THESE LIQUIDATED DAMAGES SHALL BE IN LIEU OF ANY OTHER RELIEF TO WHICH SELLER MIGHT BE ENTITLED BECAUSE OF PURCHASER'S BREACH OR DEFAULT.

(b) This Agreement confers no present right, title or interest in the Property to Purchaser and Purchaser agrees not to, and waives its right to, file a lis pendens or other similar notice against the Property. Notwithstanding the foregoing, if Seller terminates this Agreement pursuant to a right given to it hereunder and Purchaser takes any action which interferes with Seller's ability to sell, exchange, transfer, lease, dispose of or finance the Property or take any other actions with respect thereto (including, without limitation, the filing of any lis pendens or other form of attachment against the Property), then Purchaser shall be liable for all loss, cost, damage, liability or expense (including, without limitation, reasonable attorneys' fees, court costs and disbursements and consequential damages) incurred by Seller by reason of such action to contest by Purchaser.

Section 18.03 Purchaser's Remedies in the Event of Seller's Breach or Default. THE PARTIES AGREE THAT PURCHASER'S SOLE REMEDY, AT LAW OR IN EQUITY, IN THE EVENT OF A DEFAULT OR BREACH BY SELLER UNDER THIS AGREEMENT, IS FOR PURCHASER TO HAVE RETURNED TO IT THE EARNEST MONEY DEPOSIT AND ALL INTEREST EARNED THEREON AS LIQUIDATED DAMAGES (NOT AS A PENALTY), AND THEREAFTER THIS AGREEMENT SHALL TERMINATE AND PURCHASER SHALL HAVE NO FURTHER RIGHTS OR OBLIGATIONS UNDER THIS AGREEMENT EXCEPT THOSE THAT ARE EXPRESSLY STATED TO SURVIVE THE TERMINATION OF THIS AGREEMENT. THE PARTIES AGREE THAT THE REMEDY PROVIDED IN THIS SECTION 18.03 IS PURCHASER'S SOLE REMEDY.

Section 18.04 Exculpation. Purchaser agrees that it does not have and will not have any claims or causes of action against any disclosed or undisclosed officer, director, employee, trustee, shareholder, partner, principal, parent, subsidiary, retirant, beneficiary, internal investment contractor, agent or other affiliate of Seller or any other Seller Related Parties, including, without limitation, any officer, director, employee, trustee, shareholder, partner, principal, retirant, beneficiary, internal investment contractor, agent or other affiliate of Seller or any such parent, subsidiary or other affiliate, or any other Seller Related Parties (collectively, "**Seller's Affiliates**"), arising out of or in connection with this Agreement or the transactions contemplated hereby. Purchaser agrees to look solely to Seller and its assets for the satisfaction of any liability or obligation arising under this Agreement or the transactions contemplated

hereby, or for the performance of any of the covenants, warranties or other agreements contained herein, and further agrees not to sue or otherwise seek to enforce any personal obligation against any of Seller's Affiliates with respect to any matters arising out of or in connection with this Agreement or the transactions contemplated hereby. Without limiting the generality of the foregoing provisions of this Section 18.04, Purchaser hereby unconditionally and irrevocably waives any and all claims and causes of action of any nature whatsoever it may now or hereafter have against Seller's Affiliates, and hereby unconditionally and irrevocably releases and discharges Seller's Affiliates from any and all liability whatsoever which may now or hereafter accrue in favor of Purchaser against Seller's Affiliates, in connection with or arising out of this Agreement or the transactions contemplated hereby.

Section 18.05 Survival. The provisions of this Article XVIII shall survive the termination of this Agreement and the Closing.

ARTICLE XIX CONFIDENTIALITY AND PRESS RELEASE

Section 19.01 Confidentiality. Until the Closing, Purchaser will treat the information disclosed to it by Seller, or otherwise gained through Purchaser's access to the Property and Seller's books and records, as confidential, giving it the same care as Purchaser's own confidential information, and make no use of any such disclosed information not independently known to Purchaser except in connection with the transactions contemplated hereby; provided, however, that Purchaser may, without the consent of Seller, disclose such information: (a) to its partners, members, managers, employees, advisors, consultants, attorneys, accountants, prospective and actual investors, and lenders (the "**Transaction Parties**"), so long as any such Transaction Parties to whom disclosure is made shall also agree to keep all such information confidential in accordance with the terms hereof and (b) if disclosure is required by law or by regulatory or judicial process, provided that in such event, Purchaser shall notify Seller of such required disclosure, shall exercise all commercially reasonable efforts to preserve the confidentiality of the confidential information, including, without limitation, reasonably cooperating with Seller (at Seller's sole expense) to obtain an appropriate order or other reliable assurance that confidential treatment will be accorded such confidential information by such tribunal and shall disclose only that portion of the confidential information which Purchaser is legally required to disclose. Notwithstanding the foregoing, the confidential provisions of this Section 19.01 shall not apply to any information or document which: (i) is or becomes generally available to the public other than as a result of a disclosure in violation of this Agreement or (ii) subject to compliance with clause (b) in this Section 19.01 above, is required by law or court order to be disclosed. In the event of a termination of this Agreement, Purchaser shall promptly return all such confidential information to Seller.

Section 19.02 Survival. The provisions of this Article XIX shall survive the termination of this Agreement.

ARTICLE XX GENERAL PROVISIONS

Section 20.01 Notices. Unless specifically stated otherwise in this Agreement, all notices, waivers and demands required under this Agreement shall be in writing and delivered to all other Parties, and Escrow Agent, at the addresses below, by one of the following methods:

- (a) Hand delivery, whereby delivery is deemed to have occurred at the time of delivery;
- (b) A nationally [or regionally] recognized overnight courier company, whereby delivery is deemed to have occurred the Business Day following deposit with the courier;
- (c) Registered United States Mail, signature required and postage-prepaid, whereby delivery is deemed to have occurred on the third Business Day following deposit with the United States Postal Service; or
- (d) Electronic transmission (facsimile or e-mail) provided that the transmission is completed no later than four p.m. on a Business Day and the original also is sent via overnight courier or U.S. Mail, whereby delivery is deemed to have occurred at the end of the Business Day on which electronic transmission is completed.

To Purchaser:

Name: City of Avondale
Address: 11456 W. Civic Center Drive
Avondale, AZ 85323
Telephone: 623-333-1000
Facsimile: 623-333-0100
E-mail: cmontoya@avondaleaz.gov
Attn.: Charles A. Montoya, City Manager

with a copy to:

Name: City of Avondale
Address: 11465 W. Civic Center Drive
Avondale, AZ 85323
Telephone: 623-333-1500
E-mail: mwawro@avondaleaz.gov
Attn.: Michael Wawro, City Attorney

To Seller:

Name: Allison Trust
Address: 11102 West Caron Court.
Sun City, AZ 85351
Telephone:
E-mail:
Attn.: Forrest & Gloria Allison

with a copy to:

Name: David Degnan
Address: Degnan Law Group
4105 N. 20th Street, Suite 220
Phoenix, AZ 85016
Telephone: 602-266-0531
Facsimile: 480-718-8534
E-mail: d.degnan@degnanlawaz.com

Any Party shall change its address for purposes of Section 20.01 by giving written notice as provided in Section 20.01.

All notices and demands delivered by a Party's attorney on a Party's behalf shall be deemed to have been delivered by said Party. Notices shall be valid only if served in the manner provided in this Section 20.01.

Section 20.02 Complete Agreement; Amendments and Modifications; Partial Invalidity; Waivers.

(a) This Agreement may be executed in counterparts, and when executed by [both/all] Parties shall become one (1) integrated agreement enforceable on its terms. This Agreement supersedes all prior agreements between the Parties with respect to the Property and all discussions, understandings, offers and negotiations with respect thereto, whether oral or written. This Agreement shall not be amended or modified, except in a writing signed by each Party hereto. If amended or modified as permitted by this Section 20.02(a), the term "Agreement" shall thereafter be read as including all said amendments and modifications. All exhibits that are referenced in this Agreement or attached to it are incorporated herein and made a part hereof as if fully set forth in the body of the document.

(b) Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is

so broad as to be unenforceable, the provision will be interpreted to be only so broad as is enforceable.

(c) Any waiver of any provision or of any breach of this Agreement shall be in writing and signed by the Party waiving said provision or breach. No waiver of any breach of any agreement or provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof or of any other agreement or provision herein contained. No extension of time for performance of any obligations or acts shall be deemed an extension of the time for performance of any other obligations or acts. Effective as of the Closing, any breaches or conditions not waived previously (including any Title Report objections) in accordance with this Section 20.02(c) are deemed waived.

Section 20.03 Parties; Assignment of Interests in This Agreement; Successors and Assigns.

(a) Purchaser may not assign or otherwise transfer this Agreement or any of its rights or obligations hereunder or any of the direct or indirect ownership interests in Purchaser, without first obtaining Seller's prior consent and approval thereto, which may be given or withheld in Seller's sole and absolute discretion.

(b) All references to Seller in this Agreement shall include Seller's assignee, including any assignment by Seller of Seller's assignment of its interest in this Agreement to a Qualified Intermediary under Section 20.04.

(c) The terms "**Party**" and "**Parties**" include Seller, Purchaser, their respective constituent entities and their respective successors, assigns and legal representatives. In the event either Seller or Purchaser is an individual, a "Party" or "Parties" includes that individual's heirs.

(d) This Agreement and all its covenants, terms and provisions, shall be binding on and inure to the benefit of each Party and its successors and assigns.

Section 20.04 Further Assurances. From the Effective Date, Seller and Purchaser each agrees to do such things, perform such acts and make, execute, acknowledge and deliver such documents as may be reasonably necessary and customary to complete the transactions contemplated by this Agreement. In particular, at the Closing and through the period that is Thirty (30) business Day[s] following the Closing, Seller and Purchaser each agrees to do such things as may be reasonably necessary with respect to the transfer of the operation of the Property, including with respect to the Assumed Contracts, Leases, and

any other items to be assumed by Purchaser under this Agreement, to complete the transfer of the operation of the Property. This Section 20.05 shall survive the Closing for a period of Thirty (30) days thereafter.

Section 20.05 Interpretation and Construction.

(a) The Parties acknowledge that, in connection with negotiating and executing this Agreement, each has had its own counsel and advisors and that each has reviewed and participated in the drafting of this Agreement. The fact that this Agreement was prepared by Seller's counsel as a matter of convenience shall have no import or significance to the construction of this Agreement. Any uncertainty or ambiguity in this Agreement shall not be construed against Seller because Seller's counsel prepared this Agreement in its final form. Any rule of construction that requires any ambiguities to be interpreted against the drafter shall not be employed in the interpretation of: (i) this Agreement; (ii) any exhibits to this Agreement or (iii) any document drafted or delivered in connection with the transactions contemplated by this Agreement.

(b) Any captions or headings used in this Agreement are for convenience only and do not define or limit the scope of this Agreement.

(c) The singular of any term, including any defined term, shall include the plural and the plural of any terms shall include the singular. The use of any pronoun with respect to gender shall include the neutral, masculine, feminine and plural. The term "**Person**" or "**Persons**" includes a natural person or any corporation, limited liability company, partnership, trust or other type of entity validly formed.

Section 20.06 Days; Performance on a Saturday, Sunday or Holiday. Whenever the term "day" is used in this Agreement, it shall refer to a calendar day unless otherwise specified. A "**Business Day**" shall mean any weekday except for those weekdays that a banking institution within the State of Arizona is required by said state to be closed (a "**Holiday**"). Should this Agreement require an act to be performed or a notice to be given on a Saturday, Sunday or Holiday, the act shall be performed or notice given on the following Business Day.

Section 20.07 Time Is of the Essence. The parties hereto acknowledge and agree that, except as otherwise expressly provided in this Agreement, TIME IS OF THE ESSENCE for the performance of all actions (including, without limitation, the giving of notices, the delivery of documents and the funding of money) required or permitted to be taken under this Agreement. Whenever action must be taken (including, without limitation, the giving of notice, the delivery of documents or the funding of money)

under this Agreement, prior to the expiration of, by no later than or on a particular date, unless otherwise expressly provided in this Agreement, such action must be completed by [TIME] [a.m./p.m.] ([TIME ZONE]) on such date, provided that such action must be completed by [TIME] [a.m./p.m.] ([TIME ZONE]) with respect to the payment of the balance of the Purchase Price and other payments by Purchaser on the Closing Date. However, notwithstanding anything to the contrary herein, whenever action must be taken (including, without limitation, the giving of Notice, the delivery of documents or the funding of money) under this Agreement prior to the expiration of, by no later than or on a particular date that is not a Business Day, then such date shall be extended until the immediately following Business Day.

Section 20.08 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Arizona. EACH PARTY HERETO AGREES THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE TRIED AND LITIGATED IN STATE OR FEDERAL COURTS LOCATED IN THE STATE OF ARIZONA.

Section 20.09 No Offer. This Agreement shall not be deemed an offer or binding upon Seller or Purchaser until this Agreement is fully executed and delivered by Seller and Purchaser.

Section 20.10 No Survival. Except as otherwise provided in this Agreement, no representations, warranties, covenants or other obligations of Seller set forth in this Agreement shall survive the Closing hereunder and no action based thereon shall be commenced after the Closing.

Section 20.11 Attorneys' Fees; Income and Capital Gains Taxes.

(a) Seller and Purchaser each acknowledge that: (i) they have been represented by independent counsel in connection with this Agreement; (ii) they have executed this Agreement with the advice of such counsel and (iii) this Agreement is the result of negotiations between the parties hereto and the advice and assistance of their respective counsel.

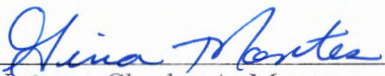
(b) Each Party to this Agreement shall be responsible for all costs it incurs in connection with the preparation, review and negotiation of this Agreement and the transactions and the Closing contemplated by this Agreement, including any attorneys' or consultants fees. In addition, each Party is responsible for its own income taxes and capital gains taxes resulting from its operation of the Property and such taxes shall not be a pro-rata at the Closing.

(c) If any action is brought by either Party against the other in connection with or arising out of this Agreement or any of the documents and instruments delivered in connection herewith or in connection with the transactions contemplated hereby, the prevailing party shall be entitled to recover from the other party its reasonable out-of-pocket costs and expenses, including, without limitation, reasonable attorneys' fees, incurred in connection with the prosecution or defense of such action.

PURCHASER:

CITY OF AVONDALE

By:



for Name: Charles A. Montoya
Title: City Manager

SELLER:

ALLISON TRUST

By:

Name:

Title:

The undersigned places its signature below solely to acknowledge that it is acting as Escrow Agent in accordance with the terms and conditions of Article V of this Agreement.

ESCROW AGENT:

CLEAR TITLE AGENCY OF ARIZONA

By:

Name: Carol Rieger

Title: VP Commercial Escrow

EXHIBITS

Exhibit A	Form of Special Warranty Deed
Exhibit B	Assignment of Lease
Exhibit C	FIRPTA Certificate

**EXHIBIT A
TO
PURCHASE AND SALE AGREEMENT
BETWEEN
THE ALLISON TRUST
AND
THE CITY OF AVONDALE**

[Special Warranty Deed]

See following pages.

**EXHIBIT B
TO
PURCHASE AND SALE AGREEMENT
BETWEEN
THE ALLISON TRUST
AND
THE CITY OF AVONDALE**

[Assignment of Lease]

See following pages.

**EXHIBIT C
TO
PURCHASE AND SALE AGREEMENT
BETWEEN
THE ALLISON TRUST
AND
THE CITY OF AVONDALE**

[FIRPTA Certificate]

See following pages.

CITY COUNCIL REPORT

SUBJECT: Amended and Restated Water Transportation Agreement with Salt River Valley Water User's Association

MEETING DATE: 3/23/2020

TO: Mayor and Council

FROM: Cindy Blackmore, Public Works Director, (623) 333-4410

THROUGH: Charles A. Montoya, City Manager, (623) 333-1016

PURPOSE:

City Council will consider a request to approve an amended and restated Water Transportation Agreement with Salt River Valley Water User's Association, and authorize the Mayor, or City Manager and City Clerk to execute the necessary documents. The Council will take the appropriate action.

BACKGROUND:

The Salt River Valley Water Users' Association, widely known as SRP, delivers nearly one million acre-feet of water to a service area in central Arizona through an extensive water delivery system maintained and operated by the Association, including reservoirs, wells, canals and irrigation laterals. The City of Avondale, along with other valley cities, has entered a Water Transportation Agreement (WTA) with SRP. Under the WTA, SRP agrees to deliver non-SRP water, such as Central Arizona Project water to the cities through the SRP canal system. This WTA has been amended many times throughout the years. Before you tonight for approval, is an amended and restated agreement. This updated agreement incorporates the previous amendments and puts them into one restated agreement.

DISCUSSION:

The amended and restated agreement was developed in an effort by SRP to streamline all the amendments that they have with the cities into a single easy to read document. The amended and restated agreement does not propose major changes.

The water transportation rates are included in the updated document, the structure or method of how those rates are developed did not change. The rates were last updated in 2016 under the authority of the original WTA. SRP shall bill the City \$37.50 for each acre foot (AF) of water transported through the canals, \$10 for each acre foot transported through the laterals, \$3,244.47 annual administration fee, and \$583.05 for each additional Point of Delivery. These costs are subject to change every five years. SRP must provide the City written notice of the fee or new rate, and documentation to substantiate the change and increased costs. It is important to note that currently Avondale does not utilize the WTA to bring non-SRP water into the SRP system, but it will do so when the City completes the Phoenix Interconnect Project.

BUDGET IMPACT:

There is no current impact to the budget. Funds for costs associated with this agreement are available in Water Resources, Line Item 501-9112-00- 6350, C.A.P. Purchase Water & DWR Fee.

RECOMMENDATION:

Staff recommends that the City Council approve an amended and restated Water Transportation Agreement with Salt River Valley Water User's Association, and authorize the Mayor, or City Manager and City Clerk to execute the necessary documents.

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AMENDED AND RESTATED
WATER TRANSPORTATION AGREEMENT
BETWEEN
SALT RIVER VALLEY WATER USERS' ASSOCIATION
AND
CITY OF AVONDALE

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AMENDED AND RESTATED WATER TRANSPORTATION AGREEMENT BETWEEN
SALT RIVER VALLEY WATER USERS' ASSOCIATION AND CITY OF AVONDALE

1. PARTIES:

The Parties to this Amended and Restated Water Transportation Agreement (Agreement) made and entered into as of this ____ day of _____, 20__, are the CITY OF AVONDALE, an Arizona municipal corporation (City) and SALT RIVER VALLEY WATER USERS' ASSOCIATION, an Arizona corporation (Association).

2. RECITALS:

This Agreement is made with regard to the following:

2.1 The Colorado River Basin Project Act of 1968 (82 Stat. 885) provides, among other things, that for the purposes of furnishing irrigation water and municipal and industrial water supplies to water deficient areas in Arizona and Western New Mexico through direct diversion or exchange of water, control of floods, conservation, development of fish and wildlife resources, enhancement of recreation opportunities and for other purposes, the Secretary of Interior for the United States of America (Secretary of Interior) shall construct, operate and maintain the Central Arizona Project (CAP).

2.2 Shareholders of Association are owners of land within the Salt River Reservoir District, having valid appropriative rights to waters of the Salt and Verde Rivers. Association is responsible for delivery to said lands of waters developed, controlled or stored by it for the benefit of such lands. Association is the agent of the Salt River Project Agricultural Improvement and Power District (District), a political subdivision of the State of Arizona, in the operation of the water delivery system of the Salt River Project, a federal reclamation project, pursuant to an agreement dated March 22, 1937, as amended by agreements dated February 28, 1944, and September 12, 1949, and is also the agent of the United States of America (USA) in the operation of said federal reclamation project pursuant to contract dated September 6, 1917. Association, in distributing water developed by Salt River Project works and facilities, is governed by the decree in Hurley v. Abbott, filed March 1, 1910, and all supplemental decrees thereto, all commonly referred to as the "Kent Decree"; the Articles of Incorporation and By-laws and rules and regulations of Association; contracts now in effect and hereafter executed between the Association, the District and the USA; rules and regulations promulgated by the Secretary of Interior, pursuant to the provisions of an Act of Congress, approved June 17, 1902 (32 stat. 388), and acts amendatory thereof and supplementary hereto, all of which are commonly known and referred to as Federal Reclamation Law; and by applicable laws of the State of Arizona.

2.3 City, in distributing water within its water service area, is governed by, among other things, applicable laws, ordinances, regulations and orders.

2.4 Association operates and maintains the water delivery system on behalf of and for the primary benefit of its shareholders, who hold rights to water developed by the Salt River Project, and to whom Association is obligated to deliver such water.

2.5 City has valid rights to the City Water to be transported, has existing contracts to transport such water through the CAP and the Interconnection Facility and has the right pursuant to an

existing contract to subcontract to third parties any part or all of its share of capacity in such Interconnection Facility.

2.6 City is in need of a link between the Interconnection Facility and its facilities; therefore, City desires to transport City Water through the Association Water Delivery System for use by City and/or its subcontractors, and has the authority to enter into this Agreement for transportation of such water.

2.7 Association does not as a rule make its water delivery system available to all water users potentially served by it and does not operate for profit. However, as an accommodation to City and for the incidental benefit to Association shareholders, Association will transport City Water for City and its subcontractors as an incident to its primary function; provided that the transportation of such water shall not in any way disrupt or interfere with the operation of the Association Water Delivery System on behalf of Association shareholders and pursuant to existing decrees and existing contracts; and provided further that this Agreement will not affect the responsibilities of Association and City with respect to waters developed, controlled or stored by Association and delivered to City pursuant to rights of Association shareholders and existing decrees and existing contracts. (see Exhibit C-1)

2.8 As Association limits the use of the Association Water Delivery System to the transportation and delivery of water to its shareholders and those entities with specific entitlements to such delivery service, to the exclusion of the general public, this Agreement is necessary for Association to transport City Water for City and its subcontractors.

2.9 On September 27, 1991, City and Association entered into the Water Transportation Agreement, which only allowed for water transportation in Association canals. On December 17, 1996, City and Association entered into Supplement # 1 to the Water Transportation Agreement to include water transportation using laterals and drain ditches. The purpose of this Agreement is to create one agreement that allows for water transportation service in canals, laterals, and drain ditches, and other revisions related to such service expansion.

3. AGREEMENT:

In consideration of the premises and mutual covenants and agreements herein set forth, the Parties hereto agree as follows:

4. DEFINITIONS:

As used in this Agreement the following terms, when capitalized, have the meanings indicated:

4.1 Annual Index: The number calculated by dividing the Association Acreage Assessment for the current calendar year (commencing with 1992) by the Association Acreage Assessment for the previous calendar year. The Annual Index shall be determined in January of each year commencing in 1992. The Annual Index shall be calculated to four (4) decimals and rounded to three (3). Rounding shall be done by dropping the fourth (4th) decimal when it is less than five (5) or by increasing the third (3rd) decimal by one (1) when the fourth (4th) decimal is five (5) or greater.

4.2 Association Acreage Assessment: The fee charged against Association assessed land to pay the cost of construction, improvement, enlargement, betterment, repairs, operation and

1 maintenance of the irrigation and other works of Association, or of those under its
2 management, operation and maintenance.

3 4.3 Association Water Delivery System: Association's canal, lateral and drain ditch system,
4 including canal, lateral, and drain ditch gates and measuring devices.

5 4.4 Authorized Representative(s): Those representatives of the Parties appointed to administer
6 the provisions of this Agreement pursuant to Section 10.1.

7 4.5 City Water:

8 a) City's share of the water resulting from City's funding of CAP Plan 6 modifications to
9 Roosevelt Dam and reservoir.

10 b) City's share of any water resulting from City's funding of acquisition of a water supply
11 alternative to that which was expected to have been provided by the now canceled
12 Cliff Dam feature of CAP Plan 6.

13 c) Water discharged for City into the Association Water Delivery System from the
14 Interconnection Facility.

15 d) Any other water as agreed to by the Authorized Representatives.

16 4.6 Effective Date: The date on which this Agreement becomes effective pursuant to Section 21.

17 4.7 Evacuated Water: Water released from the Association Water Delivery System:

18 a) As a result of excess storm runoff and under emergency conditions.

19 b) In the event of the discovery of contaminated water in the Association Water Delivery
20 System.

21 4.8 Interconnection Facility: The facility located adjacent to the Granite Reef Diversion Dam which
22 interconnects the CAP canal with the Association Water Delivery System and the Salt River
23 Bed.

24 4.9 Point(s) of Delivery: The points designated in Exhibit A, hereto, at which City Water is diverted
25 from the Association Water Delivery System for delivery to City or its subcontractors. Points
of Delivery may be added or deleted upon mutual agreement of the Authorized
Representatives. Association shall revise Exhibit A accordingly.

4.10 Point(s) of Receipt: The points designated in Exhibit B, hereto, where City Water is diverted
into the Association Water Delivery System for transportation to City Points of Delivery. Points
of Receipt may be added or deleted upon mutual agreement of the Authorized
Representatives. Association shall revise Exhibit B accordingly.

4.11 Transportation Losses: The amount of water lost through seepage, evaporation or other
causes while being transported within the Association Water Delivery System from the Point
of Receipt to the Point of Delivery. Transportation Losses shall not include Evacuated Water.

4.12 Water Accounting: The general determination of the quantity of City Water transported by
Association hereunder.

1 5. SCOPE OF SERVICE:

2 This Agreement is limited to transportation of City Water in the Association Water Delivery System
3 from the Point of Receipt to the Point of Delivery.

4 6. TERM:

5 This Agreement shall become effective on the date provided in Section 21 and shall remain in effect
6 through June 30, 2041 unless otherwise terminated in accordance with the provisions of this
7 Agreement.

8 7. RATES, FEES, AND CHARGES:

9 7.1 For City Water transported in Association canals, Association shall bill City and City shall pay
10 Association \$37.50 for each acre foot (AF) of City Water or fractional AF received at the Points
11 of Receipt whether or not City accepted or used such City Water. Beginning in calendar year
12 2022 and every five (5) years thereafter, Association may adjust such fee.

13 7.2 For City Water transported in Association laterals and drain ditches there shall be an additional
14 fee of \$10.00 per acre-foot for such transportation. Beginning in calendar year 2022 and every
15 five (5) years thereafter, Association may adjust such fee.

16 7.3 Association shall also bill City and City shall pay Association an annual administration fee of
17 \$3,244.47 which shall cover both the first Point of Delivery and first Point of Receipt listed on
18 Exhibits A and B respectively, and \$583.05 for each additional Point of Receipt or Point of
19 Delivery, whether separate or in common with that of another contractor or subcontractor.
20 Commencing January 1, 2020, and in each January thereafter, the fees shall be adjusted by
21 the Annual Index. Such fees shall be billed when service is commenced, and in each January
22 thereafter, and paid in accordance with Section 8. The fees shall be prorated for those partial
23 years of service resulting from initiation or permanent termination of service at Points of
24 Receipt or Points of Delivery.

25 7.4 For purposes of Section 7.3, "adjusted by the Annual Index" means that the annual
administration fee for the previous calendar year is multiplied by the Annual Index. The rate
and annual administration fee shall be calculated to three (3) decimals and rounded to two
(2). Rounding shall be done by dropping the third (3rd) decimal when it is less than five (5) or
by increasing the second (2nd) decimal by one (1) when the third (3rd) decimal is five (5) or
greater.

7.5 Association shall consider the Interconnection Facility and Granite Reef Dam as one Point of
Receipt when determining the rates and fees which shall be billed to City.

7.6 If Association discontinues the Acreage Assessment or if the Parties determine the
purpose/components of it have drastically changed, the most recent two (2) consecutive
October values of the Consumer Price Index shall be substituted for the Association Acreage
Assessment in the Annual Index to adjust the rates and fees under this Agreement during its
remaining term absent superseding provisions pursuant to Sections 7.9 and 31.

7.7 Beginning in calendar year 2022 and thereafter, Association may change the rate or rate
structure provided in Section 7.3 no more frequently than five year intervals, based on
changed circumstances beyond the control of Association and which have increased the cost

of providing the service hereunder beyond those increases in costs reflected by the Annual Index.

7.8 If Association proposes to adjust the fee pursuant to Section 7.1, Section 7.2, or Section 7.7:

7.8.1 Association must provide City with written notice of the fee or new rate or rate structure, and documentation to substantiate the changed circumstances and the increased cost by January 31 of the year preceding the year in which the fee or new rate or rate structure becomes effective.

7.8.2 If City is not willing to pay the fee or new rate/rate structure, City may terminate this Agreement by giving written notice to Association before the fee or new rate or rate structure becomes effective.

7.8.3 If City gives notice pursuant to Section 7.8.2, this Agreement shall remain in effect for a period of three (3) years from the date of the City's notice, unless otherwise agreed by the Parties. During this period, City shall pay the new fee or new rate as provided in Section 7.1, Section 7.2, or Section 7.7, respectively.

7.9 If, as a result of the services provided to City pursuant to this Agreement, Association becomes liable to a governmental authority other than District for any tax, tariff, duty, toll, fee, impost, charge or other exaction, or any increase thereof, pursuant to Section 8, Association shall bill City and City shall pay Association the amount for which Association is liable.

8. BILLING AND PAYMENT:

8.1 Bills for services provided to City shall be submitted by Association to City on or before the twenty-fifth (25th) day of each month (or if such day is not a business day, on the next succeeding business day) immediately following the month during which City has incurred charges for such services. Such bills may include adjustments or corrections to bills previously submitted by Association to City.

8.2 Payment by City to Association shall be made in good funds on or before the thirtieth (30th) day following the date on which the bill was postmarked or if such day is not a business day, on the next succeeding business day. Bills which are not paid by this date shall be delinquent and thereafter accrue an interest charge at the prime rate of interest as established by the Bank of America on the last business day of the month following the month for which the bill was submitted, plus 2% per annum, prorated by days of the unpaid principal, computed daily until payment is received. Any payment received shall first be applied to any interest charges owed, and then to any bills owed for service rendered.

8.3 In the event any portion of any bill is disputed, the disputed amount shall be paid under protest when due and shall be accompanied by a written statement indicating the basis for the protest. If the protest is found to be valid, City shall be refunded any overpayment plus interest, accrued at the rate set forth in Section 8.2, prorated by days from the date payment was credited to City to the date the refund check is mailed.

8.4 In the event any delinquent amount is not paid by City within thirty (30) days after receipt by City of written notice by Association to City of the delinquency and the remedies available to Association under this Agreement if the delinquent amount is not paid, Association shall have the right, without liability of any kind, to refuse to transport City Water so long as the said

amount remains unpaid and may terminate this Agreement. Nothing herein shall limit the rights of Association to use any other available legal remedy to effect collection of said amounts.

9. WATER ACCOUNTING:

9.1 Association will provide daily Water Accounting of City Water received for City at the Points of Receipt. Such Water Accounting shall be retained by Association for at least three (3) years and be made available for City's inspection upon written request.

9.2 City shall provide a monthly report of the total amounts of water received each day during the month as measured at each Point of Delivery in accordance with operating procedures prepared by Association. Such report shall be submitted to Association by the sixth (6th) business day following the month end, pursuant to such operating procedures.

9.3 Association shall prepare a monthly Water Accounting report based on the daily Water Accounting provided under Section 9.1. It shall also include the daily water deliveries as reported by City pursuant to Section 9.2. Such Water Accounting report may be combined with other existing Association reports to City and shall include City Water delivered to each Point of Delivery, Transportation Losses, and Evacuated Water during that month.

10. APPOINTMENT/DUTIES OF AUTHORIZED REPRESENTATIVES:

10.1 Association and City shall each appoint an Authorized Representative and an alternate to administer Sections 10.1.1 through 10.1.10. The alternate shall act only in the absence of the Authorized Representative. All decisions and agreements of the Authorized Representatives shall be documented by a writing signed by both Authorized Representatives. Subject to each Party's internal approval and authorization process, the Authorized Representatives:

10.1.1 Shall review the operating procedures as developed by Association for implementing the provisions herein.

10.1.2 May add or delete Points of Delivery pursuant to Section 4.9 or Points of Receipt pursuant to Section 4.10.

10.1.3 May agree to transportation in the Association Water Delivery System of City Water specified in Section 4.5d and shall establish any water quality or other limitations on the transportation of such water. Priority for transportation of such water is "Fourth", in accordance with Exhibit C.

10.1.4 May change the proportioning of City Water to City's multiple Points of Delivery pursuant to Section 15.2 hereof.

10.1.5 Shall approve City's flow measurement systems, test procedures and adjustment frequency therefor, and the communication interfaces required pursuant to Section 17 or waive or reduce the requirements to install such flow measurement systems and communication interfaces pursuant to Section 17.

10.1.6 Shall approve the manner of access pursuant to Section 18.

10.1.7 Shall arrange for the return of water by the owing Party pursuant to Section 23.2.

10.1.8 May agree to impair the transportation of City Water under this Agreement pursuant to Exhibit C-1.

10.1.9 Shall review and agree to all changes or improvements to the Association Water Delivery System to accommodate its use by City pursuant to Section 15.3.

10.1.10 May agree on how to administer, implement, or effectuate certain sections of this Agreement as necessary. Such documented understandings may pertain to operational, accounting, and financial arrangements of this Agreement.

10.2 If the Authorized Representatives disagree as to any action to be taken or decision to be made, or as to the need for taking any action or making any decision, or as to whether any matter is within the scope of the Authorized Representatives' responsibilities hereunder, the question or questions at issue may be referred by either Party to arbitration pursuant to Section 29.

10.3 Each Party shall notify the other Party in writing within thirty (30) days after execution of this Agreement of the designation of its Authorized Representative and alternate and shall promptly notify the other Party of any subsequent changes in such designation.

10.4 The Authorized Representatives shall have no authority to modify, amend or supplement this Agreement, other than as expressly provided in this Section 10.

11. WATER QUALITY:

11.1 Association neither guarantees nor warrants the quality of water transported through the Association Water Delivery System to City pursuant to this Agreement, and City assumes all responsibility for purifying or otherwise treating City Water received at City's Points of Delivery to meet applicable water quality standards established by federal, state or local authorities. Nothing in this Agreement shall be construed so as to require that Association receive or transport water from any source when such receipt or transportation is likely to result in a violation of then existing federal, state or local laws or regulations regarding water quality.

11.2 Except for Salt and Verde River water that is not stored underground, City shall indemnify Association against all losses to third parties resulting from water quality degradation due to commingling of City Water in the Association Water Delivery System, and shall defend Association against all claims for such losses.

11.3 If Association coincidentally introduces water into the Association Water Delivery System through the Interconnection Facility, or other causes contribute to the losses of third parties, City will indemnify and defend only for those losses to third parties attributable to commingling of City Water in the Association Water Delivery System.

11.4 Association shall cooperate fully with City in the defense of all claims of third parties for losses under this Section 11 and shall provide City with all information, expert witnesses and records necessary for City to defend against such claims.

11.5 City's obligation to indemnify under this Section 11 shall encompass only:

11.5.1 The payment of losses to third parties that have been determined by mutual agreement of City and Association, arbitration or a court to have resulted from water quality degradation due to commingling of City Water in the Association Water Delivery System.

11.5.2 All costs of defending against claims by third parties for such losses and all costs incurred by Association in cooperating with City under Section 11.4 in the defense of such claims.

12. TRANSPORTATION LOSSES:

12.1 For City Water transported in canals, City shall be assessed Transportation Losses at the rate of 0.08 percent per AF per mile between the Point of Receipt and the Point of Delivery. Using the water balance of supply and delivery, a procedure similar to the loss calculation used in standard reporting to the Arizona Department of Water Resources and the United States Bureau of Reclamation, Association shall review and adjust such Transportation Loss rate annually in April based on annual average Association Water Delivery System losses during the preceding five (5) years. Such adjusted rate shall remain in effect until next adjusted.

12.2 Until otherwise determined by Association, for City Water transported in a lateral or drain ditch, City shall not be assessed additional Transportation Losses; however, Association reserves the right at any time to assess additional losses to City based on Association's water loss experience in the lateral(s) or drain ditch(es) being used to transport City Water. Prior to assessing additional Transportation Losses pursuant to this Section 12.2, Association shall provide City written notice and evidence and/or calculation supporting the assessed rate of additional Transportation losses.

13. PRIORITY OF SERVICE:

13.1 City Water may be transported under this Agreement only to the extent that such transportation does not impair nor prejudice the transportation and delivery of water to Association shareholders or pursuant to existing decrees and existing contracts between Association and City or between Association and any third party. (see Exhibit C-1)

13.2 Association shall transport water, as among all contractors for such service from Association, according to the capacity of the Association Water Delivery System as determined by Association, the priority set forth in Exhibit C hereto, and the first date provided in Section 2.9 as such date is applicable in determining water transportation priorities.

13.3 The Parties agree to work together and make all reasonable efforts in any settlement of an Indian tribe's water rights claims to acquire federal funding to expand Association Water Delivery System capacity, should such capacity be inadequate to satisfy the water transportation needs of either Association, City, the Indian tribe, or a third party as a result of such settlement; provided that a failure to acquire such funding shall not preclude Association from entering into the Indian settlement agreement.

14. RIGHT TO CONTRACT OR SUBCONTRACT:

14.1 Subject to Exhibit C, Association retains the right to contract directly with other entities desiring transportation of water in the Association Water Delivery System.

14.2 City may subcontract services provided to it by Association under this Agreement, provided that City shall cause any such subcontract to be subject to the terms and provisions of this Agreement the same as if such services were being provided directly to City, unless otherwise agreed in writing by Association. City shall be responsible for and pay Association the rates, fees and charges set forth in Section 7 to provide transportation service to City's

subcontractors the same as if such services were provided directly to City. City shall not subcontract transportation services provided by this Agreement for an overall charge greater than that charged City by Association for the same service, except to the extent necessary to recover any additional expenses incurred by City as a result of the subcontract.

15. DISTRIBUTION:

15.1 Association's obligations and responsibilities to City under this Agreement shall commence at the Point of Receipt and shall terminate at the Point of Delivery. City shall be responsible and assume full liability for the further distribution of City Water received at the Point of Delivery, including, but not limited to, all operation and maintenance costs for delivery to City's end users.

15.2 If City has multiple Points of Delivery on the Association Water Delivery System, City Water will be transported to each Point of Delivery in proportion to total water orders for those Points of Delivery. If City factually documents the proportions of on-Project and off-Project deliveries at each of its Points of Delivery, then upon mutual agreement of the Authorized Representatives, Association will transport City Water according to those proportions.

15.3 City may request the Association to make changes or improvements to the Association Water Delivery System and related structures. City shall be responsible for all costs associated with any changes or improvements made pursuant to such City request if the change or improvement is made for the sole purpose of accommodating City's use of the Association Water Delivery System and related structures for the transportation of City Water; otherwise, the cost of such change or improvement shall be divided between the Parties as mutually agreed upon.

15.4 City shall not make any change or improvements to the Association Water Delivery System and related structures or facilities of Association without the written approval of Association. Upon termination or expiration of this Agreement, City shall restore to a condition satisfactory to Association, the Association Water Delivery System and related structures and facilities of Association to which City had made changes. If City fails to accomplish such restoration, Association shall do so and the expense thereof shall be charged to and paid by City.

16. INTERRUPTIONS OR CURTAILMENTS IN DELIVERY:

16.1 Transportation of City Water shall be in accordance with City's requests as set forth in Section 20 of this Agreement, and shall be subject to:

16.1.1 Interruptions and curtailments in the capability of Association to transport City Water due to emergencies, dry up of Association Water Delivery System facility, operational constraints and necessary maintenance and repairs of the Association Water Delivery System, all as determined solely by Association.

16.1.2 Interruptions, evacuations and curtailments because of excessive storm runoff entering the Association Water Delivery System, as determined solely by Association, or because Association determines that significant degradation of water quality in the Association Water Delivery System likely to result in substantial liability is occurring or may occur as a result of introduction of City Water, contamination or contaminated water in the Association Water Delivery System.

16.1.3 No obligation on the part of Association to replace any portion of City Water evacuated from the Association Water Delivery System.

16.1.4 Availability of City Water at the Points of Receipt, as determined by Association.

16.2 Transportation service interruptions, curtailments, and evacuations addressed in Section 16.1.1 and 16.1.2 shall be allocated in accordance with Exhibit C.

17. FLOW MEASUREMENT:

17.1 City shall, at its sole expense and with the approval of the Authorized Representatives, construct, install and maintain in accordance with manufacturers' specifications for the specific application, a flow measurement system and communications interface at each Point of Receipt and each Point of Delivery compatible with Association telemetry requirements. The Authorized Representatives may waive or reduce the requirements of this Section 17.1 for any Point of Receipt or Point of Delivery for which they deem the requirements excessive with respect to the quantity of water to be taken at that Point of Receipt or Point of Delivery.

17.2 City shall maintain the accuracy of its flow measurement systems (flow measurement device and detection device) as close to zero error as practical, but in no event shall error exceed plus or minus five percent (5%) of actual flow except when the flow being measured is to a City water treatment plant (WTP) operating at thirty percent (30%) or less of maximum operating capacity. In such circumstances, the accumulated volume delivered to a WTP during the periods of exception in a calendar year shall not exceed six percent (6%) of the total volume delivered to that WTP during that calendar year. City shall prepare and regularly implement testing and recalibration procedures for the flow measurement systems, which procedures must be approved by the Authorized Representatives. At least once every six months, unless otherwise agreed by the Authorized Representatives, City shall recalibrate its flow-measuring system as close to zero error as practical, but in no event shall error exceed plus or minus five percent (5%) of actual flow except as provided above in this Section. City shall notify Association of when such recalibration is planned so that Association may observe the procedure. Association may at reasonable times, at its sole expense and after reasonable notice to City, test or have tested the flow-measuring system to determine its accuracy. Association may discontinue service to City hereunder during any period of noncompliance with this Section unless City agrees to accept Association's billing and water accounting pursuant to Section 17.3.

17.3 In the event that water accounting records or any routine or special test of the flow measurement system discloses an annual volume, or a flow measurement error, that exceeds the limits provided in Section 17.2, all bills and water accounting affected by such limits having been exceeded may be adjusted by Association based on the best available data as determined by Association. However, adjustments arising from other than annual volume limits shall not encompass more than the elapsed time since the last preceding test.

17.4 City bears responsibility and cost for any flow-measurement system and communications interface required for all future Points of Receipt and Points of Delivery.

18. ACCESS TO PREMISES AND FACILITIES:

City grants to Association, its employees and agents the right of access to the premises identified on Exhibits A and B, at reasonable times and after reasonable notice from Association, for such purposes

as installing, connecting, reading, testing, repairing, adjusting, disconnecting, removing or inspecting meters, measuring devices, communications equipment, data devices and other apparatus and equipment pertinent to the provision of or accounting for services under this Agreement. Right of access under this Section shall be in a manner approved by the Authorized Representatives.

19. FUTURE FACILITIES:

Except as otherwise provided herein, City bears responsibility and cost for any facility needed at a future Point of Receipt or Point of Delivery to effect service under this Agreement.

20. NOTICE OF WATER DELIVERIES:

City shall provide adequate notice to Association of City's water orders and any subsequent order changes, in accordance with operating procedures established by Association. Operating procedures established by Association shall provide that, in the event of a pending Association Water Delivery System curtailment, Association shall give City as much notice as reasonably practicable of the pending curtailment and give City the maximum flexibility reasonably attainable to adjust or change the source, as between water identified in Sections 4.5a and 4.5b, of its pro rata share of the total amount of this water that has been ordered by all cities. Association shall schedule, transport and account for City Water. Transportation of City Water shall be subject to operational and maintenance constraints common to all parties served by the Association Water Delivery System. The amount of City Water requested by City, less Transportation Losses, shall be delivered by Association to the Point of Delivery, subject to the provisions of Section 15.2 and 16. Association shall schedule and monitor the transportation of City Water so as not to in any manner whatsoever interfere with the operation and maintenance of the Association Water Delivery System.

21. EFFECTIVE DATE:

This Agreement shall be effective as of _____ upon execution by both Parties.

22. GENERAL LIABILITY:

Each Party shall assume liability for its own negligence and shall indemnify the other against any damages the non-negligent Party incurs as a result of the negligent Party's action or inaction.

23. AUDIT:

23.1 Upon reasonable written notice, either Party at its expense shall have the right, at all reasonable times, to review and audit the books, records and documents of the other Party directly pertaining to the billings and Water Accounting data required to administer this Agreement. Any such audit may be conducted by an employee of or independent accountant designated by the auditing Party. The Party being audited agrees to fully cooperate with any such audit. This right to audit shall extend for a period of three (3) years following the date of each payment under this Agreement. The Parties agree to retain all necessary records and documentation during this audit period. The foregoing shall not be construed to permit either Party to conduct a general audit of the other Party's records. Information obtained by either Party's representatives in examining the other Party's applicable records to verify such billings and Water Accounting data shall not be disclosed to third parties without prior written consent of the audited Party, or unless in response to compulsory judicial or regulatory process or state law and after giving the other Party written notice as much in advance as possible.

1 23.2 The audited Party's Authorized Representative shall be notified in writing of any exception
2 taken as a result of an audit and shall respond to such notification within thirty (30) days. Upon
3 resolution of any exception, 1) as to payment of any monies due, the owing Party shall directly
4 remit the amount of any exception to the other Party within thirty (30) days, with interest
5 calculated at the rate set forth in Section 8.2. Interest shall be computed from the date of the
 original billing to the date of payment by the Party owing as a result of the Audit, 2) as to any
 water due, the Authorized Representatives shall arrange for the owing Party to return the
 amount owed as soon as practicable.

6 24. UNCONTROLLABLE FORCES:

7 Neither Party shall be considered to be in default in the performance of any of its obligations hereunder
8 (other than obligations of City to make payment for service hereunder) when a failure of performance
9 shall be due to uncontrollable forces. The term "uncontrollable forces" shall mean any cause beyond
10 the control of the Party unable to perform such obligation, including, but not limited to, failure of or
11 threat of failure of facilities, flood, earthquake, storm, fire, lightning and other natural catastrophes,
12 epidemic, war, riot, civil disturbance or disobedience, strike, labor dispute, labor or material shortage,
 sabotage, government priorities and restraint by court order or public authority, and action or nonaction
 by, or failure to obtain the necessary authorizations or approvals from, any governmental agency or
 authority, which by exercise of due diligence such Party could not reasonably have been expected to
 avoid and which by exercise of due diligence it shall be unable to overcome. Nothing contained herein
 shall be construed to require either Party to settle any strike or labor dispute in which it is involved.

13 25. NOTICES:

14 Any notice, demand or request provided for in this Agreement shall be in writing and delivered in
15 person, or sent by registered or certified mail, postage prepaid, to:

16 Salt River Valley Water Users' Association
17 c/o Secretary
18 P. O. Box 52025
19 Phoenix, AZ 85072-2025

20 Reference: Amended and Restated Water Transportation Agreement
21 (With a copy to Association's Authorized Representative.)

22 City Manager
23 City of Avondale
24 11465 W. Civic Center Dr.
25 Avondale, AZ 85323

 Reference: Amended and Restated Water Transportation Agreement
 (With a copy to City's Authorized Representative.)

26. WAIVER:

 The waiver by either Party of any breach of any term, covenant or condition herein contained shall not
 be deemed a waiver of any other term, covenant or condition, or any subsequent breach of the same
 or any other term, covenant or condition herein contained.

27. HEADINGS:

 Title and paragraph headings herein are for reference only and are not part of this Agreement.

1 28. RECLAMATION REFORM ACT:

2 In no event shall Association's performance of obligations established herein subject Association or
3 its shareholders to provisions of the Reclamation Reform Act of 1982 (RRA), as amended, and
4 regulations attendant thereto, to which Association would not otherwise have been subjected. Further,
5 in the event a change of legislation, future federal agency determination or other administrative or
6 judicial action subjects or purports to subject Association to the RRA as a result of Association's
7 performance of obligations established herein, Association shall be relieved of any further obligations
8 hereunder, and this Agreement shall be voidable at Association's discretion.

9 29. RESOLUTION OF DISPUTES:

10 29.1 City and Association may submit a dispute under this Agreement to a non-binding arbitrator if
11 both Parties agree to arbitration in writing. Within 30 days of obtaining written consent to
12 arbitrate, both Parties shall name one arbitrator. The two arbitrators selected by the Parties
13 shall select a third arbitrator as soon as practicable. Within 30 days from the selection of the
14 third arbitrator, the arbitrators shall hold a hearing. Within 30 days from the conclusion of the
15 hearing, the arbitrators shall render a decision on the dispute.

16 29.2 Any Party that is dissatisfied with the results of non-binding arbitration may pursue any other
17 legal or equitable remedy not expressly provided for in this Section 29 and available to resolve
18 the dispute.

19 30. ACTION PENDING RESOLUTION OF DISPUTES:

20 Pending the resolution of a dispute pursuant to Section 29, the Parties shall proceed, to the extent
21 legally permissible, in a manner consistent with this Agreement, and shall make payments required in
22 accordance with the applicable provisions of this Agreement. Amounts paid by a Party pursuant to this
23 Section 30 during the pendency of such dispute shall be subject to refund and adjustment upon a final
24 resolution of any dispute involving an amount due. Upon such final resolution, the owed amounts shall
25 be remitted in accordance with the remittance procedures/arrangements contained in Section 8.

31. CONTRACT REOPENER:

32 31.1 Either Party may request that this Agreement be modified because of extraordinary
33 circumstances that were not reasonably foreseeable by the Parties, were outside of the control
34 of the Parties and have resulted in a substantial change in the benefits or obligations under
35 the Agreement of the Party requesting modification.

36 31.2 This Section 31 is intended to apply to events such as changes in legislative authority,
37 enactment of new environmental requirements, destruction of Association Water Delivery
38 System and related facilities, changes in water rights and changes in technology.

39 31.3 If a Party requests that this Agreement be modified pursuant to this Section 31, the Parties
40 agree to negotiate in good faith to reach a reasonable and equitable modification of this
41 Agreement. If the Parties cannot agree, the Party requesting the modification may submit the
42 matter to arbitration in accordance with Section 29.

43 31.4 The Party requesting the modification has the burden of showing that the event causing the
44 request for modification meets the requirements of Sections 31.1 and 31.2 and that the
45 modification requested is reasonable and equitable to both Parties.

31.5 This Section 31 does not preclude the Parties from modifying this Agreement by mutual consent for reasons that do not meet the requirements of Sections 31.1 and 31.2.

32. GOVERNING LAW:

This Agreement is made under, and shall be governed by, the laws of the State of Arizona.

33. PERMITS:

City shall be responsible for obtaining any permits required to discharge City Water into the Association Water Delivery System; except that if any permits are required to discharge City Water from Association-owned or operated facilities into the Association Water Delivery System, Association and City shall be jointly responsible for obtaining the permits. Denial of any necessary permit shall not result in liability of either Party to the other.

34. NO THIRD PARTY BENEFICIARIES:

This Agreement is solely for the benefit of the Parties, and does not create nor shall it be construed to create rights in any third party. No third party may enforce the terms and conditions of this Agreement.

35. ENTIRE AGREEMENT:

The terms, covenants and conditions of this Agreement constitute the entire Agreement between the Parties and no understandings or obligations not herein expressly set forth shall be binding upon them. This Agreement may not be modified or amended in any manner unless in writing and signed by the Parties.

36. TERMINATION OF PRIOR WATER TRANSPORTATION AGREEMENT:

The Water Transportation Agreement that was entered into by the Parties as provided in Section 2.9, and any supplements or amendments thereto, shall terminate on the Effective Date of this Agreement.

[Remainder of this page intentionally blank]

1 IN WITNESS WHEREOF, this Agreement is executed by the Parties hereto.

2 CITY OF AVONDALE

3
4 By: _____

5 Title: _____

6 Attest:

7
8 _____
City Clerk

9 Approved as to form and within the power and
10 authority granted under the laws of the State of
Arizona to the City of Avondale.

11 _____
City Attorney

12 [Remainder of this page intentionally blank]
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SALT RIVER VALLEY WATER USERS' ASSOCIATION

By: _____

Name: David C. Roberts
Title: Associate General Manager
Water Resources

APPROVED AS TO FORM

By: _____

Name: Steve B. Doncaster
Title: Senior Attorney
Law Services

[Remainder of this page intentionally blank]

AMENDED AND RESTATED
WATER TRANSPORTATION AGREEMENT
BETWEEN
SALT RIVER VALLEY WATER USERS' ASSOCIATION
AND
CITY OF AVONDALE

EXHIBIT A

POINTS OF DELIVERY FOR CITY OF AVONDALE AND ITS SUBCONTRACTORS

A. *Water Treatment Plants:*

<u>Name</u>	<u>Capacity</u>	<u>Location</u>	<u>SRP Coordinates</u>
None			

B. *Underground Water Storage Facilities:*

<u>Name</u>	<u>Location</u>	<u>SRP Coordinates</u>
New River-Agua Fria River Underground Storage Project (NAUSP)	Tail end of the Grand Canal near 107 th Ave & Bethany Home Rd	10.00N-01.00E

C. *Other Points of Delivery:*

<u>Name</u>	<u>Location/Identifier</u>	<u>Lateral(s)-Gate(s)</u>	<u>SRP Coordinates</u>
Avondale Wetlands	#2 (10711 W Encanto Blvd)	02-23.0-54.0	06.50N-01.00E
	South Ponds	02-23.0-53.0	06.50N-01.00E
	North Ponds	02-23.0-54.0	06.50N-00.10E
	Bypass Pipe	02-23.0-56.5	06.50N-00.50E
	Recharge Weir	02-23.0-56.5	06.25N-00.50W
Weiler Agreement ¹	SRP Account #0961423	02-23.0-84.8	02.80N-00.50E
	SRP Account #0961423	02-23.0-96.5	02.80N-00.50E
	SRP Account #0962025	07-12.6-01.0	00.50S-12.50E
	SRP Account #0962025	07-13.3-02.0	00.50S-12.50E
	SRP Account #0962025	07-13.4-04.5	00.50S-12.50E
	SRP Account #0962025	07-14.0-08.0	00.50S-12.50E

¹ Pursuant to Weiler Water Wheeling Letter Agreement between City and Association, dated 5/19/2008, as such agreement is modified or amended.

AMENDED AND RESTATED
WATER TRANSPORTATION AGREEMENT
BETWEEN
SALT RIVER VALLEY WATER USERS' ASSOCIATION
AND
CITY OF AVONDALE

EXHIBIT B

POINTS OF RECEIPT FOR CITY OF TEMPE AND ITS SUBCONTRACTORS

1. Where the Interconnection Facility discharges City Water into the Association's Water Delivery System pursuant to (1) the CAP/SRP Interconnection Facility Lease Agreement between City and Association, dated 12/17/96, and (2) section 15 of the Water Delivery and Use Agreement between City and Association, dated 12/17/96, as such agreements are amended or modified.

AMENDED AND RESTATED
WATER TRANSPORTATION AGREEMENT
BETWEEN
SALT RIVER VALLEY WATER USERS' ASSOCIATION
AND
CITY OF AVONDALE

EXHIBIT C

WATER TRANSPORTATION PRIORITY

Priority for transportation of water is:

- First -
- a. Pursuant to rights of Association shareholders from any existing and future sources, including water exchanged for shareholder use and water used to augment or replace shareholder supplies.
 - b. Pursuant to existing Association water delivery contracts and existing decrees. (see Exhibit C-1)
 - c. Pursuant to rights of District to CAP allocation for electric power generation.
 - d. To an Indian tribe as a result of a settlement of the tribe's water rights claims, in the event that Association pledges to deliver such water at this priority.

(The sequence within this "First" category is not intended to imply a priority)

Second - Water set forth in Sections 4.5a and 4.5b of this Agreement. During any Association Water Delivery System capacity curtailment, this water will be delivered pro rata to Cities that have ordered it based on each City's share of the combined amount of this water ordered by all Cities entitled to it. (All water in this second priority is of equal priority).

Third - Water discharged into the Association Water Delivery System from the Interconnection Facility, excluding the water set forth in Section 4.5b of this Agreement. During any Association Water Delivery System capacity curtailment, this water will be delivered pro rata to Cities that have ordered water based on each City's percentage capacity ownership in the Arizona Canal Component or South Canal Component of the Interconnection Facility. (All water within this third priority is of equal priority).

Fourth - Other water. Within this fourth priority, sub-priority for transportation of water shall be determined:

- a. For City Water specified in Section 4.5d, according to the date of the writing signed by the Authorized Representatives agreeing to the transportation of such water.
- b. For water other than City Water, according to the date of the agreement to transport such water.

The earlier the date as determined under either (a) or (b) preceding, the higher the sub-priority.

In the event that water must be evacuated from the Association Water Delivery System, or flows into the Association Water Delivery System must be interrupted or curtailed, lower priority water will be affected first.

AMENDED AND RESTATED
WATER TRANSPORTATION AGREEMENT
BETWEEN
SALT RIVER VALLEY WATER USERS' ASSOCIATION
AND
CITY OF AVONDALE

EXHIBIT C-1

EXISTING ASSOCIATION WATER DELIVERY CONTRACTS AND EXISTING DECREES

The following list of Contracts and Decrees includes major water delivery arrangements but does not necessarily include all existing contractual and decreed deliveries. The documents listed include (1) the original contract or decree and any renewals or extensions thereof on the same terms and conditions whether precedent or subsequent to this Agreement (2) modifications of the original contract or decree made prior to the effective date of this Agreement, and (3) modifications of the original contract or decree made after the effective date of this Agreement that either result from a right or obligation contained in (1) or (2) preceding, or do not impair the transportation of City Water under this Agreement, unless the Authorized Representatives agree otherwise.

BUCKEYE IRRIGATION DISTRICT:	Basis of Settlement of Litigation Between Buckeye Irrigation District and SRVWUA (1943).
------------------------------	--

CLASS A NON-MEMBER LAND:	Pursuant to Kent Decree (1910), entitlement to normal flow.
--------------------------	---

FORT MCDOWELL INDIANS:	Pursuant to Kent Decree (1910), entitlement to normal flow.
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LAKIN-LENNOX:	Agreement Between Loring C. Lennox and SRVWUA (1921).
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MARICOPA GARDEN FARMS:	Agreement Between Fidelity Savings and Loan Association and SRVWUA (1924).
------------------------	--

MARICOPA INDIANS:	Agreement Between United States and SRVWUA (1936).
-------------------	--

NEW STATE IRRIGATION AND DRAINAGE DISTRICT:	Agreement for Installation of Pumping Plant Between SRVWUA, New State Irrigation Drainage District and St. John's Irrigation District (1929).
---	---

PENINSULA-HOROWITZ AND CHAMPION:	Agreement Between SRVWUA, Roosevelt Irrigation District and Owners of Lands Under Peninsula, Horowitz and Champion Ditches (1930).
----------------------------------	--

PHOENIX:	Contract Between United States, City of Phoenix and SRVWUA Providing for the Installation of Spillway Gates at Horseshoe Dam (1948).
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ROOSEVELT IRRIGATION DISTRICT:	Contract Between Carrick and Mangham Agua Fria Lands and Irrigation Company and SRVWUA (1921).
--------------------------------	--

ROOSEVELT WATER CONSERVATION DISTRICT:	Agreement Between Roosevelt Water Conservation District and SRVWUA (1924).
--	--

1	SALT RIVER INDIANS:	Contract Between United States and SRVWUA Supplementary to
2		Certain Contracts dated 6/25/04 and 9/6/17 (1922); Agreement
3		Between United States and SRVWUA Verde River Storage Works
4		(1935).
5	SALT RIVER INDIANS	Agreement Between United States and SRVWUA for Carriage of
6	(SOUTHSIDE):	Water for Irrigation of Lands of the Indians of the Salt River Indian
7		Reservation Under the Utah Canal (1927).
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CITY COUNCIL REPORT

SUBJECT: Wireless Provider Master License Application for Cellco Partnership d/b/a Verizon Wireless

MEETING DATE: 3/23/2020

TO: Mayor and Council

FROM: Kevin Murphy, PE, Development and Engineering Services Director, (623) 333-4011

THROUGH: Charles A. Montoya, City Manager, (623) 333-1016

PURPOSE:

City Council will consider approval of a Wireless Provider Master License Application for Cellco Partnership d/b/a Verizon Wireless and authorize the Mayor or City Manager and City Clerk to execute the necessary documents. The Council will take the appropriate action.

BACKGROUND:

On January 2, 2018, in response to legislation (HB 2365), Avondale City Council adopted the City of Avondale Small Cell Wireless Terms and Conditions document, in addition to other documents and the overall process related to permitting the installation of third party small wireless facilities within the City right-of-way. Minor amendments to the Small Wireless Facility Terms and Conditions were approved by Council on August 13, 2018 and May 20, 2019.

As outlined in the Terms and Conditions, a wireless provider must apply for a Master License prior to submission of any plans to install small wireless facilities within the City right of way.

DISCUSSION:

Cellco Partnership d/b/a Verizon Wireless has submitted an application for a Wireless Provider Master License, along with a Letter of Credit from Bank of America in the amount of \$30,000. These documents have been submitted in accordance with the Small Wireless Facility Terms and Conditions.

Once a Master License is issued, Cellco Partnership d/b/a Verizon Wireless will have the ability to apply for future permits to install small wireless facilities within the City right of way.

STRATEGIC PLAN ALIGNMENT**Initiatives**

- Foster Sustainable Community Development
- Encourage & Support Creative Innovation in Development & Service Delivery

Goals

- Encourage Development of Business in Healthcare, Technology, and Advanced Manufacturing
- Encourage a Flexible Environment Responsive to Market Trends

Objective

- Allow for the use of Small Cell Wireless facilities in the City ROW, enabling wireless providers to provide more complete coverage and prepare for the arrival of the 5G network technology in our City. This would attract businesses wishing to make use of that technology.

BUDGET IMPACT:

The issuance of the Master License to Cellco Partnership d/b/a Verizon Wireless has no budgetary impact to the City.

RECOMMENDATION:

Staff recommends approval of the Wireless Provider Master License for Cellco Partnership d/b/a Verizon Wireless

City of Avondale
WIRELESS PROVIDER MASTER LICENSE APPLICATION

Wireless Provider Name: Cellco Partnership d/b/a Verizon Wireless	Date: 2-13-20
Wireless Provider Address:	
180 Washington Valley Road, Bedminster, NJ 07921	
Attn: Network Real Estate	

Contact/Representative Name & Title: Jamison Tyler, real estate specialist
Contact/Representative Address (if different from above):
126 W. Gemini, Tempe, AZ 85283
Contact/Representative Email: Jamison.Tyler@verizonwireless.com
Contact/Representative Phone Number: 480-777-4336

This Application must be accompanied by a Letter of Credit, based on the estimated number of permits to be sought over the next calendar year. Please Check One:

Estimated Number of Permits	Letter of Credit Amount
☒ 1 to 10	\$30,000
☐ 11 to 20	\$60,000
☐ 21 to 35	\$105,000
☐ 36 to 60	\$180,000
☐ 61 to 100	\$300,000
☐ 101 to 150	\$450,000
☐ 151 to 225	\$675,000
☐ 226 to 350	\$1,050,000
☐ 351 to 500	\$1,500,000
☐ 501 to 750	\$2,250,000
☐ 751 to 1000	\$3,000,000
☐ > 1000	\$3,000,000 plus cost for add'l permits As calculated above

* Prior to the issuance of any permit to Install a Small Wireless Facility under the Master License, the Licensee must submit proof of insurance in accordance with Section 11 of the City of Avondale Small Cell Wireless Terms and Conditions.

BANK OF AMERICA - CONFIDENTIAL

PAGE: 1

DATE: FEBRUARY 7, 2020

IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER: [REDACTED]

APPLICANT
VERIZON COMMUNICATIONS D/B/A
CELLCO PARTNERSHIP
ONE VERIZON WAY-53S328F
BASKING RIDGE, NJ 07920

BENEFICIARY
CITY OF AVONDALE
11465 W. CIVIC CENTER DRIVE
AVONDALE, AZ 85323
ATTN: CHARLES MONTOYA

ISSUING BANK
BANK OF AMERICA, N.A.
ONE FLEET WAY
PA6-580-02-30
SCRANTON, PA 18507-1999

AMOUNT
NOT EXCEEDING USD 30,000.00
NOT EXCEEDING THIRTY THOUSAND AND 00/100'S US DOLLARS

EXPIRATION
DECEMBER 30, 2020 AT OUR COUNTERS

WE HEREBY OPEN OUR IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER
[REDACTED] IN YOUR FAVOR.

THIS CREDIT IS AVAILABLE WITH BANK OF AMERICA BY PAYMENT AGAINST
PRESENTATION OF BENEFICIARY'S DRAFT(S) AT SIGHT DRAWN ON BANK OF
AMERICA N.A.

DRAFT(S) MUST BE ACCOMPANIED BY:

1. THE ORIGINAL LETTER OF CREDIT AND ALL AMENDMENTS, IF ANY.
2. A DATED STATEMENT SIGNED BY AN AUTHORIZED OFFICER OF THE
BENEFICIARY ON BENEFICIARY'S LETTERHEAD READING AS FOLLOWS: "WE DRAW
IN THE AMOUNT OF _____ DUE TO A DEFAULT THAT HAS OCCURRED AND
ALL APPLICABLE NOTICE AND CURE PERIODS HAVE EXPIRED WITHOUT CURE."

PARTIAL DRAWINGS: ARE ALLOWED

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT IS DEEMED TO BE
AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR PERIOD(S) OF ONE YEAR
EACH FROM THE CURRENT EXPIRY DATE HEREOF TO THE FINAL EXPIRATION DATE
OF DECEMBER 30, 2029, UNLESS AT LEAST SIXTY (60) DAYS PRIOR TO ANY
EXPIRATION DATE, WE NOTIFY YOU BY REGISTERED MAIL OR OVERNIGHT
COURIER AT THE ABOVE LISTED ADDRESS THAT WE ELECT NOT TO CONSIDER
THIS LETTER OF CREDIT EXTENDED FOR ANY SUCH ADDITIONAL PERIOD.

DRAFT(S) MUST STATE "DRAWN UNDER BANK OF AMERICA N.A., STANDBY LETTER
OF CREDIT NUMBER [REDACTED] DATED FEBRUARY 7, 2020."

ORIGINAL

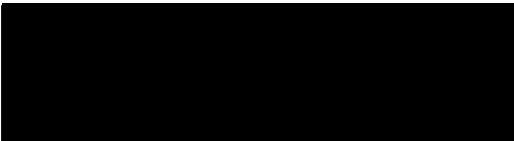
THIS IS AN INTEGRAL PART OF LETTER OF CREDIT NUMBER: 

DRAFT(S) AND DOCUMENTS SHALL BE PRESENTED AT OUR OFFICES AT BANK OF AMERICA, ONE FLEET WAY, SCRANTON, PA 18507-1999, ATTN: GLOBAL TRADE OPERATIONS, STANDBY UNIT.

COMMUNICATIONS WITH RESPECT TO THIS LETTER OF CREDIT SHALL BE IN WRITING AND SHALL BE ADDRESSED TO US AT ONE FLEET WAY, SCRANTON, PA 18507-1999, ATTN: GLOBAL TRADE OPERATIONS, STANDBY UNIT, PHONE: 1-800-370-7519, SPECIFICALLY REFERRING TO THE NUMBER OF THIS LETTER OF CREDIT.

EXCEPT AS OTHERWISE EXPRESSLY STATED HEREIN, THIS CREDIT IS ISSUED SUBJECT TO THE INTERNATIONAL STANDBY PRACTICES (ISP98), INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 590.

IF YOU REQUIRE ANY ASSISTANCE OR HAVE ANY QUESTIONS REGARDING THIS TRANSACTION, PLEASE CALL 800-370-7519 .


AUTHORIZED SIGNATURE

THIS DOCUMENT CONSISTS OF 2 PAGE(S) .

ORIGINAL

(570)496-9547
MELODIE GARRETT
1 FLEET WAY
PA 18507-0230
SCRANTON PA 18507

SHIP CHARLES MONTOYA
TO: (000)000-0000
CITY OF AVONDALE
11465 W CIVIC CENTER DR

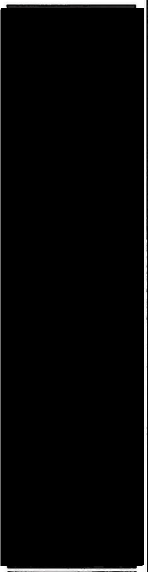
AVONDALE AZ 85323-6803

AZ 856 7-67

UPS NEXT DAY AIR

TRACKING #: 1Z88F 1Y3 01 0079 0848

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BILLING: P/P

P2016 Laser 83.5V 12/2019

CITY COUNCIL REPORT

SUBJECT: Tenth Amendment to Financial Assistance Agreement with Care1st Health Plan of Arizona

MEETING DATE: 3/23/2020

TO: Mayor and Council

FROM: Chris Lopez, Neighborhood & Family Services Director, (623) 333-2711

THROUGH: Charles A. Montoya, City Manager, (623) 333-1016

PURPOSE:

City Council will consider a request to approve the tenth amendment to the Financial Assistance Agreement with Care1st Health Plan of Arizona, Inc. (Care1st) to receive continuing funds for operation of the Care1st Avondale Resource Center in the amount of \$173,712.87 and authorize the Mayor or City Manager and City Clerk to execute the necessary documents. The Council will take appropriate action.

BACKGROUND:

In 2008, the City entered into an agreement with Care1st Health Plan Arizona to operate a resource center with the support of financial sponsorship. The former Old Town Library building was available and with relatively minor renovations was converted into a resource and housing center.

The first of its kind in the Southwest Valley, this multifaceted hub for human services was established in 2009 through an innovative public and private partnership between Care1st Health Plan Arizona, the City of Avondale and First Things First. Approximately 61 agencies provide an array of services to include, health insurance enrollment, nutrition services, financial and emergency assistance, rental/ mortgage assistance, utility assistance, parenting and early childhood development classes. The Center has experienced a significant increase in utilization of services in the past several years. In FY 2020, the Center served more than 60,000 individuals. In an average month, the Care1st Avondale Resource Center serves approximately 3,900 customers, enrolls 200 individuals in AHCCCS, and processes 100 food stamp applications.

With continued funding from Care1st, Avondale staff will continue to identify needed human services and recruit agencies which provide the services needed in the community. The creation of the resource center has complemented the revitalization efforts in Historic Avondale and has attracted other human services funding, specifically from First Things First.

In 2012, Care1st Health Plan Arizona provided funding to replace the aging air conditioning system. In 2013, funding was allocated for approximately half the costs of the roof replacement and the cost of security enhancements for the facility. In 2014, no major renovations were implemented at the Center. Care1st provided funding for new flooring for the children's play area and the large annex in 2015. In December 2016, Care1st Funding was utilized to remodel the public restrooms in the main building.

DISCUSSION:

The resource center is managed by staff of the Neighborhood and Family Services Department. The following information listed below is the division of responsibilities for the resource center that are detailed in the

agreement.

The City of Avondale will provide the following:

- Use of the building at 328 W. Western Avenue
- Use of the furniture currently in the building
- Identification and recruitment of human services and providers to be located in the resource center
- Management of the resource center facility, operations, and staff
- Daily oversight of Care1st support staff who are assigned to the resource center
- Fiscal oversight of the resource center.

Funding from Care1st will provide:

- Support the salary of the Resource Center Coordinator who is a City employee and is responsible for the day to day center operation
- Janitorial services and supplies Facility and grounds maintenance including upkeep of the interior garden
- General office supplies, meeting supplies, postage, printing, risk management, repair and maintenance of equipment, IT replacement charges, and utilities
- Annual operating funding for the resource center for the period of January 2020 through December 2020
- Two support staff members (one full time and one part-time), who will be Care1st employees, who will serve in a reception/clerical capacity and who will be supervised by the Resource Center Coordinator

Joint City of Avondale and Care1st Responsibilities:

- Work together to provide a comprehensive marketing plan to create awareness by residents in the Southwest Valley of the services provided in the resource center
- Work together to provide an evaluation plan which will provide both Care1st and the City with accurate, timely, and comprehensive evaluation data

BUDGET IMPACT:

Care1st will provide a total of \$173,712.87 (Fund 209-7510) for calendar year 2020.

RECOMMENDATION:

Staff recommends that the City Council approve the eighth amendment to the Financial Assistance Agreement with Care1st Health Plan of Arizona, Inc. to continue receiving funds for operation of the Care1st Avondale Resource Center in the amount of \$173,712.87 and authorize the Mayor or City Manager and City Clerk to execute the necessary documents.

**TENTH AMENDMENT
TO
FINANCIAL ASSISTANCE AGREEMENT
BETWEEN
THE CITY OF AVONDALE
AND
CARE 1ST HEALTH PLAN ARIZONA, INC.**

THIS TENTH AMENDMENT TO FINANCIAL ASSISTANCE AGREEMENT (this “Tenth Amendment”) is made as of March 23, 2020, between the City of Avondale, an Arizona municipal corporation (the “City”), and Care 1st Health Plan Arizona, Inc., an Arizona corporation (the “Provider”). The City and Provider are also referred to herein individually as a “Party” or collectively as the “Parties”.

RECITALS

A. The City and Provider entered into a Financial Assistance Agreement, dated November 3, 2008, as amended by that First Amendment, dated December 13, 2010, that Second Amendment, dated January 9, 2012, that Third Amendment, dated January 22, 2013, that Fourth Amendment, dated February 3, 2014, that Fifth Amendment, dated March 2, 2015, that Sixth Amendment, dated December 14, 2015, that Seventh Amendment, dated December 19, 2016, that Eighth Amendment, dated December 18, 2017, and that Ninth Amendment, dated January 14, 2019 (collectively, the “Agreement”), to establish the Resource Center at the Facility to provide the Services to residents of the southwest valley region. Capitalized terms herein shall have the same meaning as set forth in the Agreement unless otherwise defined herein.

B. The City has determined that additional financial assistance is necessary to continue the Services, operate the Resource Center, and improve and maintain the Facility for an additional year (the “Continued Services”).

C. The City and the Provider desire to enter into this Tenth Amendment to renew the Agreement for an additional year and to provide for additional funding for the Continued Services.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing introduction and recitals, which are incorporated herein by reference, the following mutual covenants and conditions, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the Provider hereby agree as follows:

1. Term of Agreement. The term of the Agreement is hereby extended through December 31, 2020 (the “Renewal Term”). The Parties may renew this Tenth Amendment and the Agreement for successive additional time periods at any time prior to the expiration of the Renewal Term by written amendment.

2. Compensation. The Provider shall provide additional funding to the City in the amount of \$173,712.87 to enable the City to provide the Continued Services (the “Additional Funding”). Provider shall pay one half of the Additional Funding to the City on or before April 20, 2020. Provider shall pay the remaining half of the Additional Funding to the City on July 31, 2020.

3. Effect of Amendment. In all other respects, the Agreement is affirmed and ratified and, except as expressly modified herein, all terms and conditions of the Agreement shall remain in full force and effect.

4. Non-Default. By executing this Tenth Amendment, each Party affirmatively asserts that the other Party is not currently in default, nor has been in default at any time prior to this Tenth Amendment, under any of the terms or conditions of the Agreement. Additionally, the Provider affirmatively asserts that any and all claims, known or unknown, related to the Agreement and existing on or before the date of this Tenth Amendment are forever waived.

5. Conflict of Interest. This Tenth Amendment and the Agreement may be cancelled pursuant to ARIZ. REV. STAT. § 38-511.

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the date and year first set forth above.

“City”

CITY OF AVONDALE,
an Arizona municipal corporation

Charles A. Montoya, City Manager

ATTEST:

Marcella Carrillo, City Clerk

(ACKNOWLEDGMENT)

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

On _____, 2020, before me personally appeared Charles A. Montoya, the City Manager of the CITY OF AVONDALE, an Arizona municipal corporation, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above document, on behalf of the City of Avondale.

(Affix notary seal here)

Notary Public in and for the State of Arizona

“Provider”

CARE 1ST HEALTH PLAN ARIZONA, INC.,
an Arizona corporation

By:_____

Name:_____

Title:_____

(ACKNOWLEDGMENT)

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

On _____, 2020, before me personally appeared _____
_____, the _____ of CARE 1ST HEALTH PLAN
ARIZONA, INC., an Arizona corporation, whose identity was proven to me on the basis of
satisfactory evidence to be the person who he/she claims to be, and acknowledged that he/she
signed the above document on behalf of the corporation.

(Affix notary seal here)

Notary Public in and for the State of Arizona

CITY COUNCIL REPORT

SUBJECT: Presentation of the Audit Report

MEETING DATE: 3/23/2020

TO: Mayor and Council

FROM: Lindsey Duncan, Finance and Budget Director, (623) 333-2011

THROUGH: Charles A. Montoya, City Manager, (623) 333-1016

PURPOSE:

Staff will present the City's Comprehensive Annual Financial Report and the results of the annual audit for the fiscal year ended June 30, 2019.

BACKGROUND:

The City Charter requires an independent certified public accountant to perform an annual audit of the City's financial statements and supporting accounts and fiscal transactions; and render an opinion on the financial statements together with a report, including recommendations concerning policy and fiscal procedures, to the City Council and City Manager.

Federal regulations require that the City have a Single Audit (audit of federal funds) if it expends \$750,000 or more during the fiscal year. The City expended more than \$1.8 million of federal awards in fiscal year 2019. (Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, also known as the "Uniform Guidance").

DISCUSSION:

CliftonLarsonAllen LLP, the City's auditors, recently completed its annual audit of the City for the year ended June 30, 2019. The audit services included the following:

- Audit of the Comprehensive Annual Financial Report (CAFR)
- Audit of the City's expenditures of federal awards (Single Audit)
- Examination of the City's compliance as to whether the City used highway user revenue fund monies for authorized transportation purposes (HURF Compliance)

CAFR

The auditors rendered an unmodified opinion ("clean opinion") on the financial statements and accompanying notes to the financial statements. The Independent Auditors' Report is presented on pages 1 -3 of the CAFR.

Single Audit

As part of the Single Audit, the auditors:

- reported on internal control over financial reporting in accordance with Government Auditing Standards

- provided an opinion on the City's compliance with the Uniform Guidance;
- reported on internal control over compliance with laws, regulations, contracts and grant agreements; and
- provided an opinion on the schedule of expenditures of federal awards. The auditors rendered a clean opinion on compliance with the Uniform Guidance, internal control over compliance, and on the schedule of expenditures of federal awards. In addition, the auditors noted no questioned costs during the audit.

Management Letter

Deficiencies identified which the auditors did not consider either material or significant were reported in the Management Letter. Five findings are cited in the Letter.

HURF Compliance

The auditors performed examination procedures to determine whether expenditures from HURF monies and any other dedicated state transportation revenues were spent pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2. The auditors rendered a clean opinion on compliance with the requirements.

BUDGET IMPACT:

There is no budgetary impact.

RECOMMENDATION:

This item is for information and discussion only.

CITY OF AVONDALE, ARIZONA
SINGLE AUDIT ACT REPORTS FOR THE
FISCAL YEAR ENDED JUNE 30, 2019

**CITY OF AVONDALE, ARIZONA
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FISCAL YEAR ENDED JUNE 30, 2019**

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

City Council and Management
City of Avondale, Arizona
Avondale, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Avondale, Arizona (City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 30, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Phoenix, Arizona
January 30, 2020



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

City Council and Management
City of Avondale, Arizona
Avondale, Arizona

Report on Compliance for Each Major Federal Program

We have audited the City of Avondale, Arizona (City)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2019. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Avondale, Arizona complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Avondale, Arizona as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated January 30, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Phoenix, Arizona
January 30, 2020

**CITY OF AVONDALE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED JUNE 30, 2019**

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal Control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified not considered to be material weaknesses? _____ yes X none reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

_____ yes X no

Identification of major program:

CFDA Number(s)

14.218

Name of Federal Program or Cluster

CDBG – Entitlement Grant Cluster

14.239

Home Investment Partnership Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____ yes X no

**CITY OF AVONDALE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

SECTION II—FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

CITY OF AVONDALE, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2019

Federal Agency/Program Title/Cluster/Pass-Through Grantor	CFDA Number	Pass-Through Grantor Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218	Direct Grant	\$ 602,779	\$ -
Passed through the Arizona Department of Housing				
Home Investment Partnerships Program,	14.239	300-18	249,935	41,109
Passed through the Maricopa County Human Services Department				
Home Investment Partnerships Program	14.239	C-22-17-049-3-03	396,451	-
Total Home Investment Partnerships Program - CFDA No. 14.239			<u>646,386</u>	<u>41,109</u>
Total U.S. Department of Housing and Urban Development			1,249,165	41,109
U.S. Department of Justice				
Passed through the Arizona Department of Public Safety				
Crime Victim Assistance	16.575	2016-VA-GX-0046	249,119	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0730	19,659	-
Passed through the National Children's Alliance				
Improving the Investigation and Prosecution of Child Abuse and the				
Regional and Local Children's Advocacy Centers,	16.758	YUMA-AZ-3QIAA19	7,000	-
Total U.S. Department of Justice			<u>275,778</u>	<u>-</u>
U.S. Department of Transportation				
Federal Highway Administration				
Highway Planning and Construction Cluster				
Passed through the Maricopa Association of Governments				
Highway Planning and Construction	20.205	N/A	223,346	-
National Highway Traffic Safety Administration				
Highway Safety Cluster				
State and Community Highway Safety	20.600	2019-OP-001	34,560	-
Passed through the Arizona Governor's Office of Highway Safety				
National Priority Safety Programs	20.616	2018-405D-005	25,167	-
Total Highway Safety Cluster - CFDA Nos. 20.600, 20.616			<u>59,727</u>	<u>-</u>
Total U.S. Department of Transportation			283,073	-
U.S. Institute of Museum and Library Services				
Passed through the Arizona State Library, Archives and Public Records				
Grants to States	45.310	2018-0010-2	37,830	-
U.S. Department of Health and Human Services				
Aging Cluster				
Passed through the Area Agency on Aging, Region One, Inc.				
Special Programs for the Aging, Title III, Part B,				
Grants for Supportive Services and Senior Centers,	93.044	2019-08-AVO	53,004	-
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2019-08-AVO	152,107	-
Nutrition Services Incentive Program	93.053	2019-08-AVO	25,016	-
Total Aging Cluster - CFDA Nos. 93.044, 93.045, and 93.053			<u>230,127</u>	<u>-</u>
Passed through the Maricopa County Department of Human Services				
TANF Cluster				
Temporary Assistance for Needy Families	93.558	C-22-17-001-3-02	31,162	-
Low-Income Home Energy Assistance	93.568	C-22-17-001-3-02	7,502	-
Passed through the Area Agency on Aging, Region One Inc.				
Social Services Block Grant	93.667	2019-08-AVO	17,204	-
Total U.S. Department of Health and Human Services			<u>285,995</u>	<u>-</u>
Total Expenditures of Federal Awards			\$ 2,131,841	\$ 41,109

See Notes to Schedule of Expenditures of Federal Awards.

CITY OF AVONDALE, ARIZONA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 GENERAL

The accompanying schedule of expenditures of federal awards includes all of the City of Avondale, Arizona (City)'s federal grant activity for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.

NOTE 2 BASIS OF ACCOUNTING

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2019 Catalog of Federal Domestic Assistance. When no CFDA number had been assigned to a program, the 2- digit federal agency identifier and the federal contract number were used. When there was no federal contract number, the 2-digit federal agency identifier and the word "unknown" were used.

NOTE 4 INDIRECT COST RATE

The City did not elect the 10 percent de minimis indirect cost rate as covered in 2CFR 200.414.



FISCAL YEAR ENDED
JUNE 30, 2019

An artist's rendering of
Festival Fields due to be completed
December 2019

Avondale, Arizona
**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**



The playground at
Friendship Park provides
fun for kids of all ages

Avondale
Arizona

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2019
CITY OF AVONDALE, ARIZONA



MAYOR AND COUNCIL

Kenn Weise, Mayor
Pat Dennis, Vice Mayor
Bryan Kilgore
Mike Pineda
Veronica Malone
Tina Conde
Curtis Nielson

MANAGEMENT STAFF

Charles Montoya, City Manager
Gina Montes, Assistant City Manager
Kevin Artz, Assistant City Manager

Prepared by: Finance and Budget Department

Lindsey Duncan, Finance and Budget Director
James Alcantar, Finance and Budget Assistant Director
Stephanie George, Senior Accountant
Greg Luethje, Senior Accountant
Lorisa Sjaheim, Accountant
Melinda Tinney, Accountant



**CITY OF AVONDALE, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2019**

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INTRODUCTORY SECTION



January 30, 2020

Honorable Mayor and City Council, and Citizens of the City of Avondale:

In accordance with the requirements of the City of Avondale's (the City) Charter, we are pleased to submit the City's Comprehensive Annual Financial Report for the fiscal year ended 2019. This report has been prepared in conformity with U.S. generally accepted accounting principles (GAAP) for local governments as prescribed in pronouncements of the Governmental Accounting Standards Board (GASB), and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

The report consists of management's representations concerning the City's finances. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, city management has established an internal control framework that is designed both to protect the City's assets from loss, theft, and misuse, and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's internal controls have been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City as of and for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used, and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements as of and for the fiscal year ended June 30, 2019, are fairly presented in conformity with GAAP. The Independent Auditors' Report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally-mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing single audit engagements require the independent auditors to report on the fair presentation of the financial statements; and also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and

legal requirements involving the administration of federal awards. The Single Audit Report is published as a separate document.

As a recipient of federal, state and county financial assistance, the City is responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws, regulations, contracts, and grants related to those programs. Internal control is subject to periodic evaluation by management.

GAAP requires that management provide narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the Independent Auditors' Report.

City of Avondale Profile

The City of Avondale, incorporated in 1946, is located on the southwestern side of the Phoenix metropolitan area, and over the past ten years, is one of the fastest growing residential areas in Maricopa County, Arizona. The City's planning area currently occupies 94 square miles and serves a population of over 85,000. Unique to Avondale are the three rivers that traverse the City; the Gila, Salt, and Agua Fria Rivers. The convergence of these rivers within Avondale presents a unique opportunity to build an open space system around these natural resources. Avondale also is home to ISM Raceway (formerly Phoenix International Raceway); a world-class motor sports venue nestled in the foothills of the beautiful Estrella Mountains. Avondale is a popular NASCAR destination. Each year, racing enthusiasts and race teams converge in Avondale, spending millions of dollars.

Avondale operates under the Council-Manager form of government in accordance with its Charter. Legislative authority is vested in a seven-member City Council consisting of a mayor and six council members elected at large for a term of four years. The Mayor and Council appoint the City Manager, City Attorney, and Presiding Judge. The City of Avondale provides a full range of services to its citizens. Services include police, fire, public transportation, library, human services, parks and recreation, street maintenance, and general administration. The City also operates water, wastewater, and sanitation services.

The annual budget serves as the foundation for the City of Avondale's financial planning and control. The City Manager submits a proposed budget on or before June 1, to the City Council for review, for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of funding. Various meetings are held during the months leading up to the final budget adoption including Council work sessions and a Citizen Capital Improvement Plan meeting. The City Council holds public hearings prior to the budget's final adoption in order to obtain additional citizen feedback. At a regular Council meeting in June, the City Council formally adopts a final budget and it is then legally enacted through passage of a resolution. The resolution sets the limit for expenditures during the fiscal year. The legal level of expenditure control is at the department level for the General Fund and at the fund level for all other funds. The City Council legally adopts the budget and allocates spending authority to City funds through passage of an ordinance for the ensuing year. Budgetary comparison statements and schedules, as appropriate, are provided in this report for each of these funds. The primary property tax supports city operations. The secondary property tax is used to pay principal and interest bonds

issued for the construction of public infrastructure. Both primary and secondary taxes are levied by the City Council in June.

In addition to maintaining budgetary control through formal appropriation, the City maintains an encumbrance accounting system. Encumbrances are made against appropriations upon the issuance of a purchase order.

Local Economy

Fiscal year 2019 local revenues continued an upward trend and increased about 6.2% from fiscal year 2018. Retail sales tax collections have improved over the past several years. The City has added over 200,000 square feet of retail, and almost 1 million square feet of industrial buildings which are anticipated to add significant sales tax and employment opportunities to the local economy. Some of the new and expanding businesses are Site Solar Manufacturing, Hickman's Farm, Scale and Feather Meadery, AKOS Medical Campus, and BridgeWater Assisted Living. Starting in 2020, developers are planning to offer over 5,000 new home sites in Avondale.

Construction sales tax collections had been at a ten-year low during fiscal years 2014 and 2015. Due to the improving economy and the City Council's Accelerate Now initiative, single family housing permits have increased from only 68 in fiscal year 2015 to over 200 in fiscal years 2016, 2017 and 2018. During fiscal year 2019 there were 119 new single permits issued. While residential construction sales tax is not collected until the home sells, construction sales tax decreased by about \$0.1 million between fiscal years 2018 and 2019. In addition, the City experienced a 7.4% increase in the net limited assessed property value, growing from \$370,922,156 to \$398,288,948 for fiscal year 2019.

Long-term financial planning

During the budget process, the City prepares a multi-year forecast which incorporates ongoing revenue and expenditure projections. The City also prepares a 5-year Capital Improvement Project plan to ensure sustainable construction of projects upon commencement. Summary information from the multi-year forecast and 5-year CIP plan is presented to City Council during the budget preparation process.

On June 30, 1980, Arizona voters approved general propositions amending the Arizona Constitution to establish expenditure and revenue limitations for local governments. The purpose of the expenditure limitation is to control expenditures and to limit future increases in spending to adjustments for inflation, deflation, and population growth of the City.

On August 30, 2016 the voters of the City approved an alternative expenditure limitation, the effect of which is that the total budgeted expenditures, of each yearly budget, become the expenditure limitation for that year on a total budget basis. This alternative limitation is effective until June 30, 2021.

Stabilization Fund Financial Policy

The City has established a two-tier stabilization fund in accordance with GASB Statement No. 54. The General Fund stabilization amount is 35% of the prior year's budgeted expenditures and transfers. The budgeted stabilization fund for fiscal year 2019 is \$26,907,594. In addition, net position in the Water and Wastewater Funds are maintained at a minimum of nine months of

operating expenses plus five percent of the value of the Fund's capital assets excluding accumulated depreciation. All other enterprise funds maintain a minimum of four months of operating expenses plus the amount required to meet annual debt service requirements.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Avondale for its Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2018. In order to be awarded the Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a one-year. This year's report will also be submitted to the program.

In addition, the City also received the GFOA Distinguished Budget Presentation Award for its annual budget document for the fiscal year 2019 budget. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communication device.

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance and Budget Department. We would like to express our appreciation to all members of the Department who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor and Council for their continued support to help maintain the highest standards of professionalism in the management of the City of Avondale's finances.

Respectfully submitted,



Lindsey Duncan
Finance and Budget Director



Government Finance Officers Association

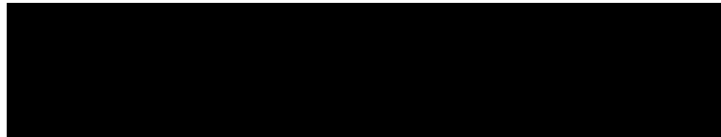
**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Avondale
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018



Executive Director/CEO

**CITY OF AVONDALE, ARIZONA
ORGANIZATIONAL CHART
YEAR ENDED JUNE 30, 2019**

**CITY OF AVONDALE, ARIZONA
PRINCIPAL OFFICIALS
YEAR ENDED JUNE 30, 2019**

MAYOR AND COUNCIL

Kenn Weise, Mayor

Pat Dennis, Vice Mayor

Mike Pineda, Councilmember

Curtis Nielson, Councilmember



Bryan Kilgore, Councilmember

Veronica Malone, Councilmember

Tina Conde, Councilmember

MANAGEMENT STAFF

Charles Montoya, City Manager

Gina Montes, Assistant City Manager

Kevin Artz, Assistant City Manager

DEPARTMENT HEADS

Craig Jennings, City Judge

Cindy Blackmore, Public Works Director

Cherlene Penilla, Human Resources Director

Kirk Haines, Parks, Recreation and Libraries
Director

Lindsey Duncan, Finance and Budget Director

Tracy Stevens, Development and Engineering
Services Director

Pier Simeri, Community Relations Director

Paul Adams, Chief of Fire and Medical

Dale Nannenga, Chief of Police

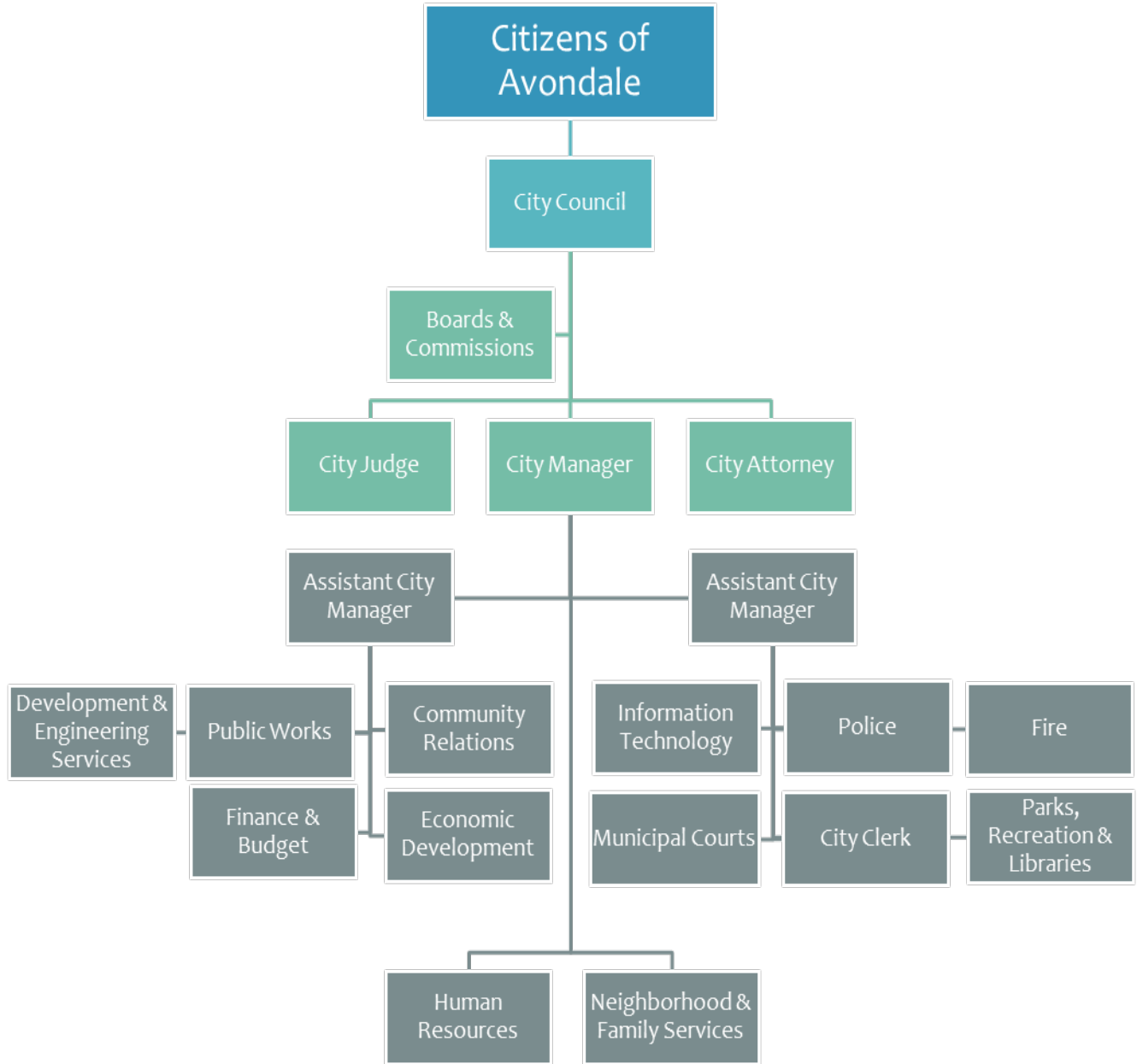
Dan Davis, Economic Development Director

Chris Lopez, Neighborhood and Family
Services Director

Jeff Scheetz, Chief Information Officer

Carmen Martinez, City Clerk

**CITY OF AVONDALE, ARIZONA
ORGANIZATIONAL CHART
YEAR ENDED JUNE 30, 2019**





Independent Auditors' Report



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Avondale, Arizona
Avondale, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Avondale, Arizona (City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Avondale, Arizona as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the statement of revenues, expenditures and changes in fund balances – budget to actual statements for the General Fund, Dedicated Sales Tax Revenue Fund and the Public Safety Sales Tax Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Avondale, Arizona's basic financial statements. The introductory section, statistical section and the supplementary information section (combining fund financial statements and budgetary comparison schedules and other supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information section (combining fund financial statements and budgetary comparison schedules and other supplementary information) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Board of Directors and Stockholders
City of Avondale, Arizona

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2020, on our consideration of the City of Avondale, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City of Avondale, Arizona's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Avondale, Arizona's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Phoenix, Arizona
January 30, 2020

**Management's Discussion and Analysis
(Required Supplementary Information)**

**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

As management of the City of Avondale, Arizona (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. This discussion and analysis is designed to 1) assist the reader in focusing on significant financial issues, 2) provide an overview of the City's financial activity, 3) identify changes in the City's financial position, 4) identify any significant deviations from the City's *Annual Budget and Financial Plan* (the council-adopted annual budget), and 5) identify individual fund issues or concerns. The information presented in this discussion and analysis is based on currently known facts, decisions, and conditions.

This discussion and analysis has a different focus and purpose than the Letter of Transmittal presented on pages vii-xii of this report and is designed to be read in conjunction with the Letter of Transmittal, as well as the basic financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

The following are some of the more significant financial highlights. Explanations for these changes are provided below and in the following sections.

- Government-wide assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of the most recent year by about \$1.2 billion (net position). Of this amount, \$108.4 million represents unrestricted net position, down about \$5.7 million (5.9%) from last year, which may be used to meet the City's ongoing obligations to citizens and creditors.
- Net position increased \$37.2 million (3.3%) during the year, resulting from a \$31.2 million (5.4%) increase in governmental activities net position and \$6.0 million (1.1%) increase in business-type activities net position between years.
- Governmental activities program revenues increased \$8.6 million (39.2%) and general revenues increased by \$6.8 million (8.3%) between years, while expenses decreased about \$0.8 million during the same period.
- Business-type activities program revenues decreased \$0.5 million (1.5 %) and general revenues increased by about \$1.6 million (151.2%) over the previous year, while expenses increased about \$1.8 million during the same period.
- Government-wide assets increased about \$52.9 million (4.2%) over the prior year. This was largely due to an increase in capital assets of \$21.4 million between years.
- Government-wide liabilities increased about \$16.8 million (11.4%) over the prior year. This was mainly due to 2019 General Obligation Bond of \$21.4 million was issued.
- At year end, the governmental funds reported combined fund balance of \$137.6 million, an increase of \$24.0 million over the previous year. Of this amount, about \$115.2 million was either externally restricted or internally committed to specific purposes. About \$1.5 million unassigned balance was decreased from prior year.
- Combined governmental fund revenues of \$105.7 million increased \$4.0 million and expenditures of \$106.4 million increased \$17.2 million between years.
- General Fund revenues exceeded budgeted revenues by \$2.1 million, while expenditures were \$6.6 million less than final budgeted expenditures during the year, resulting in a net budgetary savings of \$8.7 million.

**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provides an introduction to the City's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, some of which is required, that provides additional detail information to support the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide a broad overview of the City's finances in a manner similar to a private-sector business. All of the City's activities, except those of a fiduciary nature, are included in these statements.

The City's activities are presented in two columns; governmental activities and business-type activities. A total column is also presented for the City.

- **Governmental activities** include the City's basic services such as general government (administration), public safety (police and fire), highways and streets, health and welfare, economic and community development, culture and recreation, and transportation. These activities are mainly supported by general revenues.
- **Business-type activities** include private sector-type activities such as city-owned water, wastewater, and sanitation systems that provide services to city residents and businesses. These activities are primarily supported by user charges and fees.

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. The focus on net position is important because increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Increases in net position may indicate an improved financial position, but decreases in net position may not necessarily indicate the City's financial position is deteriorating. Instead, decreases in net position may reflect situations where the City has used previously accumulated funds to finance its operations or projects such as cash funding of capital projects. As a result, readers must consider and evaluate other financial and nonfinancial indicators to effectively assess the City's overall financial health.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. Since the economic resources measurement focus and full accrual accounting are used for the government-wide financial statements, all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and long-term debt that has not matured). This statement also focuses on both the gross and net costs of city functions based only on direct functional revenues and expenses. This focus is designed to show the extent to which city functions are dependent on general revenues for support.

The government-wide financial statements can be found on pages 20-21 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and to establish and maintain control over city assets as part of its fiduciary responsibility. All city funds are categorized as governmental funds, proprietary funds, or fiduciary funds. The fund financial statements focus on the City's major funds.

**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Governmental funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at year end. Such information may be useful in evaluating the City's near-term financing requirements and determining what financial resources are available in the near future to fund city programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it may be useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. To facilitate this comparison, reconciliations of the differences between the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances and government-wide statement of net position and statement of activities are provided immediately following the respective governmental fund statements. These reconciliations are on pages 26 and 30, respectively.

The City maintains eighteen governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Dedicated Sales Tax Revenue Fund, Public Safety Sales Tax Revenue Fund, and Development Fees Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining financial statements and schedules.

The City adopts an annual budget and legally allocates (appropriates) available monies for all governmental funds. Budgetary comparison statements are presented for all major funds, except for the Development Fees Fund, on pages 32-34. Budgetary comparison schedules are presented for the remaining governmental funds on pages 91 and 103-116.

Proprietary funds use the economic resources measurement focus and full accrual accounting, the same method used by private sector business. The City maintains seven proprietary funds.

- **Enterprise funds** account for activities that primarily serve customers outside the city unit. The enterprise funds generally provide information similar to the business-type activities column of the government-wide financial statements, but provide more detailed information such as cash flows. The City uses separate enterprise funds to account for its water, wastewater and sanitation system services. These funds are considered to be major funds of the City.
- **Internal service funds** account for activities where the City is the primary customer. Because these funds primarily provide services to governmental activities, the internal service fund account balances and activities are reported in the governmental activities column on the government-wide financial statements. The internal service fund account balances and activities are presented in a single, aggregated column on the proprietary fund financial statements. The operating income or loss of the internal service funds is allocated to the various user functions on the government-wide statement of activities. Since the City partially allocates the operating income or loss of the internal service funds to business-type activities on the government-wide financial statements, a reconciliation is provided on the face of the proprietary fund financial statements to reconcile total enterprise fund net position and changes in net position on the fund financial statements to the business-type activities column on the government-wide financial statements. The City uses separate internal service funds to account for its risk management program, workers' compensation, printing services, and fleet management services. Additional information on the internal service funds is provided in combining statements.

Fiduciary funds account for resources held for the benefit of parties outside of the City. Fiduciary funds are not reported in the government-wide financial statements because the resources of these funds are not available to support city programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and should be read with these financial statements. The notes can be found on pages 46-82 of this report.

Required supplementary information other than MD&A—In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget process and employer pension plans. Governments have the option of including budgetary comparison statements of the General Fund and major special revenue funds either as part of the fund financial statements within the basic financial statements or as required supplementary information. The City has elected to present budgetary comparison statements as part of the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following tables, graphs and analyses discuss the financial position and changes in the financial position of the City as of and for the year ended June 30, 2019, with comparative information from June 30, 2018.

Net Position—As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by about \$1.2 billion at the close of the most recent year.

Net Position At June 30

	Governmental Activities		Business-type Activities		Total Government		Percent Change
	2019	2018	2019	2018	2019	2018	
Current and other assets	\$ 157,110,158	\$ 128,760,675	\$ 107,209,807	\$ 101,011,768	\$ 264,319,965	\$ 229,772,443	15.0 %
Capital assets, net	585,141,562	563,739,591	454,337,422	457,412,562	1,039,478,984	1,021,152,153	1.8
Total assets	742,251,720	692,500,266	561,547,229	558,424,330	1,303,798,949	1,250,924,596	4.2
Deferred outflows of resources							
Deferred charge on debt refunding	2,061,078	2,447,469	7,470	8,964	2,068,548	2,456,433	(15.8)
Deferred outflows related to pensions and other postemployment benefits	15,924,026	12,644,046	1,258,859	1,021,010	17,182,885	13,665,056	25.7
Total deferred outflows of resources	17,985,104	15,091,515	1,266,329	1,029,974	19,251,433	16,121,489	
Current and other liabilities	24,615,883	21,592,795	7,418,171	9,040,574	32,034,054	30,633,369	4.6
Long-term liabilities	117,048,524	100,263,744	15,859,244	17,215,706	132,907,768	117,479,450	13.1
Total liabilities	141,664,407	121,856,539	23,277,415	26,256,280	164,941,822	148,112,819	11.4
Deferred inflows of resources							
Deferred inflows related to pensions and other postemployment benefits	4,260,215	2,706,997	855,612	468,198	5,115,827	3,175,195	61.1
Net position:							
Net investment in capital assets	534,401,329	512,653,918	444,455,024	445,885,371	978,856,353	958,539,289	2.1
Restricted	43,841,243	38,693,992	21,858,516	21,099,328	65,699,759	59,793,320	9.9
Unrestricted	36,069,630	31,680,335	72,366,991	65,745,127	108,436,621	97,425,462	11.3
Total net position	\$ 614,312,202	\$ 583,028,245	\$ 538,680,531	\$ 532,729,826	\$ 1,152,992,733	\$ 1,115,758,071	3.3

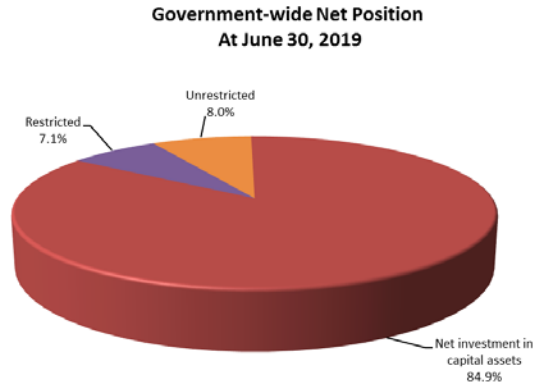
At year end, the City is able to report positive balances in all three categories of net position for both governmental and business-type activities. Total net position increased about \$37.2 million from the prior year.

The largest portion of net position, net investment in capital assets of \$978.9 million, reflects the City's investment in capital assets, net of accumulated depreciation and amortization, reduced by outstanding balances of bonds and other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources related to the debt also are included in this component of net position. The City uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Although the capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets cannot be used to liquidate these liabilities. Net investment in capital assets increased about \$20.3 million between years.

**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Restricted net position of \$65.7 million represents resources with constraints placed on their use externally either by creditors, grantors, contributors, laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted net position increased about \$5.9 million between years, which is largely due to increases in resources restricted for capital projects and debt service.

Unrestricted net position of \$108.4 million may be used to meet the City's ongoing obligations to its citizens and creditors. Unrestricted net position increased about \$11.0 million between years.



Changes in Net Position

The following table presents revenues, expenses, and changes in net position of the City for the fiscal years ended June 30, 2019, and June 30, 2018.

**Changes in Net Position
Year Ended June 30**

	Governmental Activities		Business-type Activities		Total (Primary Government)		Percent Change
	2019	2018	2019	2018	2019	2018	
Revenues:							
Program revenues							
Charges for services	\$ 5,574,441	\$ 6,251,597	\$ 30,866,450	\$ 30,430,226	\$ 36,440,891	\$ 36,681,823	(0.7) %
Operating grants and contributions	10,156,821	9,759,508	-	-	10,156,821	9,759,508	4.1
Capital grants and contributions	14,680,697	5,841,412	3,293,949	4,242,922	17,974,646	10,084,334	78.2
General revenues							
Sales and use taxes	52,003,028	49,443,328	-	-	52,003,028	49,443,328	5.2
Property taxes	7,114,194	5,960,491	-	-	7,114,194	5,960,491	19.4
Franchise taxes	1,223,384	1,256,448	-	-	1,223,384	1,256,448	(2.6)
State-shared revenues	22,314,405	21,713,658	-	-	22,314,405	21,713,658	2.8
Investment income	3,113,051	660,720	2,678,897	500,622	5,791,948	1,161,342	398.7
Capital contribution	-	-	-	-	-	-	-
Gain (loss) on sale of capital assets	590,335	(40,759)	38,168	124,425	628,503	83,666	651.2
Miscellaneous	2,167,739	2,748,927	-	456,716	2,167,739	3,205,643	(32.4)
Total revenues	118,938,095	103,595,330	36,877,464	35,754,911	155,815,559	139,350,241	11.8
Expenses:							
General government	13,286,395	17,413,185	-	-	13,286,395	17,413,185	(23.7)
Public safety	38,891,455	38,601,762	-	-	38,891,455	38,601,762	0.8
Highways and streets	14,906,217	13,797,634	-	-	14,906,217	13,797,634	8.0
Health and welfare	3,476,278	3,592,893	-	-	3,476,278	3,592,893	(3.2)
Economic and community development	6,924,053	6,354,065	-	-	6,924,053	6,354,065	9.0
Culture and recreation	6,790,207	5,964,961	-	-	6,790,207	5,964,961	13.8
Transportation	1,357,022	1,138,438	-	-	1,357,022	1,138,438	19.2
Interest on long-term debt	1,722,511	1,268,556	-	-	1,722,511	1,268,556	35.8
Water	-	-	15,843,476	16,560,738	15,843,476	16,560,738	(4.3)
Wastewater	-	-	10,355,180	11,620,939	10,355,180	11,620,939	(10.9)
Sanitation	-	-	5,028,104	4,809,711	5,028,104	4,809,711	4.5
Total expenses	87,354,138	88,131,494	31,226,759	32,991,388	118,580,897	121,122,882	(2.1)
Increase (decrease) in net position before transfers	31,583,957	15,463,836	5,650,705	2,763,523	37,234,662	18,227,359	
Transfers	(300,000)	(150,000)	300,000	150,000	-	-	
Increase (decrease) in net position	31,283,957	15,313,836	5,950,705	2,913,523	37,234,662	18,227,359	
Net position, July 1	583,028,245	567,714,409	532,729,826	529,816,303	1,115,758,071	1,097,530,712	
Net position, June 30	\$ 614,312,202	\$ 583,028,245	\$ 538,680,531	\$ 532,729,826	\$ 1,152,992,733	\$ 1,115,758,071	

**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Total 2019 revenues of \$155.8 million increased about \$16.4 million over the previous year. Governmental activities revenues increased by \$15.3 million (and business-type activities revenues increased about \$1.1 million over the prior year), while expenses decreased \$0.7 million for governmental and decreased \$1.8 million for business-type activities during the same period.

Governmental Activities

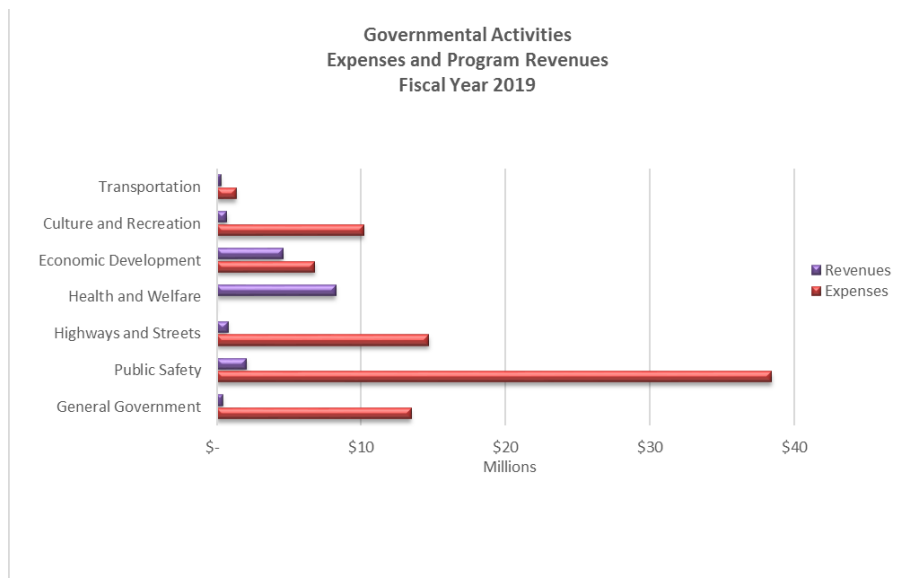
Governmental activities increased the City's net position before transfers by \$31.6 million during the year, compared to \$15.5 million in the prior year. The increase between years was largely due to increases in general and program revenues of about \$8.6 million and \$6.8 million, respectively, over the prior year, offset by a decrease in expenses of about \$0.7 million between years. Governmental activities accounted for 76.3% of the City's total revenues and 73.7% of total expenses during the year. Program revenues of \$30.4 million were 25.6% of governmental activities expenses during the year, compared to \$21.9 million, or 24.8%, of expenses in 2018.

Program revenues increased between years largely due to increase in capital grants and contributions of \$8.8 million, which were mainly due to an increase in capital contributions from other governments and developers from the prior year.

General revenues increased between years mainly due to the following:

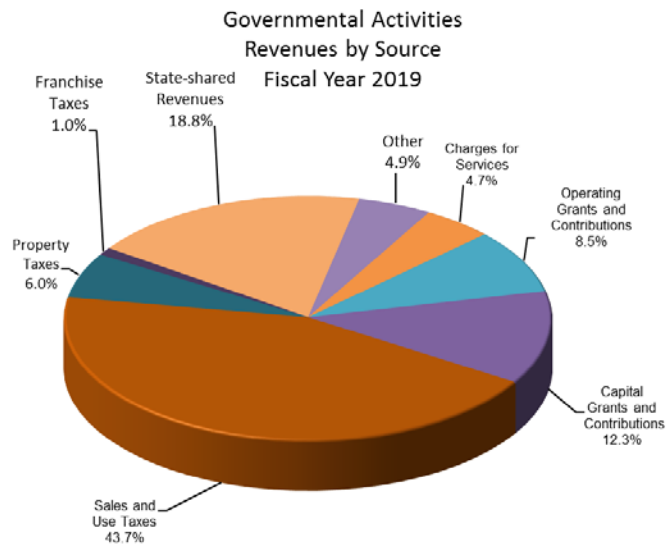
- Sales and use taxes increased \$2.6 million. An increase in sales and use tax revenues of about 5.2% was projected based on collection trends by tax rate classification and assuming a stable population and employment.
- Capital contribution of \$14.7 million was received from Arizona Department of Transportation for infrastructure constructed.

The following graph shows governmental activities functional revenues and expenses in order to demonstrate the extent to which the governmental functions produce direct revenues to offset related program expenses. It should be noted that this graph is not intended to represent a full cost allocation to these functions. Expenses not covered by direct program revenues are covered by the City's general revenues, which consist primarily of taxes and state-shared revenue.

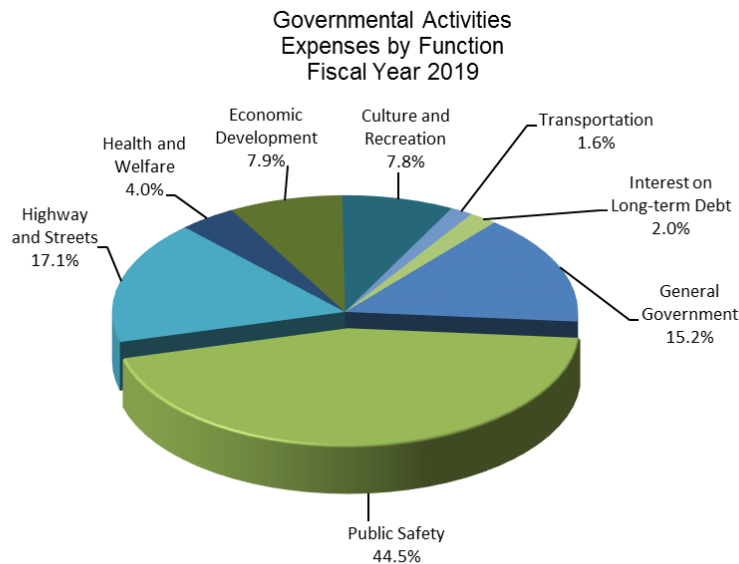


**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

As seen in the following graph, the largest governmental activities revenue sources are sales and use taxes of \$52.0 million (43.7%), followed by state-shared revenues of \$22.3 million (18.8%) and capital grants and contributions of \$14.7 million (12.3%).



The City's largest governmental activities expenses by function include public safety at \$38.9 million (44.5%), followed by highway and streets at \$14.9 million (17.1%) and general government at \$13.3 million (15.2%).



Business-type Activities

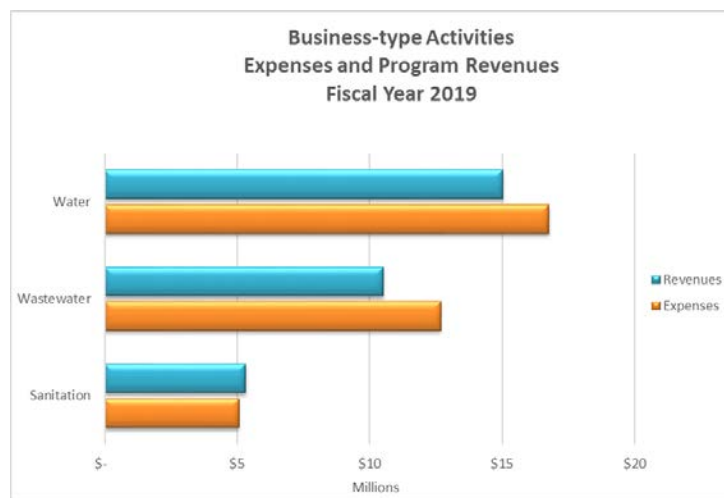
Business-type activities increased net position before transfers by \$5.7 million during the year, an increase of about \$3.0 million over the prior year. Program revenues decreased \$0.5 million and general revenues increased about \$1.6 million over the prior year, respectively, while expenses decreased about \$1.7 million from the previous year. Business-type activities accounted for 23.7% of the City's total revenues and 26.3% of total expenses during the year. Program revenues of \$34.1 million were 118.1% of business-type expenses during the year, compared to \$34.7 million, or 97.0%, of expenses in 2018.

**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

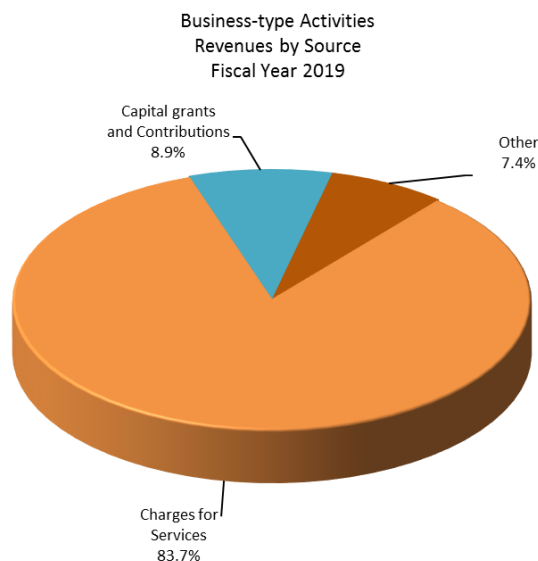
The changes in business-type activities program and general revenues between years were mainly due to better investment performance resulted in an increase in investment income.

Business-type activities program expenses remained substantially unchanged from the previous year.

The following graph shows the revenues and expenses of the business-type activities in order to demonstrate the extent to which the business-type activities produce direct revenues to offset related program expenses. It should be noted that this graph is not intended to represent a full cost allocation to these activities. As noted previously, expenses not covered by direct program revenues are covered by the City's general revenues.



The City's largest business-type activity is water services with program expenses of \$15.8 million and program revenues of \$15.8 million, followed by wastewater services with expenses of \$10.4 million and revenues of \$10.4 million, during the year.



**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Charges for services, which consist almost entirely of city water sales, sewer fees, and refuse collection fees, provided the largest share of revenues at \$30.9 million or 83.7%.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and to establish and maintain control over city assets as part of its fiduciary responsibility.

Governmental Funds

The focus of the City's governmental fund financial statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's resources available for spending at year end.

The financial performance of the City, as a whole, is reflected in its governmental funds. As of June 30, 2019, the City reported combined fund balance of \$137.6 million, an increase of \$24.0 million over the previous year. About \$21.3 million of the fund balance is unassigned and \$29.0 million is assigned. These balances are available for spending at the City's discretion. The remainder of the fund balance consists of nonspendable balances of about \$1.1 million, restricted balances of \$59.2 million, and committed balances of \$27.0 million.

General Fund—accounts for all city financial resources not required to be accounted for in other funds. This fund is the City's primary operating fund and accounts for many major functions of the City such as general government, public safety, health and welfare, economic and community development, and culture and recreation. At year end, fund balance of the General Fund was \$57.5 million compared to \$48.1 million in the prior year, an increase of \$9.4 million. The overall increase in fund balance during the year was largely due to revenues increased by about \$3.0 million over the previous year. Taxes and intergovernmental revenues increased \$2.5 million in total, and accounted for most of the revenue increase between years. Expenditures remained comparable to prior year.

Dedicated Sales Tax Revenue Fund—accounts for the voter-approved 0.5-cent dedicated sales tax revenues. The use of these revenues is restricted to maintaining, improving, renovating, and constructing water and sewer systems and streets that serve city neighborhoods, as well as transportation projects and services. The tax was approved by the voters and became effective in July 2001, and amended by voters in September 2008, to include transportation projects and services.

Revenues increased about \$0.6 million over the previous year. Transfer out of \$6.7 million were to finance various construction projects. Net fund activities increased fund balance by about \$1.9 million over the previous year.

Public Safety Sales Tax Revenue Fund—accounts for the voter-approved 0.5-cent public safety sales tax revenues. The use of these revenues is restricted to providing increased public safety services for city neighborhoods. The tax was approved by the voters and became effective in January 2004.

Revenues increased about \$0.7 million over the prior year. Expenditures increased \$0.4 million over the prior fiscal year. Net fund activities increased fund balance by about \$1.2 million over the previous year.

**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Development Fees Fund—accounts for development fees collected from developers for growth-related development; and construction based on the impact the development will have on city services and infrastructure, as well as bond proceeds, sales tax and grant revenues, other revenues, and fund transfers that are restricted, committed or assigned to debt service or capital development and maintenance. The fee is allowable under A.R.S. §9-463.05. Development fees are collected with each new building permit issued. The City charges development fees for streets, libraries, parks and recreation, police and fire, and general government projects.

Revenues decreased \$2.6 million over the prior year. This decrease was mainly due to decrease in licenses and permit revenue in residential and commercial development. Expenditures increased \$13.1 million from the previous year. The increase was almost largely due to an increase in spending on street construction and improvement projects and park renovations and enhancements between years.

A portion of the newly issued 2019 General Obligation Bond was also accounted for in the Development Fees Fund in the amount of \$13.0 million and reported under Other Financing Sources. Net fund activities increased fund balance by \$0.1 million over the prior year.

Proprietary Funds—The proprietary fund financial statements are prepared using the same measurement focus and accounting basis as the government-wide financial statements, but they provide more detail since each major enterprise fund is presented discretely. Of the total enterprise funds net position of \$537.9 million, \$444.5 million consisted of net investment in capital assets, \$21.8 million was restricted, and \$71.6 million was unrestricted. The factors concerning the finances of these funds, as well as the changes in net position, have been addressed previously during the discussion of the City's business-type activities.

BUDGETARY HIGHLIGHTS

The City's *Annual Budget and Financial Plan* (council-adopted budget) establishes the legal level of expenditure control. Amendments to the adopted budget may occur throughout the year, in a legally permissible manner, between departments within the General Fund and within funds in all other funds. During the year, budget adjustments did occur. None of the adjustments increased the City's total budget and all budget amendments were routine in nature.

On August 30, 2016, city voters approved an alternative expenditure limitation (Home Rule Option), the effect of which allowed the City's total budgeted expenditures of the adopted budget to become the expenditure limitation for that year on a total budget basis. This alternative expenditure limitation is effective for four years.

Budgetary comparison statements are required for the General Fund and all major special revenue funds. These statements compare the original adopted budget, the budget as amended throughout the year, and the actual revenues and expenditures. Budgetary comparison statements for the General Fund and major special revenue funds can be found on pages 32-34. Budgetary comparison schedules for all other governmental funds can be found on pages 91 and 103-116.

**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

General Fund Budgetary Analysis

General Fund revenues of \$70.5 million exceeded budgeted inflows by \$2.1 million or 3.1%, while expenditures and other financing uses of \$62.3 million was only 90.4% of final budgeted outflows of \$68.9 million. A more detailed analysis of General Fund revenues, expenditures, and other financing sources and use is outlined in the governmental funds section of this analysis.

During the year, the original budget was amended in a legally permissible manner. All budget amendments were routine in nature, and no budget adjustments increased the budget on a total funds basis. The original General Fund expenditures budget of \$61.4 million was amended by \$1.1 million to the final expenditure budget of \$60.3 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets—As of June 30, 2019, the City had invested about \$1.0 billion in governmental and business-type capital assets, net of accumulated depreciation. Total depreciation expense for the year was \$32.6 million, with \$17.7 million attributed to governmental activities and \$14.9 million to business-types activities.

The following schedule presents capital asset balances as of June 30, 2019, and June 30, 2018.

	Governmental Activities		Business-type Activities		Total		Percent Change
	2019	2018	2019	2018	2019	2018	
Land	\$ 271,014,235	\$ 256,459,877	\$ 16,273,312	\$ 16,273,312	\$ 287,287,547	\$ 272,733,189	5.3 %
Buildings and improvements	52,488,355	53,648,742	-	-	52,488,355	53,648,742	(2.2)
Improvements other than building	23,289,438	21,340,984	441,462	481,902	23,730,900	21,822,886	8.7
Vehicles, furniture and equipment	12,815,888	9,330,170	23,768,726	4,663,875	36,584,614	13,994,045	161.4
General infrastructure	210,852,538	212,050,465	-	-	210,852,538	212,050,465	(0.6)
Water system	-	-	205,683,901	204,286,612	205,683,901	204,286,612	0.7
Sewer system	-	-	141,287,815	145,247,593	141,287,815	145,247,593	(2.7)
Wastewater treatment system	-	-	62,243,190	63,244,815	62,243,190	63,244,815	(1.6)
Intangible assets	1,370,219	1,435,728	3,908,194	3,982,708	5,278,413	5,418,436	(2.6)
Construction in progress	13,310,889	9,473,625	730,822	19,231,745	14,041,711	28,705,370	(51.1)
Total	<u>\$ 585,141,562</u>	<u>\$ 563,739,591</u>	<u>454,337,422</u>	<u>\$ 457,412,562</u>	<u>\$ 1,039,478,984</u>	<u>\$ 1,021,152,153</u>	1.8

The City's combined capital assets balances increased \$18.3 million between years, with governmental activities increased by about \$21.4 million and business-type activities decreased by about \$3.1 million between years. The changes in capital asset balances were due to the following.

Governmental Activities—The \$21.4 million increase between years consisted of \$39.8 million of capital assets additions, including by \$15.8 million of transfers from construction in progress, offset by \$17.7 million in accumulated depreciation during the year. Capital additions included \$19.6 million of new construction in progress.

Business-type Activities—The \$3.1 million decrease between years consisted of \$11.8 million of capital additions, and \$14.9 million in depreciation expense during the year. Capital additions included \$11.0 million of new construction in progress.

**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

The City has adopted a five-year capital improvement plan for years 2020 through 2024, with budgeted capital outlays totaling \$270.6 million. The plan, which includes \$100.7 million of budgeted capital outlays for 2020, takes into consideration all known capital needs and ties potential revenue sources to those needs. Anticipated funding for 2020 is through a combination of existing fund balances, development (impact) fees, bond proceeds, outside funding sources such as grants and intergovernmental cost-sharing agreements, and operating and non-operating revenues and other financing sources. The capital improvement plan is updated annually as part of the City's formal budgetary process.

Debt Administration—As of June 30, 2019, the City had total long-term obligations outstanding of \$148.8 million, increased by \$15.7 million (11.8%) from the previous year. Of this balance, \$131.4 million was attributable to governmental activities and \$17.4 million was attributable to business-type activities. Of the total outstanding bonds of \$66.2 million, net of unamortized discounts and premiums, \$40.0 million are general obligation bonds backed by the full faith and credit of the City, and \$26.2 million were revenue bonds secured by pledges of specific revenue sources of the City. Of the \$66.2 million of outstanding bonds, \$9.2 million is due within one year. Of the remaining long-term obligations, \$61.9 million reflects the City's net pension and other postemployment benefit (OPEB) obligation and \$4.4 million of obligations under capital leases.

On May 7, 2019, the City issued \$21,390,000 of General Obligation Bonds, Series 2019 to provide funds for the acquisition and construction of capital projects including a resource center, park improvements, and expansion of police facilities and to pay related bond issue costs. The issuance yielded \$24,320,479 of net bond proceeds, including a bond premium of \$2,930,479, less bond issue costs of \$77,497.

The Arizona Constitution imposes certain debt limitations on the City of six percent (6%) and twenty percent (20%) of the City's net full cash property assessed value (formerly referred to as secondary assessed valuation). The City's legal debt margin at June 30, 2019, and June 30, 2018, is \$25.8 million and \$30.6 million in the 6% capacity and \$84.7 million and \$82.5 million in the 20% capacity, respectively. Additional debt limitation and capacity information can be found in the statistical section of this report.

The following schedule presents a summary of the City's outstanding long-term obligations as of June 30, 2019, and June 30, 2018.

	Governmental Activities		Business-type Activities		Total		Percent Change
	2019	2018	2019	2018	2019	2018	
Compensated absences	\$ 5,869,497	\$ 5,494,967	\$ 741,298	\$ 735,445	\$ 6,610,795	\$ 6,230,412	6.1 %
Capital leases payable	4,358,487	4,542,254	-	-	4,358,487	4,542,254	(4.0)
Claims payable	1,797,451	935,032	-	-	1,797,451	935,032	92.2
General obligation bonds	39,940,000	21,740,000	-	-	39,940,000	21,740,000	83.7
Pledged Revenue Obligations	17,476,549	22,418,375	498,452	626,626	17,975,001	23,045,001	(22.0)
Water and sewer revenue bonds	-	-	8,270,000	9,080,000	8,270,000	9,080,000	(8.9)
Unamortized premiums and discounts, net	6,842,359	4,579,194	1,049,510	1,165,065	7,891,869	5,744,259	37.4
Net pension/OPEB liabilities	55,076,228	54,476,039	6,833,952	7,250,653	61,910,180	61,726,692	0.3
Total	<u>\$ 131,360,571</u>	<u>\$ 114,185,861</u>	<u>\$ 17,393,212</u>	<u>\$ 18,857,789</u>	<u>\$ 148,753,783</u>	<u>\$ 133,043,650</u>	11.8

ECONOMIC FACTORS

The City remains dependent on sales taxes and other economically sensitive revenues and is greatly influenced by the national, state and local economy. All have seen growth in recent years, showing substantial recovery from the Great Recession we experienced ten years ago.

The City continued to see an upward trend in local revenue during the year, increasing about 7.7% over the previous year, and retail sales have improved significantly over the past several years. We expect the upward trend in local revenue to continue for fiscal year 2020.

**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

The City's 2020 budget is structurally balanced and reflects continued growth in recurring General Fund revenues. As Avondale experiences economic growth, City leaders have strategically increased resources to maintain and enhance current levels of service for residents, while gradually increasing staffing levels. Most of these staffing and service level increases are necessary to meet the demands of the City's growing population, increase in development projects, and growing economy.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, please visit our website at <http://www.avondaleaz.gov> or contact:

City of Avondale
Finance and Budget Department
11465 W. Civic Center Drive, Suite 250
Avondale, Arizona 85323
(623) 333-2000

Basic Financial Statements

Government-wide Financial Statements include the Statement of Net Position and Statement of Activities, which use the economic resource measurement focus and accrual basis of accounting for financial reporting.

Governmental Fund Financial Statements include the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances for the governmental funds, which use the current financial resources measurement focus and modified accrual basis of accounting for financial reporting.

Proprietary Fund Financial Statements include the Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position, and Statement of Cash Flows for the business-types activities, which use the economic resource measurement focus and accrual basis of accounting for financial reporting.

Fiduciary Fund Financial Statements include the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position for assets being held for the benefit of parties outside of the City. The reporting focus is upon net position and changes in net position and employs accounting principles similar to proprietary funds.

Notes to the Financial Statements include a summary of significant accounting policies and other disclosures considered essential to the fair presentation of the financial statements.



CITY OF AVONDALE, ARIZONA
STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		
	Governmental	Business-type	Total
ASSETS			
Current assets:			
Cash and investments	\$ 93,674,221	\$ 28,263,719	\$ 121,937,940
Receivables, net:			
Accounts	872,572	7,169,267	8,041,839
Taxes	7,165,041	161,646	7,326,687
Interest	180,928	215,024	395,952
Due from other governments	1,589,897	-	1,589,897
Internal balances	(755,331)	755,331	-
Inventories	790,996	871,137	1,662,133
Prepaid items	397,009	12,207	409,216
Restricted cash:			
Customer deposits	-	3,375,394	3,375,394
Cash with fiscal agents	8,322,347	1,015,770	9,338,117
Total current assets	<u>112,237,680</u>	<u>41,839,495</u>	<u>154,077,175</u>
Noncurrent assets:			
Water storage credits inventory	-	14,039,472	14,039,472
Investments	44,287,399	51,330,840	95,618,239
Equity in joint ventures	585,079	-	585,079
Capital assets:			
Nondepreciable	284,325,124	18,527,889	302,853,013
Depreciable, net	<u>300,816,438</u>	<u>435,809,533</u>	<u>736,625,971</u>
Total noncurrent assets	<u>630,014,040</u>	<u>519,707,734</u>	<u>1,149,721,774</u>
Total assets	<u>742,251,720</u>	<u>561,547,229</u>	<u>1,303,798,949</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on debt refunding	2,061,078	7,470	2,068,548
Deferred outflows related to pensions/OPEB	<u>15,924,026</u>	<u>1,258,859</u>	<u>17,182,885</u>
Total deferred outflows of resources	<u>17,985,104</u>	<u>1,266,329</u>	<u>19,251,433</u>
LIABILITIES			
Current liabilities:			
Accounts payable	6,152,034	1,450,572	7,602,606
Accrued payroll and employee benefits	1,808,461	202,257	2,010,718
Accrued liabilities	926,094	182,768	1,108,862
Construction contracts payable	1,030,025	71,908	1,101,933
Sales taxes payable	2,163	386,566	388,729
Deposits held for others	260,137	3,375,394	3,635,531
Unearned revenues	124,922	214,739	339,661
Claims payable	1,177,840	-	1,177,840
Compensated absences	4,695,598	593,039	5,288,637
Capital leases payable	270,570	-	270,570
Bonds payable	8,168,039	940,928	9,108,967
Total current liabilities	<u>24,615,883</u>	<u>7,418,171</u>	<u>32,034,054</u>
Noncurrent liabilities:			
Claims payable	619,611	-	619,611
Compensated absences	1,173,899	148,260	1,322,159
Capital leases payable	4,087,917	-	4,087,917
Bonds payable	56,090,869	8,877,032	64,967,901
Net pension/OPEB liabilities	55,076,228	6,833,952	61,910,180
Total noncurrent liabilities	<u>117,048,524</u>	<u>15,859,244</u>	<u>132,907,768</u>
Total liabilities	<u>141,664,407</u>	<u>23,277,415</u>	<u>164,941,822</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions/OPEB	4,260,215	855,612	5,115,827
Total deferred inflows of resources	<u>4,260,215</u>	<u>855,612</u>	<u>5,115,827</u>
NET POSITION			
Net investment in capital assets	534,401,329	444,455,024	978,856,353
Restricted for:			
Transit services	1,635,539	-	1,635,539
Highways and streets	7,629,218	-	7,629,218
Grant and contributor purposes	2,971,847	-	2,971,847
Public safety	10,126,138	-	10,126,138
Customer deposits	-	5,000	5,000
Debt service	7,881,894	1,015,770	8,897,664
Capital projects	13,596,607	20,837,746	34,434,353
Unrestricted	<u>36,069,630</u>	<u>72,366,991</u>	<u>108,436,621</u>
Total net position	<u>\$ 614,312,202</u>	<u>\$ 538,680,531</u>	<u>\$ 1,152,992,733</u>

The notes to the financial statements are an integral part of this statement.

CITY OF AVONDALE, ARIZONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Program Revenues			Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 13,286,395	\$ 175,579	\$ 81,736	\$ 75,853	\$ (12,953,227)	\$ -	\$ (12,953,227)
Public safety	38,891,455	389,186	1,448,578	233,208	(36,820,483)	-	(36,820,483)
Highways and streets	14,906,217	-	-	14,166,004	(740,213)	-	(740,213)
Health and welfare	3,476,278	-	8,251,265	-	4,774,987	-	4,774,987
Economic and community development	6,924,053	4,595,774	-	-	(2,328,279)	-	(2,328,279)
Culture and recreation	6,790,207	413,902	82,452	205,632	(6,088,221)	-	(6,088,221)
Transportation	1,357,022	-	292,790	-	(1,064,232)	-	(1,064,232)
Interest on long-term debt	1,722,511	-	-	-	(1,722,511)	-	(1,722,511)
Total governmental activities	87,354,138	5,574,441	10,156,821	14,680,697	(56,942,179)	-	(56,942,179)
Business-type activities:							
Water	15,843,476	15,024,198	-	879,495	-	60,217	60,217
Wastewater	10,355,180	10,515,981	-	2,414,454	-	2,575,255	2,575,255
Sanitation	5,028,104	5,326,271	-	-	-	298,167	298,167
Total business-type activities	31,226,759	30,866,450	-	3,293,949	-	2,933,640	2,933,640
Total primary government	<u>\$ 118,580,897</u>	<u>\$ 36,440,891</u>	<u>\$ 10,156,821</u>	<u>\$ 17,974,646</u>	<u>(56,942,179)</u>	<u>2,933,640</u>	<u>(54,008,539)</u>
General revenues:							
Taxes:							
Sales and use taxes					52,003,028	-	52,003,028
Property taxes, levied for general purposes					2,939,551	-	2,939,551
Property taxes, levied for debt service					4,174,643	-	4,174,643
Franchise taxes					1,223,384	-	1,223,384
State-shared revenues, unrestricted					22,314,405	-	22,314,405
Investment income:							
Interest Income					2,464,580	1,711,188	4,175,768
Net change in the fair value of investments					648,471	967,709	1,616,180
Gain on sale of capital assets					590,335	38,168	628,503
Miscellaneous					2,167,739	-	2,167,739
Transfers in (out)					(300,000)	300,000	-
Total general revenues and transfers					88,226,136	3,017,065	91,243,201
Change in net position					31,283,957	5,950,705	37,234,662
Net position, July 1, 2018					583,028,245	532,729,826	1,115,758,071
Net position, June 30, 2019					<u>\$ 614,312,202</u>	<u>\$ 538,680,531</u>	<u>\$ 1,152,992,733</u>

The notes to the financial statements are an integral part of this statement.

Governmental Fund Financial Statements

Major Funds

General Fund accounts for all financial resources of the City, except those required to be accounted for in other funds. This fund is the City's chief operating fund.

Dedicated Sales Tax Revenue Fund is a special revenue fund that accounts for the voter-approved 0.5-cent dedicated sales tax revenues. The use of these revenues is restricted to maintaining, improving, renovating, and constructing water and sewer systems and streets, and transportation projects and services that serve city neighborhoods.

Public Safety Sales Tax Revenue Fund is a special revenue fund that accounts for the voter-approved 0.5-cent public safety sales tax revenues. The use of these revenues is restricted to providing increased public safety services for city neighborhoods.

Development Fees Fund is a capital projects fund that accounts for fees collected from developers for growth-related development and construction based on the impact the development will have on city services and infrastructure, as well as bonds proceeds, sales tax and grant revenues, and fund transfers that are restricted, committed or assigned to capital development and maintenance.

Nonmajor Funds

All other governmental funds are nonmajor funds. These funds can be found on pages 92-114.

CITY OF AVONDALE, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Dedicated Sales Tax Revenue Fund	Public Safety Sales Tax Revenue Fund
ASSETS			
Cash and cash equivalents	\$ 23,980,679	\$ 4,504,748	\$ 5,155,414
Investments	29,192,464	1,010,987	3,538,455
Receivables:			
Taxes	4,833,791	1,140,343	1,140,318
Accounts	547,385	1,010	2,522
Interest	121,217	-	16,851
Due from other funds	1,004,331	-	16
Due from other governments	551,166	-	-
Inventories	185,773	-	-
Prepaid items	207,169	-	829
Restricted cash with fiscal agents	-	-	-
Advances to other funds	128,000	-	-
Total assets	<u>\$ 60,751,975</u>	<u>\$ 6,657,088</u>	<u>\$ 9,854,405</u>
LIABILITIES			
Accounts payable	1,128,598	136	6,935
Accrued payroll and employee benefits	1,539,423	-	73,675
Accrued liabilities	25,517	-	-
Construction contracts payable	-	-	-
Deposits held for others	238,262	-	-
Sales taxes payable	1,530	-	-
Due to other funds	-	-	-
Unearned revenues	-	-	-
Advances from other funds	-	-	-
Total liabilities	<u>2,933,330</u>	<u>136</u>	<u>80,610</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	24,814	-	-
Unavailable revenue - other	299,666	-	-
Total deferred inflows of resources	<u>324,480</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	520,942	-	829
Restricted	77,977	6,656,952	9,772,966
Committed	26,907,594	-	-
Assigned	6,990,024	-	-
Unassigned	22,997,628	-	-
Total fund balances	<u>57,494,165</u>	<u>6,656,952</u>	<u>9,773,795</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 60,751,975</u>	<u>\$ 6,657,088</u>	<u>\$ 9,854,405</u>

The notes to the financial statements are an integral part of this statement.

Development Fees Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 14,720,487	\$ 39,690,134	\$ 88,051,462
-	7,391,186	41,133,092
-	50,589	7,165,041
-	311,486	862,403
-	31,457	169,525
-	5	1,004,352
-	1,038,731	1,589,897
-	382,970	568,743
-	188,912	396,910
-	8,322,347	8,322,347
-	-	128,000
<u>\$ 14,720,487</u>	<u>\$ 57,407,817</u>	<u>\$ 149,391,772</u>
4,158,519	770,348	6,064,536
-	169,377	1,782,475
-	900,577	926,094
1,030,025	-	1,030,025
-	21,875	260,137
343	290	2,163
-	1,002,575	1,002,575
124,922	-	124,922
128,000	-	128,000
<u>5,441,809</u>	<u>2,865,042</u>	<u>11,320,927</u>
-	35,282	60,096
-	118,315	417,981
<u>-</u>	<u>153,597</u>	<u>478,077</u>
-	571,882	1,093,653
10,996,023	31,741,236	59,245,154
-	91,452	26,999,046
-	21,984,608	28,974,632
(1,717,345)	-	21,280,283
<u>9,278,678</u>	<u>54,389,178</u>	<u>137,592,768</u>
<u>\$ 14,720,487</u>	<u>\$ 57,407,817</u>	<u>\$ 149,391,772</u>

CITY OF AVONDALE, ARIZONA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2019

Total fund balances—governmental funds		\$ 137,592,768
Amounts reported for governmental activities in the Statements of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets	\$ 852,624,822	
Accumulated depreciation	<u>(267,806,945)</u>	584,817,877
Long-term liabilities, such as net pension/OPEB liabilities and bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Compensated absences	(5,785,212)	
Bonds payable	(57,416,549)	
Capital leases payable	(4,358,487)	
Net pension/OPEB liabilities	<u>(54,286,043)</u>	(121,846,291)
Equity in joint ventures are not financial resources and, therefore, are not reported in the funds.		
		585,079
Some items related to the issuance of bonds are recognized at the time of issuance in the funds, but are amortized over the life of the debt in the government-wide statements.		
Bond discount/premium, net		(6,842,359)
Deferred outflows and inflows of resources related to pensions/OPEB and deferred charges or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.		
Deferred charge on debt refunding	2,061,078	
Deferred outflows related to pensions/OPEB	15,773,766	
Deferred inflows related to pensions/OPEB	<u>(4,163,076)</u>	13,671,768
Internal service funds are used by management to charge the costs of certain activities, including risk management, printing services, and fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities on the Statement of Net Position.		
		5,855,283
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Intergovernmental	453,263	
Property taxes	<u>24,814</u>	<u>478,077</u>
Net position of governmental activities		<u>\$ 614,312,202</u>

The notes to the financial statements are an integral part of this statement.



CITY OF AVONDALE, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	General Fund	Dedicated Sales Tax Revenue Fund	Public Safety Sales Tax Revenue Fund
Revenues			
Taxes	\$ 39,274,382	\$ 8,468,147	\$ 8,468,147
Licenses and permits	2,453,941	-	-
Intergovernmental	22,907,122	-	-
Charges for services	1,433,962	-	-
Fines, forfeitures, and penalties	1,257,723	-	-
Investment income			
Interest Income	819,031	90,340	227,816
Net decrease in fair value of investments	548,085	-	-
Contributions	14,890	-	-
Miscellaneous	1,839,092	-	80
Total revenues	<u>70,548,228</u>	<u>8,558,487</u>	<u>8,696,043</u>
Expenditures			
Current:			
General government	12,075,667	5,700	280,431
Public safety	27,811,344	-	6,870,321
Highways and streets	-	-	-
Health and welfare	1,589,091	-	-
Economic and community development	4,391,411	-	-
Culture and recreation	4,264,220	-	-
Transportation	-	-	-
Debt service:			
Principal	31,525	-	-
Interest and other charges	90,694	-	-
Capital outlay	3,482,078	-	67,734
Total expenditures	<u>53,736,030</u>	<u>5,700</u>	<u>7,218,486</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,812,198</u>	<u>8,552,787</u>	<u>1,477,557</u>
Other financing sources (uses)			
Bonds issued	-	-	-
Bond premium	-	-	-
Sale of capital assets	1,182,553	-	-
Transfers in	-	-	-
Transfers out	(8,573,300)	(6,700,000)	(308,170)
Total other financing sources (uses)	<u>(7,390,747)</u>	<u>(6,700,000)</u>	<u>(308,170)</u>
Net change in fund balances	9,421,451	1,852,787	1,169,387
Fund balances, July 1, 2018	<u>48,072,714</u>	<u>4,804,165</u>	<u>8,604,408</u>
Fund balances, June 30, 2019	<u>\$ 57,494,165</u>	<u>\$ 6,656,952</u>	<u>\$ 9,773,795</u>

The notes to the financial statements are an integral part of this statement.

Development Fees Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 4,174,643	\$ 60,385,319
1,689,994	283,196	4,427,131
-	9,644,017	32,551,139
-	68,598	1,502,560
-	-	1,257,723
260,310	869,467	2,266,964
-	100,386	648,471
-	499,303	514,193
-	328,567	2,167,739
<u>1,950,304</u>	<u>15,968,177</u>	<u>105,721,239</u>
23,057	469,131	12,853,986
69,204	1,536,801	36,287,670
1,752,609	1,681,376	3,433,985
-	1,867,697	3,456,788
-	2,493,956	6,885,367
-	500,661	4,764,881
-	1,248,002	1,248,002
-	8,284,068	8,315,593
95,538	1,817,202	2,003,434
20,646,978	2,931,090	27,127,880
<u>22,587,386</u>	<u>22,829,984</u>	<u>106,377,586</u>
<u>(20,637,082)</u>	<u>(6,861,807)</u>	<u>(656,347)</u>
12,993,099	8,396,901	21,390,000
1,780,084	1,150,395	2,930,479
-	150,798	1,333,351
6,325,000	12,189,412	18,514,412
(302,950)	(3,659,872)	(19,544,292)
<u>20,795,233</u>	<u>18,227,634</u>	<u>24,623,950</u>
158,151	11,365,827	23,967,603
<u>9,120,527</u>	<u>43,023,351</u>	<u>113,625,165</u>
<u>\$ 9,278,678</u>	<u>\$ 54,389,178</u>	<u>\$ 137,592,768</u>

CITY OF AVONDALE, ARIZONA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

Total net change in fund balances—governmental funds \$ 23,967,603

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets	\$ 26,765,837	
Depreciation expense	<u>(17,516,659)</u>	9,249,178

The net effect of miscellaneous capital asset transactions (e.g., sales, contributions, transfers and disposals) not recorded in governmental funds. 12,113,369

Changes in net pension/OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB do not require the use of current financial resources, and therefore, are not reported in the governmental funds.

Change in net pension/OPEB liabilities	(654,575)	
Change in deferred outflows of resources related to pensions/OPEB	3,243,651	
Change in deferred inflows of resources related to pensions/OPEB	<u>(1,502,657)</u>	1,086,419

The issuance of long-term debt (e.g., bonds, leases, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds immediately report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is listed below:

Compensated absences	(381,789)	
Bond and premium on issuance	(24,320,479)	
Principal paid on long-term debt	8,315,593	
Amortization of bond discount/premium	667,314	
Amortization of deferred charge on debt refunding	<u>(386,391)</u>	(16,105,752)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities in the Statement of Activities. 1,404,263

Some revenues and expenses reported in the Statement of Activities do not provide or use current financial resources and, therefore, are not reported as revenues or expenditures in governmental funds.

Property taxes	(47,605)	
Intergovernmental revenue	(379,875)	
Change in equity in joint ventures	<u>(3,643)</u>	<u>(431,123)</u>

Change in net position of governmental activities \$ 31,283,957

The notes to the financial statements are an integral part of this statement.

**Major Governmental Funds
Budgetary Comparison Statements**

CITY OF AVONDALE, ARIZONA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Revenues				
Taxes	\$ 39,460,401	\$ 39,254,171	\$ 39,274,382	\$ 20,211
Licenses and permits	2,775,400	2,760,280	2,453,941	(306,339)
Intergovernmental	22,350,599	22,350,599	22,907,122	556,523
Charges for services	1,901,840	1,723,160	1,433,962	(289,198)
Fines, forfeitures, and penalties	1,006,110	1,006,110	1,257,723	251,613
Investment income	300,000	300,000	1,367,116	1,067,116
Contributions	8,350	7,350	14,890	7,540
Miscellaneous	1,030,910	1,030,150	1,839,092	808,942
Total revenues	68,833,610	68,431,820	70,548,228	2,116,408
Expenditures				
Current:				
General government	17,115,498	20,546,459	12,075,667	8,470,792
Public safety	28,347,741	24,072,821	27,811,344	(3,738,523)
Health and welfare	1,808,410	1,686,222	1,589,091	97,131
Economic and community development	6,302,965	6,436,526	4,391,411	2,045,115
Culture and recreation	4,842,397	4,640,867	4,264,220	376,647
Debt service:				
Principal	31,525	31,525	31,525	-
Interest and other charges	90,694	90,694	90,694	-
Capital outlay	2,820,300	2,838,274	3,482,078	(643,804)
Total expenditures	61,359,530	60,343,388	53,736,030	6,607,358
Excess (deficiency) of revenues over (under) expenditures	7,474,080	8,088,432	16,812,198	8,723,766
Other financing sources (uses)				
Sale of capital assets	2,503,900	2,503,900	1,182,553	(1,321,347)
Transfers out	(11,573,300)	(8,573,300)	(8,573,300)	-
Total other financing sources (uses)	(9,069,400)	(6,069,400)	(7,390,747)	(1,321,347)
Net change in fund balance	(1,595,320)	2,019,032	9,421,451	7,402,419
Fund balance, July 1, 2018	48,072,714	48,072,714	48,072,714	-
Fund balance, June 30, 2019	\$ 46,477,394	\$ 50,091,746	\$ 57,494,165	\$ 7,402,419

The notes to the financial statements are an integral part of this statement.

CITY OF AVONDALE, ARIZONA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

DEDICATED SALES TAX REVENUE FUND

YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Taxes	\$ 8,373,160	\$ 8,373,160	\$ 8,468,147	\$ 94,987
Investment income	50	50	90,340	90,290
Total revenues	<u>8,373,210</u>	<u>8,373,210</u>	<u>8,558,487</u>	<u>185,277</u>
Expenditures				
Current:				
General government	<u>4,000</u>	<u>890</u>	<u>5,700</u>	<u>(4,810)</u>
Total expenditures	<u>4,000</u>	<u>890</u>	<u>5,700</u>	<u>(4,810)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,369,210</u>	<u>8,372,320</u>	<u>8,552,787</u>	<u>180,467</u>
Other financing sources (uses)				
Transfers out	<u>(6,700,000)</u>	<u>(6,700,000)</u>	<u>(6,700,000)</u>	-
Total other financing sources (uses)	<u>(6,700,000)</u>	<u>(6,700,000)</u>	<u>(6,700,000)</u>	-
Net change in fund balance	1,669,210	1,672,320	1,852,787	180,467
Fund balance, July 1, 2018	<u>4,804,165</u>	<u>4,804,165</u>	<u>4,804,165</u>	-
Fund balance, June 30, 2019	<u><u>6,473,375</u></u>	<u><u>6,476,485</u></u>	<u><u>6,656,952</u></u>	<u><u>180,467</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF AVONDALE, ARIZONA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PUBLIC SAFETY SALES TAX REVENUE FUND

YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Taxes	\$ 8,373,680	\$ 8,373,680	\$ 8,468,147	\$ 94,467
Investment income	11,610	11,610	227,816	216,206
Miscellaneous	-	-	80	80
Total revenues	<u>8,385,290</u>	<u>8,385,290</u>	<u>8,696,043</u>	<u>310,753</u>
Expenditures				
Current:				
General government	772,740	275,535	280,431	(4,896)
Public safety	6,819,822	6,781,816	6,870,321	(88,505)
Capital outlay	-	-	67,734	(67,734)
Total expenditures	<u>7,592,562</u>	<u>7,057,351</u>	<u>7,218,486</u>	<u>(161,135)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>792,728</u>	<u>1,327,939</u>	<u>1,477,557</u>	<u>149,618</u>
Other financing sources (uses)				
Transfers out	(322,170)	(308,170)	(308,170)	-
Total other financing sources (uses)	<u>(322,170)</u>	<u>(308,170)</u>	<u>(308,170)</u>	<u>-</u>
Net change in fund balance	470,558	1,019,769	1,169,387	149,618
Fund balance, July 1, 2018	<u>8,604,408</u>	<u>8,604,408</u>	<u>8,604,408</u>	<u>-</u>
Fund balance, June 30, 2019	<u>9,074,966</u>	<u>9,624,177</u>	<u>9,773,795</u>	<u>149,618</u>

The notes to the financial statements are an integral part of this statement.

Proprietary Fund Financial Statements

Major Funds

Water Fund accounts for the operation, maintenance, and financing of the City's water services, which provide for the production, treatment, storage, and distribution of potable water supplies to city customers.

Wastewater Fund accounts for the operation, maintenance, and financing of the City's wastewater services, which ensure the effective operation of the wastewater collection system and the water reclamation facility in compliance with application regulations, with an emphasis on the production of reclaimed water for recharge and reuse.

Sanitation Fund accounts for the operation, maintenance, and financing of the City's solid waste and recycling services, which includes its solid waste collection, recycling and disposal system.

Internal Service Funds

These funds can be found on pages 117-119.

CITY OF AVONDALE, ARIZONA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Business-type Activities—Enterprise Funds				Governmental Activities Internal Service Funds
	Water	Wastewater	Sanitation	Total	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 12,732,367	\$ 9,300,857	\$ 6,230,495	\$ 28,263,719	\$ 5,622,759
Receivables:					
Accounts, net	4,330,487	1,894,816	943,964	7,169,267	10,168
State and county taxes	161,646	-	-	161,646	-
Interest	128,118	61,692	25,214	215,024	11,403
Due from other funds	-	-	-	-	307,536
Inventories	668,706	183,310	19,121	871,137	222,253
Prepaid items	9,018	3,189	-	12,207	99
Restricted cash:					
Customer deposits	3,370,394	-	5,000	3,375,394	-
Cash with fiscal agents	26,709	989,061	-	1,015,770	-
Total current assets	21,427,445	12,432,925	7,223,794	41,084,164	6,174,218
Noncurrent assets:					
Water storage credits inventory	14,039,472	-	-	14,039,472	-
Investments	30,822,840	13,693,892	6,814,108	51,330,840	3,154,307
Capital assets:					
Nondepreciable	15,914,438	2,613,451	-	18,527,889	-
Depreciable, net	216,028,529	218,432,952	1,348,052	435,809,533	323,685
Total noncurrent assets	276,805,279	234,740,295	8,162,160	519,707,734	3,477,992
Total assets	298,232,724	247,173,220	15,385,954	560,791,898	9,652,210
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on debt refunding	-	7,470	-	7,470	-
Deferred outflows related to pensions/OPEB	605,446	348,317	305,096	1,258,859	150,260
Total deferred outflows of resources	605,446	355,787	305,096	1,266,329	150,260
LIABILITIES					
Current liabilities:					
Accounts payable	856,486	379,627	214,459	1,450,572	87,498
Accrued payroll and employee benefits	100,218	61,235	40,804	202,257	25,986
Accrued liabilities	12,199	170,569	-	182,768	-
Construction contracts payable	71,908	-	-	71,908	-
Sales taxes payable	386,406	160	-	386,566	-
Deposits held in custody for others	3,370,394	-	5,000	3,375,394	-
Claims payable	-	-	-	-	1,177,840
Due to other funds	1,328	398	68	1,794	307,519
Unearned revenues	214,739	-	-	214,739	-
Compensated absences	279,772	174,397	138,870	593,039	67,427
Revenue bonds	28,824	912,104	-	940,928	-
Total current liabilities	5,322,274	1,698,490	399,201	7,419,965	1,666,270
Noncurrent liabilities:					
Claims payable	-	-	-	-	619,611
Compensated absences	69,943	43,599	34,718	148,260	16,857
Revenue bonds	26,649	8,850,383	-	8,877,032	-
Net pension/OPEB liabilities	3,319,234	1,924,740	1,589,978	6,833,952	790,185
Total noncurrent liabilities	3,415,826	10,818,722	1,624,696	15,859,244	1,426,653
Total liabilities	8,738,100	12,517,212	2,023,897	23,279,209	3,092,923
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions and OPEB	433,005	222,005	200,602	855,612	97,139
NET POSITION					
Net investment in capital assets	231,815,586	211,291,386	1,348,052	444,455,024	323,685
Restricted for:					
Debt service	26,709	989,061	-	1,015,770	-
Capital projects	8,847,213	7,508,404	4,482,129	20,837,746	-
Customer deposits	-	-	5,000	5,000	-
Unrestricted	48,977,557	15,000,939	7,631,370	71,609,866	6,288,723
Total net position	\$ 289,667,065	\$ 234,789,790	\$ 13,466,551	537,923,406	\$ 6,612,408
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time				757,125	
Net position of business-type activities (page 20)				\$ 538,680,531	

The notes to the financial statements are an integral part of this statement.

CITY OF AVONDALE, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water	Wastewater	Sanitation	Total	Internal Service Funds
Operating revenues:					
Charges for services	\$ 15,024,198	\$ 10,515,981	\$ 5,326,271	\$ 30,866,450	\$ 5,641,537
Miscellaneous	1,286,414	14,785	8,559	1,309,758	119,296
Total operating revenues	16,310,612	10,530,766	5,334,830	32,176,208	5,760,833
Operating expenses:					
Salaries, wages and benefits	3,095,100	1,839,476	1,627,916	6,562,492	851,611
Contractual services, materials and supplies	5,484,089	1,272,723	2,859,591	9,616,402	2,083,546
Insurance claims and expenses	-	-	-	-	2,104,662
Depreciation and amortization	7,294,880	7,035,683	581,309	14,911,872	150,171
Total operating expenses	15,874,069	10,147,882	5,068,816	31,090,766	5,189,990
Operating income (loss)	436,543	382,884	266,014	1,085,442	570,843
Nonoperating revenues (expenses):					
Gain on sale of capital assets	9,156	-	29,012	38,168	-
Investment income					
Interest Income	982,562	463,591	265,035	1,711,188	138,183
Net increase in fair value of investments	579,938	259,226	128,545	967,709	59,433
Interest expense	-	(230,239)	-	(230,239)	-
Total non-operating revenues (expenses)	1,571,656	492,578	422,592	2,486,826	197,616
Income (loss) before development fees, capital contributions, and transfers	2,008,199	875,462	688,606	3,572,268	768,459
Capital contributions	25,430	-	-	25,430	-
Development fees	854,065	1,104,696	-	1,958,761	-
Transfers in	2,456,118	150,000	-	2,606,118	2,250,000
Transfers out	-	(2,306,118)	-	(2,306,118)	(1,520,120)
Change in net position	5,343,813	(175,960)	688,606	5,856,459	1,498,339
Net position, July 1, 2018	284,323,252	234,965,750	12,777,945	532,066,947	5,114,069
Net position, June 30, 2019	<u>\$ 289,667,065</u>	<u>\$ 234,789,790</u>	<u>\$ 13,466,551</u>		<u>\$ 6,612,408</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds				94,246	
Change in net position of business-type activities (page 21)				<u>\$ 5,950,705</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF AVONDALE, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Water	Wastewater	Sanitation	Total	
Cash flows from operating activities:					
Receipts from customers	\$ 14,014,472	\$ 10,403,922	\$ 5,317,761	\$ 29,736,155	\$ 5,633,178
Payments to suppliers for goods and services	(8,770,148)	(2,510,522)	(2,806,381)	(14,087,051)	(3,397,662)
Payments to employees for services	(3,110,143)	(1,843,710)	(1,722,041)	(6,675,894)	(916,855)
Miscellaneous	1,286,414	14,785	8,559	1,309,758	119,296
Net cash provided (used) by operating activities	3,420,595	6,064,475	797,898	10,282,968	1,437,957
Cash flows from noncapital financing activities:					
Interfund borrowing	970	69	11	1,050	(146,060)
Transfers in	2,456,118	150,000	-	2,606,118	2,250,000
Transfers out	-	(2,306,118)	-	(2,306,118)	(1,520,120)
Net cash provided (used) for noncapital financing activities	2,457,088	(2,156,049)	11	301,050	583,820
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(7,860,483)	(4,453,112)	(90,418)	(12,404,013)	(189,597)
Principal payments on capital debt	(33,888)	(904,288)	-	(938,176)	-
Interest payments on capital debt	(2,092)	(341,138)	-	(343,230)	-
Development fees received	866,160	1,104,696	-	1,970,856	-
Proceeds from sale of capital assets	9,311	-	29,012	38,323	-
Net cash provided (used) for capital and related financing activities	(7,020,992)	(4,593,842)	(61,406)	(11,676,240)	(189,597)
Cash flows from investing activities:					
Purchase of investments	(982,809)	(439,306)	(217,843)	(1,639,958)	(100,719)
Investment income	969,882	458,401	262,462	1,690,745	136,994
Net cash provided (used) by investing activities	(12,927)	19,095	44,619	50,787	36,275
Net increase (decrease) in cash and cash equivalents	(1,156,236)	(666,321)	781,122	(1,041,435)	1,868,455
Cash and Cash Equivalents - Beginning of Year	17,285,706	10,956,239	5,454,373	33,696,318	3,754,304
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 16,129,470	\$ 10,289,918	\$ 6,235,495	\$ 32,654,883	\$ 5,622,759
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 436,543	\$ 382,884	\$ 266,014	\$ 1,085,442	\$ 570,843
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	7,294,880	7,035,683	581,309	14,911,872	150,171
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:					
(Increase) decrease in accounts receivable	(1,005,747)	(112,059)	(8,510)	(1,126,316)	(8,359)
(Increase) decrease in inventories	(3,286,505)	(113,710)	5,017	(3,395,198)	(6,619)
(Increase) decrease in prepaid items	(6,630)	(3,189)	-	(9,819)	30
(Increase) decrease in deferred outflows of resources related to pensions and OPEB	(117,536)	(64,334)	(55,979)	(237,849)	(36,329)
Increase (decrease) in accounts payable	(271,220)	(1,086,773)	53,193	(1,304,800)	(65,284)
Increase (decrease) in accrued payroll and employee benefits	100,218	61,235	(13,573)	147,880	(17,831)
Increase (decrease) in accrued liabilities	5,767	(34,287)	-	(28,520)	-
Increase (decrease) in sales taxes payable	122,195	160	-	122,355	-
Increase (decrease) in deposits held in custody for others	150,333	-	(5,000)	145,333	-
Increase (decrease) in unearned revenue	(3,979)	-	-	(3,979)	-
Increase (decrease) in compensated absences	15,578	7,206	(16,930)	5,854	(7,259)
Increase (decrease) in claims payable	-	-	-	-	862,419
Increase (decrease) in pension/OPEB liability	(189,201)	(118,782)	(108,718)	(416,701)	(54,386)
Increase (decrease) in deferred inflows of resources related to pensions and OPEB	175,898	110,441	101,075	387,414	50,561
Net cash provided (used) by operating activities	\$ 3,420,595	\$ 6,064,475	\$ 797,898	\$ 10,282,968	\$ 1,437,957

Continued

The notes to the financial statements are an integral part of this statement.

CITY OF AVONDALE, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Water	Wastewater	Sanitation	Total	
<i>Continuation</i>					
Reconciliation of cash and cash equivalents at June 30, 2019 to statement of net position:					
Cash and cash equivalents	\$ 12,732,367	\$ 9,300,857	\$ 6,230,495	\$ 28,263,719	\$ 5,622,759
Restricted:					
Customer deposits	3,370,394	-	5,000	3,375,394	-
Cash with fiscal agents	26,709	989,061	-	1,015,770	-
Total cash and cash equivalents	<u>\$ 16,129,470</u>	<u>\$ 10,289,918</u>	<u>\$ 6,235,495</u>	<u>\$ 32,654,883</u>	<u>\$ 5,622,759</u>
Noncash capital, financing and investing activities:					
Amortization of bond premiums, discounts, and deferred charge on refunding	\$ 3,162	\$ 110,899	\$ -	\$ 114,061	\$ -
Capital contributions	\$ 25,430	\$ -	\$ -	\$ 25,430	\$ -
Change in fair value of investments	\$ 579,938	\$ 259,226	\$ 128,545	\$ 967,709	\$ 59,433
Capital asset addition paid by accounts payable	\$ 71,908	\$ -	\$ -	\$ -	\$ -

The notes to the financial statements are an integral part of this statement.



Fiduciary Fund Financial Statements

Volunteer Fire Fighters Relief and Pension Fund accounts for the City's single-employer defined contribution plan that provides pension benefits to volunteer fire fighters not covered under the Public Safety Personnel Retirement System.

CITY OF AVONDALE, ARIZONA
STATEMENT OF FIDUCIARY NET POSITION
VOLUNTEER FIRE FIGHTERS RELIEF AND PENSION FUND
JUNE 30, 2019

	<u>Volunteer Fire Fighters Relief and Pension Fund</u>
ASSETS	
Cash and cash equivalents	\$ 225,538
LIABILITIES	
Accounts payable	<u>175</u>
NET POSITION	
Net position restricted for pensions	<u><u>\$ 225,363</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF AVONDALE, ARIZONA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
VOLUNTEER FIRE FIGHTERS RELIEF AND PENSION FUND
YEAR ENDED JUNE 30, 2019

	Volunteer Fire Fighters Relief and Pension Fund
ADDITIONS	
Investment income	\$ 4,965
DEDUCTIONS	
Benefits paid to plan members	<u>4,800</u>
Change in net position	165
Net position, July 1, 2018	<u>225,198</u>
Net position, June 30, 2019	<u><u>\$ 225,363</u></u>

The notes to the financial statements are an integral part of this statement.



Notes to the Financial Statements

The notes to the financial statements include a summary of significant accounting policies and other disclosures considered essential to the fair presentation of the accompanying financial statements.

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CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

The City of Avondale, Arizona (the City) was incorporated in 1946 under the provisions of the Constitution of Arizona and Arizona Revised Statutes (A.R.S.). Avondale operates under the Council-Manager form of government in accordance with its Charter. Legislative authority is vested in a seven-member City Council consisting of a mayor and six councilmembers elected at large for a term of four years. The City Council appoints the City Manager and such other officers deemed necessary and proper for the orderly administration of the City's affairs. The City provides a full range of municipal services including police and fire protection, planning and development, parks and recreation, library, transportation, certain human services, and general administration. The City also owns and operates an enterprise whose activities include water, wastewater and sanitation services.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's significant accounting policies are described below.

A. Reporting Entity

The accompanying financial statements present the activities of the City (the primary government) and its blended component unit, the City of Avondale Municipal Development Corporation, collectively referred to as "the financial reporting entity". The component unit referred to below has been included in the City's reporting entity because of the significance of its operational and financial relationship with the City. The City has no discretely presented component units.

City of Avondale Municipal Development Corporation (MDC) is a nonprofit corporation that is organized under the laws of the State of Arizona to assist the City with the financing, acquisition, and construction of municipal projects and facilities. The MDC is governed by a board of directors which is responsible for approving the MDC's bonds. The City Council appoints MDC board members and also approves MDC bond sales. Although it is legally separate from the City, the MDC is reported as if it is part of the primary government because its sole purpose is to finance the acquisition and construction of municipal projects and facilities for the City. The MDC does not issue separate financial statements, but it does file an annual report with the Arizona Corporation Commission. Copies of the report are available from the City's Finance and Budget Department.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements focus on the City as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the information's usefulness.

Government-wide Financial Statements: The government-wide financial statements (the Statement of Net Position and the Statement of Activities), which exclude fiduciary funds, provide information about the City as a whole. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. The government-wide focus emphasizes the sustainability of the City and aggregate change in financial position resulting from the activities of the fiscal period.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

The Statement of Net Position presents all financial and capital resources of the City. It is presented in a format that displays assets plus deferred outflows of resources, less liabilities and deferred inflows of resources, equals net position, with assets and liabilities presented in order of their relative liquidity. Net position is presented in three components—net investment in capital assets, restricted (distinguishing between major categories of restrictions), and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by outstanding balances of bonds, capital leases, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources related to the acquisition, construction, or improvement of those assets or related debt also are included in net investment in capital assets. Restricted net position consists of restricted assets with constraints placed on their use externally either by creditors (such as bond covenants), grantors, contributors, laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation, reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position equals that portion of assets plus deferred outflows of resources, less liabilities and deferred inflows of resources, which are not otherwise classified as part of net investment in capital assets or restricted net position.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Interest on long-term debt is not allocated to various functions in the governmental activities so it is reported separately. Program revenues include 1) charges to customers or users who purchase, use or directly benefit from the goods, services or privileges provided by a particular function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues that are not classified as program revenues, including internally dedicated resources and all taxes the City levies or imposes, are reported as general revenues. General revenues support the net costs of the functions and segments not covered by program revenues.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double-counting of internal activities. Net interfund activity and balances between governmental activities and business-type activities are presented in the government-wide financial statements. Certain charges for interfund services provided and used, such as charges between the Enterprise Fund utility segments and various functional activities, were not eliminated if the charges approximated their exchange values. The General Fund charges administrative service fees to other operating funds to support general services (e.g., purchasing, accounting and administration) used by the other operating funds. These administrative fees were not eliminated from the government-wide or fund financial statements.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements are presented for the governmental, proprietary, and fiduciary fund categories. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All nonmajor governmental funds, as well as the internal service funds, are summarized into a single column on the fund financial statements and detailed in combining statements included as supplementary information after the basic financial statements. Fiduciary funds are aggregated and reported by fund type.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements: The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when liabilities are incurred, regardless of when the related cash flows occur. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

Governmental Fund Financial Statements: The governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available to finance the City's operations. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. The City's principal revenue sources that are susceptible to accrual are sales taxes, property taxes, intergovernmental, and investment income.

City sales taxes collected and held by merchants at year-end on behalf of the City are recognized as revenue. State-shared revenues, including sales and income taxes, highway user and auto lieu taxes, and lottery distributions for transportation assistance, which are collected and held by the State at year-end on behalf of the City, are also recognized as revenue. Licenses and permits, charges for services, fines, forfeitures and penalties, contributions, and miscellaneous revenues are recorded as revenue when received because they are generally not available until actually received. Changes in the fair value of investments are recognized as part of revenue at year-end.

In applying the susceptible to accrual concept to intergovernmental revenues and receivables, revenues are recognized when all the applicable eligibility requirements, including time requirements, have been met. Resources received before all eligibility requirements are met are reported as deferred inflows of resources. Revenue for reimbursement grants is recognized as revenue when qualifying expenditures have been incurred and all other grant requirements have been met, provided that the available criterion is met.

Expenditures are recorded when the related fund liability is incurred except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Long-term debt issuances and proceeds and acquisitions under capital lease agreements are reported as other financing sources.

The governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements. Therefore, a reconciliation is presented on the page following each governmental fund financial statement that briefly explains the adjustments necessary to transform the governmental fund financial statements into the governmental activities column of the government-wide financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Proprietary Fund Financial Statements: The financial statements of the proprietary funds are reported using the economic resources measurement focus and accrual basis of accounting, similar to the government-wide financial statements described above.

Proprietary fund revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from transactions associated with the fund's principal activity. Accordingly, revenues, such as user charges, in which each party receives and gives up essentially equal values are operating revenues. Other revenues that result from transactions in which the parties do not exchange equal values are considered nonoperating revenues, along with investment earnings and revenues generated from ancillary activities. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, are considered nonoperating expenses.

The internal service funds, which provide services to the other funds of the City, are presented in a single combined column in the proprietary fund financial statements. Because the principal users of the internal service funds are the City's governmental activities, the assets and deferred outflows of resources and liabilities and deferred inflows of resources of the internal service funds are consolidated into the governmental activities column of the government-wide Statement of Net Position. The costs of the internal service funds services are spread to the appropriate function or segment on the government-wide Statement of Activities, and the revenues and expenses within the internal service funds are eliminated from the government-wide financial statements to avoid any doubling-up effect of these revenues and expenses.

Fiduciary Fund Financial Statements: The City's fiduciary fund, a pension trust fund, is presented in the fund financial statements. The fund accounts for resources that are required to be held in trust for members of the City's Volunteer Fire Fighters Relief and Pension Fund. The City excludes this fund from the government-wide financial statements because pension trust assets are not available to support city programs. The fiduciary financial statements reporting focus is on net position and changes in net position and employ accounting principles similar to proprietary funds.

D. Fund Accounting

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures/expenses. The various funds are reported by generic classification within the fund financial statements. GASB Statement No. 34 sets forth minimum criteria for the determination of major funds. The City has elected to present some additional governmental funds as major funds because of community focus. The nonmajor funds are combined in a column in the fund financial statements and detailed in the combining fund financial section.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Dedicated Sales Tax Revenue Fund*, a special revenue fund, accounts for the voter-approved 0.5-cent dedicated sales tax revenues. The use of these revenues is restricted to maintaining, improving, renovating, and constructing water and sewer systems, streets, and transportation projects and services that serve city neighborhoods. The tax was approved by the voters and became effective in July 2001. In September 2008, voters approved the expanded use of tax revenue to include transportation projects and services.

The *Public Safety Sales Tax Revenue Fund*, a special revenue fund, accounts for the voter-approved 0.5-cent public safety sales tax revenues. The use of these revenues is restricted to providing increased public safety services for city neighborhoods. The tax was approved by the voters and became effective in January 2004.

The *Development Fees Fund*, a capital projects fund, accounts for developer fees collected to finance growth-related development and construction, bond proceeds, sales tax and grant revenues, and fund transfers that are restricted, committed, or assigned to capital development and maintenance.

The City reports the following major proprietary funds:

The *Water Fund* accounts for the operation, maintenance, and financing of the City's water system, which provides for the production, treatment, storage, and distribution of potable water supplies to city customers.

The *Wastewater Fund* accounts for the operation, maintenance, and financing of the City's wastewater system, which ensures the effective operation of the wastewater collection system and the water reclamation facility in compliance with applicable laws and regulations.

The *Sanitation Fund* accounts for the operation, maintenance, and financing of the City's sanitation system, which provides solid waste collection, recycling, and disposal services to city customers.

Additionally, the City reports the following fund types:

The internal service funds account for the operations that provide services to other city departments on a cost-reimbursement basis. The services include self-insurance, printing services, and fleet management.

The Volunteer Fire Fighters Relief and Pension Fund accounts for pension benefits of volunteer fire fighters not covered under the Public Safety Personnel Retirement System.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets and Budgetary Accounting

On June 3, 1980, Arizona voters approved a constitutional amendment prescribing an expenditure limitation for all local governments. This constitutional amendment was enacted to control expenditures and limit future increases in spending adjustments for inflation and population growth. This limitation restricts the growth of expenditures to a percentage determined by population and inflation, with certain expenditures excluded from the limitation. Prior to April 1st of each year, the State Economic Estimates Commission determines and publishes the expenditure limitation for the following fiscal year for each governmental unit. Fiscal year 1979-80 is the base year for calculations.

The constitutional amendment includes provisions that require voter approval to establish an alternative expenditure limitation for cities and towns. The alternative expenditure limitation is valid for a period of two to seven years. On August 30, 2016, city voters approved an alternative expenditures limitation (Home Rule Option), the effect of which, allows total budgeted expenditures of the City's adopted budget to become the expenditure limitation for that year on a total budget basis. City voters have approved the Home Rule Option every four years since 1981. This alternative expenditure limitation is effective until June 30, 2021.

The following provides a brief budgetary overview of the City.

1. The City's fiscal year is established by state law and runs from July 1st through June 30th of each year.
2. Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the City to obtain citizen comments.
3. On or before the first Monday in August, the City Council legally adopts the budget and allocates spending authority to City funds through passage of an ordinance for the ensuing year. Budgets for all funds are adopted in accordance with the requirements of the Arizona Constitution, Arizona Revised Statutes, and City Charter. These appropriations lapse at the end of the fiscal year.
4. The City Manager is authorized to transfer any unencumbered appropriations balance, or portion thereof, between general classifications of expenditures within a department or fund or between departments within the same function. At the request of the City Manager, the City Council may at any time transfer any unencumbered appropriation balance, or portion thereof, between general classifications of expenditures from one department or fund to another.
5. The legal level of expenditure control is at the function level for the General Fund and at the fund level for all other funds. During the year ended June 30, 2019, the original budget was amended in a legally permissible manner. Budget and actual comparisons are provided in this report for each of the governmental funds.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Investments

For the statement of cash flows, the City's cash and cash equivalents are considered to be cash on hand, demand deposits, restricted cash with fiscal agents, investments in the State Treasurer's Local Government Investment Pool, and only those highly liquid investments with a maturity of 3 months or less when purchased.

Investment income includes interest and dividend earnings and changes in fair value of applicable investments during the fiscal year. The City maintains pooled cash and investments, except for certain non-pooled investments held by the General Fund, Dedicated Sales Tax Revenue Fund, Public Safety Sales Tax Revenue Fund, Water Fund, Highway User Revenue Fund, Vehicle Replacement Fund, Water Fund, Wastewater Fund, Sanitation Fund, and Self-Insurance Fund. All pooled investments are considered cash equivalents. Interest income from pooled cash and investments is allocated to the individual funds based on the fund's month-end cash balance in relation to the total pooled investments. Each fund's equity in the pooled cash and investments is tracked on an ongoing basis. In the event that a certain fund overdraws its share of pooled cash, the overdraft is reported as a due to the General Fund at year-end. Investment income from non-pooled investments, which includes changes in fair value of investments during the fiscal year, is recorded based on the specific investments held by the fund. Investments are stated at fair value.

G. Restricted Assets

The City has executed trust indentures for all bond series issued that require all cash and investments of each bond series to be held on deposit by fiscal agents. These assets are restricted to retirement of principal balances, payment of interest, trustee fees associated with the bond issues, and to finance various capital projects. Accordingly, these assets are classified as restricted on the Balance Sheet and Statement of Net Position

H. Inventories

Supplies and parts inventories are accounted for in the governmental fund and government-wide financial statements using the consumption method. These inventories consist of expendable supplies held for consumption and are recorded as expenditures/expenses when consumed. Amounts on hand at year-end are shown as assets on the Balance Sheet and Statement of Net Position. In the governmental fund financial statements, inventories are shown as nonspendable fund balance to indicate that they do not constitute "available spendable resources".

Water Fund inventories include long-term storage water credits credited to the City's long-term storage account by the Arizona Department of Water Resources. Effluent water credits are stated at cost based on the City's cost of treating the wastewater and recharging the resulting effluent water into the Phoenix Active Management Area. All other water credits are valued using the applicable Central Arizona Project water rate in effect at the time the water credit was credited to the City's long-term storage account.

Inventories are valued using the first-in, first-out inventory flow assumption.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the governmental fund and government-wide financial statements. Prepaid items are recorded as expenditures/expenses when consumed. In the governmental fund financial statements, prepaid items are shown as nonspendable fund balance to indicate that they do not constitute “available spendable resources”.

J. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at fiscal year-end are reported as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All trade and other receivables are reported net of an allowance for uncollectible amounts.

K. Capital Assets

Capital assets, including public domain infrastructure assets such as roads, bridges, curbs and gutters, streets and sidewalks, water and sewer systems, lighting systems, and other assets that are immovable and of value only to the City, and intangible assets such as water rights, which lack physical substance, are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life more than one year. The City values these assets at cost or estimated historical cost if purchased or constructed; acquisition value for donated capital assets, donated works of art or similar items, and capital assets received in a service concession arrangement; and estimated fair market value at the grant or allotment date for water rights. The City’s water rights have indefinite useful lives and, therefore, the City does not amortize these intangible assets. Capital assets are reported in the applicable governmental or business-types activities column of the government-wide financial statements and the proprietary fund financial statements. No capital assets, depreciation, or amortization are presented in the governmental fund financial statements.

The cost of normal maintenance and repairs that do not significantly extend the useful lives of assets or increase their capacity are not capitalized. Major improvements are capitalized and depreciated over the remaining useful life of the improved capital assets. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The City has chosen not to apply the modified approach to any infrastructure networks, systems, or subsystems. Capital assets are depreciated or amortized over their estimated useful lives using the straight-line method. The estimated useful lives follow:

	<u>Years</u>
Intangible assets	30-40
Buildings and improvements	40
Improvements other than buildings	20
Water, sewer, and storm drain systems improvements	50
Street systems	20-40
Park facilities and streetscape	20
Artwork	20
Furniture	7
Machinery and equipment	3-15

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Deferred Outflows and Inflows of Resources

The Statement of Net Position and Balance Sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expenditure or expense in future periods. Deferred inflows of resources represent the acquisition of net position or fund balance that applies to future periods that will be recognized as revenue and amortized in future periods.

M. Compensated Absences

Compensated absences payable consist of vacation leave and a calculated amount of sick leave employees earned based on services already rendered. Vacation benefits vest with the employees when it is earned. The amount of sick leave benefits that vest with employees depends on the employees' number of years of continuous service and accumulated sick leave hours upon terminating employment. Regular full-time employees may accumulate up to 280 hours of vacation and Fire Battalion Chiefs assigned to a 24-hour shift schedule may accumulate up to 392 hours of vacation on a calendar year basis. Employees forfeit vacation hours in excess of these limits if not used by December 31st of each calendar year. All regular full-time employees may accumulate an unlimited number of sick leave hours.

Upon resignation, the City compensates employees for 33.3% of their accumulated sick leave at the employees' current hourly rate. Upon retirement, the City compensates employees as follows:

- Employees with 10 years of continuous service with the City will receive 100% of accrued sick leave up to 250 hours at the employees' current hourly rate, or 33.3% of the total balance of accrued sick leave, whichever is greater.
- Employees with 15 years of continuous service with the City will receive 100% of accrued sick leave up to 375 hours at the employees' current hourly rate, or 33.3% of the total balance of accrued sick leave, whichever is greater.
- Employees with 20 years of continuous service with the City will receive 100% of accrued sick leave up to 500 hours at the employees' current hourly rate, or 33.3% of the total balance of accrued sick leave, whichever is greater.

Compensated absences payable is accrued as a liability in the government-wide and proprietary fund financial statements. Liabilities for these amounts are reported in the governmental fund financial statements only as they become due (e.g., as a result of employee resignations and retirements by fiscal year-end).

N. Long-term Obligations

In the fund financial statements, governmental fund types recognize bond issuance proceeds, bond discounts and premiums, and bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Discounts on debt issuances are reported as other financing uses, while premiums received on debt issuances are reported as other financing sources. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Long-term Obligations (Continued)

In the government-wide and proprietary fund financial statements, long-term debt and other obligations are reported as liabilities on the Statement of Net Position. Bond discounts and premiums and deferred charges or credits on debt refunding are amortized over the life of the bonds using the straight-line method.

O. Pension and Other Postemployment Benefits

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. Transactions between Funds

Transactions that would be treated as revenue or expenditures/expenses if they involved organizations external to the governmental unit are accounted for as revenue or expenditures/expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures/expenses initially made from that fund that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of the expenditures/expense in the fund that is reimbursed.

Cash flows from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental activities and business-type activities are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as "other financing sources (uses)" in governmental funds and after nonoperating revenues and expenses in proprietary funds.

Q. Fund Balance Classifications

The governmental funds' fund balances are reported within classifications based on a hierarchy of constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, committed, assigned, and unassigned fund balance classifications.

Nonspendable fund balances include amounts that cannot be spent because they are either not in spendable form, such as inventories, or are legally or contractually required to be maintained intact.

Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.

Committed fund balances are self-imposed limitations that the City Council approved, which is the highest level of decision-making authority within the City. Only the City Council can remove or change the constraints placed on the committed fund balances. Commitments must be made prior to fiscal year end to be reported as a commitment. Committed fund balances also include resources that have been specifically committed to satisfy contractual requirements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Fund Balance Classifications (Continued)

Assigned fund balances are spendable resources constrained by the City's intent to be used for specific purposes, but that are neither restricted nor committed.

Unassigned fund balance is the residual classification for the General Fund and includes all spendable resources not reported in other classifications. Also, deficits in fund balances of other governmental funds are reported as unassigned.

On June 20, 2011, the City Council approved a resolution adopting a formal City fund balance policy and stabilization arrangement. The significant components of the policy and arrangement follow:

The City Council delegated authority to the City Manager to assign fund balances for specific purposes. Any fund balance assignments must be reported to the City Council at their next regular meeting, and the City Council has the authority to remove or change the assignments by a simple majority vote.

The City Council established a two-tier fiscal stabilization arrangement as committed fund balance in the General Fund equal to 35 percent of budgeted General Fund expenditures and transfers out of the prior fiscal year in order to provide a comfortable margin of safety against natural disasters, urgent events, revenue shortfalls, and budget deficits. The two tiers include an emergency reserve of 25 percent and a rainy day reserve of 10 percent.

The stabilization reserves shall be used only if:

- The City has exhausted all efforts to fund the natural disaster, urgent event, revenue shortfall, or budget deficit, as defined below, and there are no reasonable budget adjustments available to continue to provide essential services to the public.
- The City Manager, or his/her designee, is able to demonstrate the significance of the aforementioned events or conditions. This communication must be provided to the City Council in writing.

The City Council may approve the spending of the stabilization reserves by a simple majority vote.

Emergency Reserve

The emergency reserve shall be used only if the City directly experiences a natural disaster or urgent event that jeopardizes public safety, the federal government and/or the State of Arizona formally declares a disaster or emergency, and there are no reasonable budget adjustments available to continue essential public services. Emergency reserves shall be used only for the following reasons:

- Mitigate damage and expenditures caused by natural disasters.
- Respond to urgent events that jeopardize public safety.
- Provide and maintain essential public services during natural disasters or urgent events.

**CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Fund Balance Classifications (Continued)

Rainy Day Reserve

The rainy day reserve shall be used to provide an operating margin of safety against the following revenue shortfalls or budget deficits:

- Sudden or unexpected decline in ongoing revenues or state-shared revenues that is greater than 10 percent of General Fund operating revenues of the prior fiscal year.
- Reduction in assessed property valuations, resulting in secondary property tax revenue that falls below the City's general obligation debt service requirements.
- Sudden or unexpected self-insurance loss that is greater than available reserves in the Self-insurance Fund.

If the reserves are spent down below the minimum required reserve levels, the City shall develop and implement a reserve restoration plan to return the reserves to their required balances. The City shall replenish the emergency and rainy day reserves within two (2) fiscal years and five (5) fiscal years following the fiscal year in which the event occurred, respectively. If the depletion of the reserve occurs during an ongoing economic downturn, the City shall replenish the reserves within two (2) or five (5) years of revenue stabilization. The progress of replenishment shall be reported in the City's *Annual Budget & Financial Plan*.

R. Resource Flow Assumptions

When an expenditure/expense is incurred that can be paid from either restricted or unrestricted fund balances/net position, the City will generally use restricted fund balances/net position first. When disbursing unrestricted fund balances, the City will use committed amounts first, followed by assigned amounts, and lastly unassigned amounts.

S. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amount of assets and liabilities, deferred outflows and inflows of resources, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenditures/expenses during the reporting period. Actual results may differ from these estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit fund balances—At June 30, 2019, the Fleet management fund shows a deficit of \$654,550. Fleet management has made incremental changes to the markup on parts and labor rates to begin fully recovering the cost of providing fleet management services to city departments. In fiscal year 2020, city management plans to eliminate the net position deficit by recovering prior years' cumulative fleet management undercharges from user departments. City management anticipates that net position deficit will be completely eliminated over the next couple years.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - CASH AND INVESTMENTS

A.R.S. authorize the City to invest public monies in the State Treasurer's Local Government Investment Pool, the County Treasurer's Investment Pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds, notes, and other evidences of indebtedness; and interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories.

Total City cash and investments as of June 30, 2019, are reported as follows:

Governmental activities	\$ 146,283,967
Business-type activities	83,985,723
Fiduciary fund	225,538
	<u>\$ 230,495,228</u>
Cash on hand	\$ 5,200
Cash in banks	47,061,488
Investments	174,090,423
Cash with fiscal agents	9,338,117
	<u>\$ 230,495,228</u>

Fair Value Measurement and Application for Investments

The City's investments at June 30, 2019, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

	Amount	Fair Value Measurement Using	
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Investments by Fair Value Level			
U.S. Agency Mortgage Backed Securities	\$ 19,433,601	\$ -	\$ 19,433,601
U.S. Treasury Securities	76,184,638	76,184,638	-
Total Investments by Fair Value Level	95,618,239	\$ 76,184,638	\$ 19,433,601
External Investment Pools Measured at Fair Value			
State Treasurer's Investment Pool 7	78,472,184		
Total Investments	<u>\$ 174,090,423</u>		

Investments categorized as Level 1 are valued using prices quoted in active markets for those investments. Investments categorized as Level 2 are valued using institutional bond quotes and evaluations based on various market and industry inputs. Investments in the State Treasurer's Investment Pool 7 are valued at the pool's share price multiplied by the number of shares the City held. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. The State Board of Investment provides oversight for the State Treasurer's Investment Pool 7.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - CASH AND INVESTMENTS (Continued)

During the year, the fair value of non-pooled investments decreased \$4,634,720. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized gain on these investments held at June 30, 2019, was \$1,035,587. The calculation of realized gains and losses on investments is independent of the calculation of the change in fair value of investments. In addition, gains and losses of the current period include unrealized amounts from the prior period.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The City does not have a formal investment policy that limits its investments with any specific depository institution or issuer. The City's investment in the State Treasurer's Investment Pool 7, which only invests in obligations issued or guaranteed by the United States, does not carry a credit rating.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity period of an investment, the greater the sensitivity of its fair value to the changes in market interest rates.

The City does not have a formal investment policy that manages its exposure to declines in fair values in order to minimize its exposure to fair value losses arising from increasing interest rates.

At June 30, 2019, credit and interest rate risk for the City's investments was as follows:

Investment Type	Amount	Maturities		Moody's Investors Service	Standard & Poor's
		Less than 1 Year	1-5 Years		
US Agency Mortgaged Backed Securities	\$ 19,433,601	\$ 4,503,109	\$ 14,930,492	Aaa	AA+
US Treasury Note	76,184,638	-	76,184,638	Aaa	AA+
State Treasurer's Investment Pool 5	25,076,097	25,076,097	-	v	
State Treasurer's Investment Pool 7	53,396,087	53,396,087	-	Unrated	Unrated
Total investments	<u>\$ 174,090,423</u>	<u>\$ 82,975,293</u>	<u>\$ 91,115,130</u>		

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal deposit or investment policy for custodial credit risk.

Cash in bank—The carrying amount of City's operating account deposits at June 30, 2019, excluding fiduciary fund cash, was \$42,376,150 and the bank balance was \$43,993,029. The difference between the carrying amount and bank balance was due to outstanding checks and deposits, and other reconciling items. The City also held \$106,523 of cash deposits in a U.S. Government securities investment account, with maturity dates less than one year, at June 30, 2019. These balances were either covered by the Federal Depository Insurance Corporation (FDIC), National Credit Union Administration (NCUA), or collateralized at 102 percent of deposits not covered by FDIC. In addition, \$4,552,991 were held under the terms of lease-purchase agreements at June 30, 2019.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - CASH AND INVESTMENTS

Fiduciary fund cash—The carrying amount of fiduciary deposits at June 30, 2019, was \$2,234 and the bank balance was also \$2,234. In addition, \$223,304 invested in State Treasurer’s Investment Pool is not subject to custodial credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of deposits or investments in a single depository institution or issuer. The City does not have a formal investment policy for concentration of credit risk, nor does state law specify any requirements for concentration of credit risk. In addition, the City does not limit the amount that may be deposited or invested with any one institution.

At June 30, 2019, the following issuers represents more than 5% of the City’s total investments: 43.8% in U.S. Treasury Notes, 7.0% in Federal Home Loan Bank, and 45.1% invested in the State Treasurer’s Investment Pool 7.

NOTE 4 - PROPERTY TAX CALENDAR

The City levies real and personal property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

NOTE 5 - RECEIVABLES

Receivables in the General, Special Revenue, Debt Service, Capital Projects, and Pension Trust Funds are considered to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established in these funds. The allowances for doubtful accounts for receivables in the Water, Wastewater, and Sanitation Funds at June 30, 2019, are \$85,054, \$53,066, and \$26,424, respectively. Uncollectible amounts related to current period revenues of the Water, Wastewater, and Sanitation Funds are \$1,426, \$7,307 and \$3,461, respectively.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6 - CAPITAL ASSETS

A summary of capital asset activity for governmental activities on the government-wide financial statements for the year ended June 30, 2019, follows:

Governmental Activities	Balance June 30, 2018	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2019
Non-depreciable assets:				
Land	\$ 256,459,877	\$ 15,294,306	\$ (739,948)	\$ 271,014,235
Construction in progress	9,473,625	19,641,450	(15,804,186)	13,310,889
Total non-depreciable capital assets	<u>265,933,502</u>	<u>34,935,756</u>	<u>(16,544,134)</u>	<u>284,325,124</u>
Depreciable assets:				
Buildings and improvements	82,784,906	1,132,324	-	83,917,230
Improvements other than buildings	23,847,840	3,167,903	-	27,015,743
Vehicles, furniture, and equipment	44,050,329	7,466,251	(568,315)	50,948,265
Infrastructure	396,918,861	8,913,769	-	405,832,630
Intangible assets	1,965,259	-	-	1,965,259
Total depreciable capital assets	<u>549,567,195</u>	<u>20,680,247</u>	<u>(568,315)</u>	<u>569,679,127</u>
Less accumulated depreciation for:				
Buildings and improvements	29,136,164	2,292,711	-	31,428,875
Improvements other than buildings	2,506,856	1,219,449	-	3,726,305
Vehicles, furniture and equipment	34,720,159	3,977,465	(565,247)	38,132,377
Infrastructure	184,868,396	10,111,696	-	194,980,092
Intangible assets	529,531	65,509	-	595,040
Total accumulated depreciation	<u>251,761,106</u>	<u>17,666,830</u>	<u>(565,247)</u>	<u>268,862,689</u>
Total capital assets being depreciated, net	<u>297,806,089</u>	<u>3,013,417</u>	<u>(3,068)</u>	<u>300,816,438</u>
Total governmental activities capital assets, net	<u>\$ 563,739,591</u>	<u>\$ 37,949,173</u>	<u>\$ (16,547,202)</u>	<u>\$ 585,141,562</u>

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6 - CAPITAL ASSETS (Continued)

A summary of capital asset activity for business-type activities on the government-wide financial statements for the year ended June 30, 2019, follows:

	Balance June 30, 2018	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2019
Business-type activities:				
Non-depreciable assets:				
Land	\$ 16,273,312	\$ -	\$ -	\$ 16,273,312
Intangible assets	1,523,755	-	-	1,523,755
Construction in progress	19,231,745	10,994,607	(29,495,530)	730,822
Total non-depreciable assets	<u>37,028,812</u>	<u>10,994,607</u>	<u>(29,495,530)</u>	<u>18,527,889</u>
Depreciable assets:				
Water system	306,761,923	7,618,514	-	314,380,437
Sewer system	230,339,871	1,343,046	-	231,682,917
Wastewater treatment system	81,877,353	-	-	81,877,353
Vehicles, furniture and equipment	17,815,919	21,376,095	(198,423)	38,993,591
Intangible Assets	2,980,551	-	-	2,980,551
Improvements other than buildings	808,883	-	-	808,883
Total depreciable capital assets	<u>640,584,500</u>	<u>30,337,655</u>	<u>(198,423)</u>	<u>670,723,732</u>
Less accumulated depreciation for:				
Water system	102,475,311	6,221,225	-	108,696,536
Sewer system	85,092,278	5,302,824	-	90,395,102
Wastewater treatment system	18,632,538	1,001,625	-	19,634,163
Vehicles, furniture and equipment	13,152,044	2,271,244	(198,423)	15,224,865
Intangible Assets	521,598	74,514	-	596,112
Improvements other than buildings	326,981	40,440	-	367,421
Total accumulated depreciation	<u>220,200,750</u>	<u>14,911,872</u>	<u>(198,423)</u>	<u>234,914,199</u>
Total business-type activities capital assets being depreciated, net	<u>420,383,750</u>	<u>15,425,783</u>	<u>-</u>	<u>435,809,533</u>
Total business-type activities capital assets, net	<u>\$ 457,412,562</u>	<u>\$ 26,420,390</u>	<u>\$ (29,495,530)</u>	<u>\$ 454,337,422</u>

Depreciation expense was charged to functions and programs of the primary government as follows:

Depreciation Expense by Activities

Governmental activities:	
General government	\$ 1,489,545
Public safety	2,391,281
Highways and streets	11,146,383
Health and welfare	92,679
Economic and community development	182,486
Culture and recreation	2,101,947
Transportation	112,338
Internal services	150,171
Total	<u>\$ 17,666,830</u>
Business-type activities:	
Water	\$ 7,294,880
Wastewater	7,035,683
Sanitation	581,309
Total	<u>\$ 14,911,872</u>

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 - FUND BALANCES

The fund balance classifications of the governmental funds as of June 30, 2019, were as follows:

	General Fund	Dedicated Sales Tax Revenue Fund	Public Safety Sales Tax Revenue Fund	Development Fees Fund	Non-Major Governmental Funds	Total Governmental Funds
Fund balances:						
Nonspendable:						
Inventory	\$ 185,773	\$ -	\$ -	\$ -	\$ 382,970	\$ 568,743
Prepaid items	207,169	-	829	-	188,912	396,910
Advances to other funds	128,000	-	-	-	-	128,000
Restricted for:						
Transit services	-	-	-	-	1,621,340	1,621,340
Highway and streets	-	-	-	-	7,454,379	7,454,379
Courts	-	-	-	-	568,017	568,017
Grant and contributor purposes	-	-	-	-	2,216,806	2,216,806
Public safety	77,977	-	9,772,966	-	-	9,850,943
Debt service	-	-	-	-	7,846,612	7,846,612
Capital projects	-	-	-	10,996,023	10,798,973	21,794,996
Water, sewer, streets and transportation	-	6,656,952	-	-	960,743	7,617,695
Crime victim advocacy	-	-	-	-	274,366	274,366
Committed to:						
Budgetary stabilization	26,907,594	-	-	-	-	26,907,594
Crime victim advocacy	-	-	-	-	91,452	91,452
Assigned to:						
Vehicle replacement	-	-	-	-	8,885,144	8,885,144
Equipment replacement	-	-	-	-	1,073,667	1,073,667
Capital projects	-	-	-	-	12,025,797	12,025,797
Other purposes	6,990,024	-	-	-	-	6,990,024
Unassigned	22,997,628	-	-	(1,717,345)	-	21,280,283
Total fund balances	<u>\$ 57,494,165</u>	<u>\$ 6,656,952</u>	<u>\$ 9,773,795</u>	<u>\$ 9,278,678</u>	<u>\$ 54,389,178</u>	<u>\$ 137,592,768</u>

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 - PENSION PLANS

The City contributes to the plans described below. The plans are component units of the State of Arizona.

At June 30, 2019, the City reported the following aggregate amounts related to pensions plans to which it contributes:

	Governmental Activities	Business-Type Activities	Total
Statement of Net Position and Statement of Activities			
Net pension and OPEB liabilities			
Pension			
ARSR	\$ 24,020,348	\$ 6,826,478	\$ 30,846,826
PSPRS	29,697,116	-	29,697,116
EORP/CORP	1,210,556	-	1,210,556
OPEB*	148,208	7,474	155,682
Total	<u>\$ 55,076,228</u>	<u>\$ 6,833,952</u>	<u>\$ 61,910,180</u>
Deferred outflows of resources related to pensions and OPEB			
Pension			
ARSR	\$ 4,401,334	\$ 1,186,703	\$ 5,588,037
PSPRS	10,910,562	-	10,910,562
EORP/CORP	274,127	-	274,127
OPEB*	338,003	72,156	410,159
Total	<u>\$ 15,924,026</u>	<u>\$ 1,258,859</u>	<u>\$ 17,182,885</u>
Deferred inflows of resources related to pensions and OPEB			
Pension			
ARSR	\$ 2,845,430	\$ 801,511	\$ 3,646,941
PSPRS	643,665	-	643,665
EORP/CORP	386,579	-	386,579
OPEB*	384,541	54,101	438,642
Total	<u>\$ 4,260,215</u>	<u>\$ 855,612</u>	<u>\$ 5,115,827</u>
Pension and OPEB expense			
Pension			
ARSR	\$ 1,107,535	\$ 306,899	\$ 1,414,434
PSPRS	5,049,733	-	5,049,733
EORP/CORP	(268,100)	-	(268,100)
OPEB*	123,287	27,292	150,579
Total	<u>\$ 6,012,455</u>	<u>\$ 334,191</u>	<u>\$ 6,346,646</u>

*EORP/CORP and OPEB balances are not material to the financial statement as a whole, and therefore, note disclosure has been omitted.

The City's accrued payroll and employee benefits includes \$637,951 of outstanding pension contribution amounts payable to all pension plans for the year ended June 30, 2019. Also, the City reported \$4,558,031 of pension contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

During the year ended June 30, 2019, the City did not liquidate any of its pension liabilities. Liquidations of these liabilities would be paid primarily from the General Fund.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 - PENSION PLANS (Continued)

A. Arizona State Retirement System

Plan description—City employees not covered by the other pension plans described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at www.azasrs.gov.

Benefits provided—The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

ASRS	Retirement	
	Initial membership date:	
	Before July 1, 2011	On or after July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 year,s age 62 5 years, age 50* any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* any years, age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%
*With actuarially reduced benefits.		

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the retirement benefit option chosen determines the survivor benefit. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Contributions—In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2019, statute required active ASRS members were required by statute to contribute at the actuarially determined rate of 11.64 percent of the members' annual covered payroll, and statute required the City to contribute at the actuarially determined rate of 11.18 percent of the active members' annual covered payroll. In addition, the City was required by statute to contribute at the actuarially determined rate of 10.41 percent of annual covered payroll of retired members who worked for the City in positions that an employee who contributes to the ASRS would typically fill. The City's contributions to the pension plan for the year ended June 30, 2019, was \$2,718,912.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 - PENSION PLANS (Continued)

A. Arizona State Retirement System (Continued)

During fiscal year 2019, the City paid for ASRS pension contributions as follows: 62.8 percent from the General Fund, 22.4 percent from other major funds, and 14.8 percent from other funds.

Net Pension Liability—At June 30, 2019, the City reported a liability of \$30,846,826 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2017, to the measurement date of June 30, 2018. The total pension liability as of June 30, 2018, reflects a change in actuarial assumption based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, including decreasing the discount rate from 8 percent to 7.5 percent, changing the projected salary increases from 3-6.75 percent to 2.7-7.2 percent, decreasing the inflation rate from 3 percent to 2.3 percent, and changing the mortality rates.

The City's proportion of the net pension liability was based on the City's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The City's proportion measured as of June 30, 2018, was 0.22 percent, which remained substantially unchanged from its proportion measured as of June 30, 2017.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2019, the City recognized pension expense for ASRS of \$1,414,434. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the following page:

ASRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 849,805	\$ 170,053
Change in assumptions or other inputs	816,263	2,734,995
Net difference between projected and actual earnings on pension plan investments	-	741,793
Changes in proportion and differences between city contributions and proportionate share of contributions	1,203,057	-
City contributions subsequent to the measurement date	2,718,912	-
Total	<u>\$ 5,588,037</u>	<u>\$ 3,646,841</u>

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 - PENSION PLANS (Continued)

A. Arizona State Retirement System (Continued)

The \$2,718,912 reported as deferred outflows of resources related to ASRS pensions resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

<u>Year ending June 30</u>	<u>Net Outflow/ (Inflow)</u>
2020	\$ 896,294
2021	(216,098)
2022	(1,125,246)
2023	(332,666)

Actuarial Assumptions—The significant actuarial assumptions used to measure the total pension liability are as follows:

ASRS

Actuarial valuation date	June 30, 2017
Actuarial roll forward date	June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.5%
Projected salary increases	2.7-7.2%
Inflation	2.3%
Permanent benefit increase	Included
Mortality rates	2017 SRA Scale U-MP

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.5 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

ASRS		Long-Term
Asset Class	Target Allocation	Expected Arithmetic Rate of Return
Equity	50%	5.50%
Fixed income	30%	3.83%
Real estate	20%	5.85%
Total	100%	

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 - PENSION PLANS (Continued)

A. Arizona State Retirement System (Continued)

Discount Rate—The discount rate used to measure the total pension liability was 7.5 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s proportionate share of the ASRS net pension liability to changes in the discount rate—The following table presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

ASRS	1% Decrease	Current	1% Increase
	(6.5%)	Discount Rate (7.5%)	(8.5%)
City's proportionate share of the net pension liability	\$ 43,972,860	\$ 30,846,826	\$ 19,880,237

Pension plan fiduciary net position—Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report.

B. Public Safety Personnel Retirement System

Plan descriptions—City police and fire employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPRS plans. The report is available on the PSPRS website at www.psprs.com.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 - PENSION PLANS (Continued)

B. Public Safety Personnel Retirement System (Continued)

Benefits provided—The PSPRS provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

PSPRS	Initial membership date:		
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017	On or after July 1, 2017
Retirement and Disability			
Years of service and age required to receive benefit	20 years of service, any age 15 years of services, age 62	25 years of service or 15 years of credited service, age 52.5	15 years of service, age 52.5* 15 or more years of service, age
Final average salary is based on	Highest 36 consecutive month of last 20 years	Highest 60 consecutive months of last 20 years	Highest 60 consecutive months of last 15 years
Benefit percent			
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater		
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater		
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20		
Survivor Benefit			
Retired Members	80% to 100% of retired member's pension benefit		
Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job		

Retirement is subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 - PENSION PLANS (Continued)

B. Public Safety Personnel Retirement System (Continued)

Employees covered by benefit terms—At June 30, 2019, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS Police	PSPRS Fire
Inactive employees or beneficiaries currently receiving benefits	29	9
Inactive employees entitled to but not yet receiving benefits	32	6
Active employees	110	64
Total	<u>171</u>	<u>79</u>

Contributions—State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2019, are indicated below. Rates are a percentage of active members' annual covered payroll.

	Active member - Pension	City Pension
PSPRS-Police Tier 1 & 2	7.65%	29.08%
PSPRS-Police Tier 3	9.94%	24.18%
PSPRS-Fire Tier 1 & 2	7.65%	27.63%
PSPRS-Fire Tier 3	9.94%	21.46%

In addition, statute required the City to contribute at the actuarially determined rate indicated below of annual covered payroll of retired members who worked for the City in positions that an employee who contributes to the PSPRS would typically fill.

	PSPRS Police	PSPRS Fire
Pension	12.49%	10.03%

The City's contributions to the plans for the year ended June 30, 2019, were:

	Pension
PSPRS—Police Tier 1 & 2	\$2,737,614
PSPRS—Police Tier 3	94,572
PSPRS—Fire Tier 1 & 2	1,830,362
PSPRS—Fire Tier 3	28,629

During fiscal year 2018, the City paid for PSPRS pension contributions as follows: 75.8 percent from the General Fund, 24.1 percent from other major funds, and 0.1 percent from other funds.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 - PENSION PLANS (Continued)

B. Public Safety Personnel Retirement System (Continued)

Pension Liability—At June 30, 2019, the City reported the following net pension liabilities:

	Net Pension Liability
PSPRS—Police	\$19,133,987
PSPRS—Fire	10,563,129

The net pension liabilities were measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liabilities as of June 30, 2018, reflect statutory changes in benefit terms for automatic cost-of-living adjustments. The basis for cost-of-living adjustments was changed from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent.

Pension actuarial assumptions—The significant actuarial assumptions used to measure the total pension liability are as follows:

PSPRS and CORP—Pension

Actuarial valuation date	June 30, 2018
Actuarial cost method	Entry age normal
Investment rate of return	7.4%
Wage inflation	3.5%
Price inflation	2.5%
Cost-of-living adjustment	Included
Mortality rates	RP-2014 tables using MP-2016 improvement scale with adjustments to match current experience

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on PSPRS plan investments was determined to be 7.4 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

PSPRS and CORP	Target	Long-Term
Asset Class	Allocation	Expected Geometric Real Rate of Return
Short term investments	2%	0.25%
Risk parity	4%	5.00%
Fixed income	5%	1.25%
Real assets	9%	4.52%
GTS	12%	3.96%
Private equity	12%	5.83%
Real estate	10%	3.75%
Private credit	16%	5.83%
Non-U.S. equity	14%	8.70%
U.S. equity	16%	7.60%
Total	100%	

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 - PENSION PLANS (Continued)

B. Public Safety Personnel Retirement System (Continued)

Pension discount rates—At June 30, 2018, the discount rate used to measure the PSPRS and CORP total pension liabilities was 7.4 percent, which was the same discount rate used as of June 30, 2017. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

PSPRS—Police

		Increase (Decrease)	
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 42,982,080	\$ 25,286,084	\$ 17,695,996
Changes for the year:			
Service cost	1,946,106	-	1,946,106
Interest on total pension liability	3,186,313	-	3,186,313
Changes in benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the pension liability	326,924	-	326,924
Changes in assumptions or other inputs	-	-	-
Contributions—employer	-	2,451,734	(2,451,734)
Contributions—employee	-	825,215	(825,215)
Net investment income	-	1,759,091	(1,759,091)
Benefit payments, including refunds of employee contributions	(1,793,686)	(1,793,686)	-
Hall/Parker Settlement	-	(981,953)	981,953
Administrative expense	-	(27,473)	27,473
Other changes	-	(5,262)	5,262
Net changes	3,665,657	2,227,666	1,437,991
Balances at June 30, 2019	<u>\$ 46,647,737</u>	<u>\$ 27,513,750</u>	<u>\$ 19,133,987</u>

Changes in the Net Pension Liability (Asset)

PSPRS—Fire

		Increase (Decrease)	
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 30,989,344	\$ 21,861,747	\$ 9,127,597
Changes for the year:			
Service cost	1,418,344	-	1,418,344
Interest on total pension liability	2,309,854	-	2,309,854
Changes in benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the pension liability	574,991	-	574,991
Changes in assumptions or other inputs	-	-	-
Contributions—employer	-	1,682,744	(1,682,744)
Contributions—employee	-	512,464	(512,464)
Net investment income	-	1,520,488	(1,520,488)
Benefit payments, including refunds of employee contributions	(968,557)	(968,557)	-
Hall/Parker Settlement	-	(824,447)	824,447
Administrative expense	-	(23,842)	23,842
Other changes	-	250	(250)
Net changes	3,334,632	1,899,100	1,435,532
Balances at June 30, 2019	<u>\$ 34,323,976</u>	<u>\$ 23,760,847</u>	<u>\$ 10,563,129</u>

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 - PENSION PLANS (Continued)

B. Public Safety Personnel Retirement System (Continued)

Sensitivity of the City's net pension liability to changes in the discount rate—The following table presents the City's net pension liabilities calculated using the discount rates noted above, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.4 percent) or 1 percentage point higher (8.4 percent) than the current rate:

Net Pension Liability	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
PSPRS—Police	\$ 26,760,894	\$ 19,133,987	\$ 13,040,905
PSPRS—Fire	16,075,072	10,563,129	6,127,040

Pension plan fiduciary net position—Detailed information about the pension plans' fiduciary net position is available in the separately issued PSPRS reports.

Pension expense—For the year ended June 30, 2019, the City recognized the following pension expense:

	Pension Expense
PSPRS—Police	\$ 3,318,664
PSPRS—Fire	1,731,069

Pension deferred outflows/inflows of resources—At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PSPRS—Police	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,294,770	\$ 519,328
Changes of assumptions or other inputs	2,173,566	-
Net difference between projected and actual earnings on pension plan investments	297,321	-
City contributions subsequent to the measurement date	2,832,186	-
Total	\$ 6,597,843	\$ 519,328
PSPRS—Fire	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 695,723	\$ 124,337
Changes of assumptions or other inputs	1,501,195	-
Net difference between projected and actual earnings on pension plan investments	256,810	-
City contributions subsequent to the measurement date	1,858,991	-
Total	\$ 4,312,719	\$ 124,337

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 - PENSION PLANS (Continued)

B. Public Safety Personnel Retirement System (Continued)

The amounts reported as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30	PSPRS Police	PSPRS Fire
2020	\$ 1,029,740	\$ 550,642
2021	873,040	415,802
2022	448,131	158,124
2023	405,253	318,930
2024	284,251	296,672
Thereafter	205,914	589,221

NOTE 9 - LONG-TERM OBLIGATIONS

The City has issued general obligation bonds to acquire and construct water and sewer system improvements, street and highway improvements, library facilities, a multi-purpose recreation center and to refund prior outstanding general obligation bonds. The City has also issued governmental activities pledged revenue refunding obligations and highway user revenue refunding bonds to refund prior outstanding pledged revenue and highway user revenue bonds, as well as business-type activities water and sewer system revenue bonds to finance and acquire improvements to the water production and distribution system, sewer collection and treatment system, and wastewater treatment plant.

Annual debt service requirements to maturity on these bonds at June 30, 2019, are summarized as follows:

Year Ending June 30	Governmental Activities				Business-type Activities			
	General		Pledged Revenue		Water and Sewer		Pledged Revenue	
	Obligation Bonds		Refunding Obligations		Revenue Bonds		Refunding Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 2,245,000	\$ 1,610,886	\$ 5,194,628	\$ 594,594	\$ 690,000	\$ 297,000	\$ 135,373	\$ 17,856
2021	2,320,000	1,536,700	4,503,259	379,880	715,000	274,600	111,741	12,270
2022	2,235,000	1,451,400	2,179,575	270,900	315,000	262,000	70,425	8,750
2023	2,335,000	1,351,000	2,290,976	156,350	325,000	249,000	74,025	5,050
2024	2,460,000	1,245,250	2,402,376	36,229	340,000	235,400	77,624	1,170
2025-29	14,390,000	4,310,150	905,735	-	1,920,000	952,600	29,264	-
2030-34	5,815,000	2,014,700	-	-	2,330,000	521,000	-	-
2035-39	6,665,000	763,250	-	-	1,635,000	67,000	-	-
2040-2044	1,475,000	-	-	-	-	-	-	-
Total	<u>\$ 39,940,000</u>	<u>\$ 14,283,336</u>	<u>\$ 17,476,549</u>	<u>\$ 1,437,953</u>	<u>\$ 8,270,000</u>	<u>\$ 2,858,600</u>	<u>\$ 498,452</u>	<u>\$ 45,096</u>

The general obligation bonds are secured by property taxes (ad valorem taxes) levied by the City on all taxable property within the City sufficient to pay all principal and interest on the bonds as they come due.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

The City has pledged certain future revenues to repay specific revenue bonded debt as follows:

- The City has pledged future excise tax revenues, including local sales taxes and state-shared sales and income taxes, to repay \$31.5 million of Pledged Revenue Refund Obligations, Series 2013 and 2016. At year end, \$18.0 million in bonds remains outstanding to be repaid with future excise tax revenues over the next 7 years. For the year ended June 30, 2019, the excise taxes available to service debt was \$75.8 million, and the principal and interest on this debt was \$5.9 million (7.8% of the available pledged revenues).
- The City has pledged future water and wastewater utility revenues to repay \$18.1 million of Water and Sewer System Revenue Obligations, Series 2010 and 2016. At year end, \$8.3 million in bonds remains outstanding to be repaid with future water and sewer revenues over the next 18 years. For the year ended June 30, 2019, the net water and wastewater utility revenues available to service debt was \$18.8 million and the principal and interest on this debt was \$1.1 million (6.0% of the available net pledged revenues).

A summary of changes in governmental activities long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2019, follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
Governmental activities:					
Compensated absences	\$ 5,494,967	\$ 4,226,701	\$ 3,852,171	\$ 5,869,497	\$ 4,695,598
Capital leases payable	4,542,254	-	183,767	4,358,487	270,570
Claims payable	935,032	1,303,523	441,104	1,797,451	1,177,840
General Obligation Bonds	21,740,000	21,390,000	3,190,000	39,940,000	2,245,000
Pledged Revenue Bonds	22,418,375	-	4,941,826	17,476,549	5,194,628
Unamortized premiums and discounts, net	4,579,194	2,930,479	667,314	6,842,359	728,411
Net pension and other post- employment benefits liability	54,476,039	7,590,977	6,990,788	55,076,228	-
Total	<u>\$ 114,185,861</u>	<u>\$ 37,441,680</u>	<u>\$ 20,266,970</u>	<u>\$ 131,360,571</u>	<u>\$ 14,312,047</u>

The internal service funds primarily provide services to the governmental funds. Accordingly, their long-term liabilities are reported with governmental activities in the Statement of Net Position. At fiscal year-end, internal service funds compensated absences of \$84,284, self-insurance claims payable of \$1,797,451, and \$790,185 of net pension and other postemployment benefit liability are included in the above liabilities.

Compensated Absences—Compensated absences payable are paid from various funds in the same proportion that those funds pay payroll and employee benefit costs. During the year ended June 30, 2019, the City primarily paid for compensated absences from the General Fund.

Capital Leases—The City has acquired and installed heating, cooling, lighting, and street lighting equipment under the provisions of long-term lease agreements classified as capital leases for accounting purposes because they transfer ownership by the end of the lease term.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

The following assets were acquired through capital leases:

<u>Class of Property</u>	<u>Governmental Activities</u>
Chiller/HVAC Upgrades	\$3,041,799
LED Streetlights	2,947,611
Less: Accumulated depreciation	199,427
Carrying value	<u>\$5,789,983</u>

The following schedule details debt service requirements to maturity for the City's capital lease payable at June 30, 2019.

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2020	\$ 381,357
2021	367,645
2022	384,210
2023	410,068
2024	423,648
2025-2029	2,082,598
2030-2034	1,103,123
Total minimum lease payments	5,152,649
Less amount representing interest	(794,162)
Present value of net minimum lease payments	<u>\$ 4,358,487</u>

Pledged Revenue Refunding Obligations—These obligations were issued to refund outstanding MDC Revenue Bonds and are backed by the City's general excise taxes. Principal payments are due annually and interest payments are due semiannually.

The following issues are currently outstanding.

<u>Issue</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Outstanding Principal June 30, 2019</u>
2013 series bonds	2.00 - 4.00%	2020	\$ 2,050,000
2016 series bonds (96.87% of total issue)	2.00 - 5.00%	2024	15,426,549
			<u>\$ 17,476,549</u>

Annual debt service requirements to maturity for the pledged revenue refunding obligations are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 5,194,628	\$ 594,594
2021	4,503,259	379,880
2022	2,179,575	270,900
2023	2,290,976	156,350
2024	2,402,376	36,229
2025	905,735	-
Total	<u>\$ 17,476,549</u>	<u>\$ 1,437,953</u>

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

General Obligation Bonds—These bonds are issued for the purpose of constructing capital assets and related improvements. The bonds are backed by the taxing authority of the City and are approved by the voters. Principal payments are due annually and interest payments are due semiannually.

On May 7, 2019, the City issued \$21,390,000 of General Obligation Bonds, Series 2019 to provide funds for the acquisition and construction of capital projects including a resource center, park improvements, and expansion of police facilities and to pay related bond issue costs. The issuance yielded \$24,320,479 of net bond proceeds, including a bond premium of \$2,930,479, less bond issue costs of \$77,497.

On December 14, 2017, the City issued \$21,350,000 of General Obligation Refunding Bonds, Tax-Exempt Series 2017A and Taxable Series 2017B to refund \$20,900,000 of outstanding General Obligation Bonds, Taxable Series 2009, and pay related bond issue costs. The issuance yielded \$23,395,316 of net bond proceeds, including a bond premium of \$2,464,479, less bond issue costs of \$419,162. The City deposited \$23,395,316 of the net bond proceeds with an escrow agent, who deposited the proceeds in an irrevocable trust. The proceeds are invested in securities backed by the U.S. Government that are designed to meet all future debt service requirements of the defeased \$20,900,000 of General Obligation Bonds, Taxable Series 2009.

The following issues are currently outstanding:

<u>Issue</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Outstanding Principal June 30, 2019</u>
2017A series bonds	1.88 - 2.40%	2029	\$ 14,740,000
2017B series bonds	4.00 - 5.00%	2021	3,810,000
2019 series bonds	3.00 - 5.00%	2039	21,390,000
			<u>\$ 39,940,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 2,245,000	\$ 1,610,886
2021	2,320,000	1,536,700
2022	2,235,000	1,451,400
2023	2,335,000	1,351,000
2024	2,460,000	1,245,250
2025-2029	14,390,000	4,310,150
2030-2034	5,815,000	2,014,700
2035-2039	6,665,000	763,250
2040	1,475,000	-
Total	<u>\$ 39,940,000</u>	<u>\$ 14,283,336</u>

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

A summary of changes in long-term liabilities for the business-type activities reported in the government-wide financial statements for the year ended June 30, 2019, follows:

	Balance			Balance	Due Within
	July 1, 2018	Additions	Deletions	June 30, 2019	One Year
Business-type activities:					
Compensated absences	\$ 735,445	\$ 503,978	\$ 498,124	\$ 741,299	\$ 593,039
Water and Sewer Revenue Bonds	9,080,000	-	810,000	8,270,000	690,000
Pledged Revenue Bonds	626,626	-	128,174	498,452	135,373
Unamortized premiums and discounts, net	1,165,065	-	115,557	1,049,508	115,555
Net pension and post-employment benefits liability	7,250,653	523,759	940,460	6,833,952	-
Total	<u>\$ 18,857,789</u>	<u>\$ 1,027,737</u>	<u>\$ 2,492,315</u>	<u>\$ 17,393,211</u>	<u>\$ 1,533,967</u>

Water and Sewer Revenue Bonds—The revenue produced by the water and sewer facilities secures water and sewer revenue bonds. The voters must approve these bonds. Principal payments are due annually and interest payments are due semiannually.

The following issues are currently outstanding.

Issue	Interest Rate	Maturity	Outstanding Principal June 30, 2019
2010 series obligations	3.0 - 5.0%	2020	\$ 795,000
2016 series obligations	2.0 - 4.0%	2036	7,475,000
			<u>\$ 8,270,000</u>

Annual debt service requirements to maturity for the water and sewer revenue bonds are as follows:

Year Ending June 30	Principal	Interest
2020	\$ 690,000	\$ 297,000
2021	715,000	274,600
2022	315,000	262,000
2023	325,000	249,000
2024	340,000	235,400
2025-2029	1,920,000	952,600
2030-2034	2,330,000	521,000
2035-2037	1,635,000	67,000
Total	<u>\$ 8,270,000</u>	<u>\$ 2,858,600</u>

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

Pledged Revenue Refunding Obligations—These obligations were issued to refund outstanding MDC Revenue Bonds and are backed by the City's general excise taxes. Principal payments are due annually and interest payments are due semiannually. The following issue is currently outstanding.

<u>Issue</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Outstanding Principal June 30, 2019</u>
2016 series bonds (3.13% of total issue)	2.00 - 5.00%	2024	\$ 498,452

Annual debt service payments to maturity for pledged revenue refunding obligations of business-type activities are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 135,373	\$ 17,856
2021	111,741	12,270
2022	70,425	8,750
2023	74,025	5,050
2024	77,624	1,170
2025	29,264	-
Total	<u>\$ 498,452</u>	<u>\$ 45,096</u>

NOTE 10 - INTERFUND BALANCES AND ACTIVITY

Interfund balances at June 30, 2019, were as follows:

<u>Due to</u>	<u>Due From</u>	<u>Amounts</u>
General Fund	Nonmajor Funds	\$ 1,002,575
	Water	1,328
	Wastewater	398
	Sanitation	30
		<u>1,004,331</u>
Public Safety Sales Tax Revenue Fund	Sanitation	16
Nonmajor Funds	Sanitation	5
Internal Service Funds	Internal Service Funds	307,519
	Sanitation	17
		<u>307,536</u>
		<u>\$ 1,311,888</u>

In addition, to the due to and due from for short-term borrowings, General Fund reported \$128,000 advance to Development Fees Funds at June 30, 2019 for prior year projects to be repaid at a future date.

The significant due from other funds balances were to cover cash deficits in the Nonmajor funds from the General Fund.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 10 - INTERFUND BALANCES AND ACTIVITY (Continued)

Interfund transfers for the year ended June 30, 2019, were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds:		
General Fund	\$ -	\$ 8,573,300
Dedicated Sales Tax Revenue Fund	-	6,700,000
Public Safety Sales Tax Revenue Fund	-	308,170
Development Fees Fund	6,325,000	302,950
Nonmajor Governmental Funds	12,189,412	3,659,872
Total governmental funds	18,514,412	19,544,292
Enterprise funds:		
Water Fund	2,456,118	-
Wastewater Fund	150,000	2,306,118
Total enterprise funds	2,606,118	2,306,118
Internal service funds:	2,250,000	1,520,120
Grand total	\$ 23,370,530	\$ 23,370,530

Major transfers include \$3.9 million from the General Fund to the Development Fees Fund to finance various construction projects, as well as city parks, library, and public safety facilities enhancement and improvement projects; about \$2.1 million to the Internal Services Funds to accumulate reserves for the future replacement of vehicles and equipment. Dedicated Sales Tax Revenue Fund transfers included \$5.2 million to debt service funds to service debt. Nonmajor Governmental Funds transfers include \$3.0 million from HURF Fund to Other Capital Project Funds to finance various capital projects.

All other transfers between funds were routine in nature and consistent with the fund making the transfer.

NOTE 11 – SELF-INSURANCE

The City is exposed to various risks of loss and administers and accounts for these risks in the Self-insurance Fund, which is an internal service fund.

In fiscal year 2005, the City established a self-insurance fund to manage losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is self-insured for the first \$500,000 of any general liability and automobile liability occurrence and purchases commercial insurance to protect from losses in excess of \$500,000. The excess commercial insurance coverages and limits follow:

<u>Coverage</u>	<u>Limit</u>
Property and Boiler & Machinery	\$ 166,089,000
Public Entity/Excess Liability	25,500,000
Crime	2,000,000
Privacy/Network Liability (Cyber)	5,000,000
Environmental Liability	2,000,000

Beginning July 1, 2018, the City is self-insured against workers' compensation claims. The City is self-insured for the first \$1.0 million for wildland team firefighters and \$500,000 for all other employees. The excess commercial insurance coverage limits are \$1.0 million per occurrence and aggregate and \$2.0 million for the liability period.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 – SELF-INSURANCE (Continued)

The City retains all risks not covered by commercial insurance carriers and the Pool and has effectively managed risk through various employee education and prevention programs. There have not been any losses in excess of the coverages provided by the Self-insurance Fund since its inception.

Funds receiving insurance coverage pay monthly premiums to the Risk Management fund and Workers' Compensation Fund based upon a budget model taking into consideration actuarial analysis and projections, prior loss experience, staffing, and operating budget.

Premium payments to insurance carriers, loss control, and self-insurance expenses are made directly from the Self-insurance Fund.

Based on information provided by the actuary, claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claims liabilities include case reserves, the development of known claims, claims that have been incurred but not reported, and allocated loss adjustment expenses. The claims liabilities consider the effects of inflation, claims settlement trends, such as frequency and severity, and other factors. These liabilities are limited to the self-funded retention and deductibles.

Changes in the balances of claims liabilities during the past two years follows:

	2019	2018
Beginning balance at July 1	\$935,032	\$757,947
Current year claims and changes in estimates	1,303,523	925,844
Claim payments	(441,104)	(748,759)
Ending balance at June 30	<u>\$1,797,451</u>	<u>\$935,032</u>

NOTE 12 – CONTINGENCIES, COMMITMENTS AND OTHER CLAIMS

Litigation—The City is in litigation arising in the ordinary course of its operations. The City believes that the liability, if any, in connection with these matters will not have a material adverse effect on the City's financial position, changes in financial position, or liquidity.

Federal and State Grants—The City received grants from both the federal and state governments during the year ended June 30, 2019, and some grants have been audited as of June 30, 2019. The City expects no material disallowance of expenditures.

Contractual Commitments—The City had major contractual commitments related to various capital projects at June 30, 2019. As of June 30, 2019, the City had spent \$27,018,595 on these projects and had remaining contractual commitments with contractors of \$14,859,892. These projects are being financed from development fees, bond proceeds, intergovernmental revenues, operating and capital grants, and general operating fund balances.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12 – CONTINGENCIES, COMMITMENTS AND OTHER CLAIMS (Continued)

The project categories and remaining commitments at June 30, 2019, follow.

	<u>Balance</u>
Street construction and improvements	\$ 1,769,492
Police Development	569,687
Park enhancements and Improvements	8,791,539
One-time projects	950,197
Sewer Construction and Improvements	1,302,103
Water Equipment Replacement	420,155
Sewer Equipment Replacement	100,127
Water system construction and improvements	956,592
Total	<u>\$ 14,859,892</u>

NOTE 13 - OPERATING LEASES

The City jointly operates and funds the Southwest Family Advocacy Center (SWFAC) with the Avondale, Buckeye and Goodyear Police Departments and the Maricopa County Sheriff's Office. The City leases SWFAC office space under the provisions of a long-term lease agreement classified as an operating lease for accounting purposes. Rental expenditures under the terms of the operating lease were \$370,293 for the year ended June 30, 2019. The following future minimum payments were required under the operating lease at June 30, 2019:

<u>Year Ending June 30</u>	<u>Amount</u>
2020	\$ 387,792
2021	406,932
2022	406,932
2023	426,084
2024	426,084
2025-2026	890,472
Total	<u>\$ 2,944,296</u>

NOTE 14 – JOINT VENTURES

The City participates in the Regional Wireless Cooperative (RWC), an Arizona joint venture, multi-jurisdictional organization formed in 2008 to oversee the construction, operation, and maintenance of a regional communications network. The regional communications network was built to seamlessly serve the interoperable communication needs of first responders and other municipal radio users in and around the Phoenix Metropolitan Region. All members share ongoing financial responsibilities based on their relative size, which is measured by the number of subscriber units (radios) on the network. Currently, the City of Phoenix is responsible for the day-to-day operations and maintenance of the network, as well as the management of the RWC's organization and finances.

The City records its share of equity in the joint venture in the government-wide financial statements. The City's equity balance as of June 30, 2019, was \$585,079, or 0.82 percent of the RWC's total net position. The RWC Comprehensive Annual Financial Report is available from the Regional Wireless Cooperative, 200 West Washington Street, 12th Floor, Phoenix, Arizona, 85003.

NOTE 15 – SUBSEQUENT EVENTS

On July 25, 2019 the City issued \$10,000,000 in Pledged Revenue Obligations, Series 2019 under a third purchase agreement with U.S. Bank National Association. The proceeds of the issuance will be used to fund capital water and infrastructure projects. The City has pledged excise tax revenues, including local sales taxes and state-shared revenues to repay the obligations.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

CITY OF AVONDALE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY —
COST-SHARING PLANS
JUNE 30, 2019

ASRS	Reporting Fiscal Year (Measurement Date)					2014 through 2009
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
City's proportion of the net pension liability	0.221180%	0.210820%	0.209877%	0.203704%	0.200048%	Information not available
City's proportionate share of the net pension liability	\$ 30,846,826	\$ 32,841,652	\$ 33,876,740	\$ 31,729,753	\$ 29,600,287	
City's covered payroll	\$ 22,151,275	\$ 20,721,364	\$ 19,651,484	\$ 18,779,494	\$ 18,032,916	
City's proportionate share of the net pension liability as a percentage of its covered payroll	139.26%	158.49%	172.39%	168.96%	164.69%	
Plan fiduciary net position as a percentage of the total pension liability	73.00%	69.92%	67.06%	68.35%	69.49%	

See accompanying notes to the pension schedules.

CITY OF AVONDALE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS—
AGENT PLANS
JUNE 30, 2019

PSPRS Police	Reporting Fiscal Year (Measurement Date)					2014 through 2009
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Total pension liability						Information not available
Service cost	\$ 1,946,106	\$ 1,976,541	\$ 1,525,046	\$ 1,415,787	\$ 1,331,141	
Interest on the total pension liability	3,186,313	2,821,376	2,457,622	2,231,813	1,846,508	
Changes of benefit terms	-	381,272	2,654,715	-	295,006	
Differences between expected and actual experience in the measurement of the pension liability	326,924	966,425	(894,754)	367,549	380,206	
Changes of assumptions or other inputs	-	771,117	1,538,022		2,093,103	
Benefit payments, including refunds of employee contributions	(1,793,686)	(1,129,451)	(1,261,226)	(1,125,230)	(1,034,663)	
Net change in total pension liability	3,665,657	5,787,280	6,019,425	2,889,919	4,911,301	
Total pension liability—beginning	42,982,080	37,194,800	31,175,375	28,285,456	23,374,155	
Total pension liability—ending (a)	<u>\$ 46,647,737</u>	<u>\$ 42,982,080</u>	<u>\$ 37,194,800</u>	<u>\$ 31,175,375</u>	<u>\$ 28,285,456</u>	
Plan fiduciary net position						
Contributions—employer	\$ 2,451,734	\$ 1,823,389	\$ 1,683,672	\$ 1,318,663	\$ 1,232,188	
Contributions—employee	825,215	976,415	932,789	861,574	743,958	
Net investment income	1,759,091	2,570,277	118,764	689,299	2,121,707	
Benefit payments, including refunds of employee contributions	(1,793,686)	(1,129,451)	(1,261,226)	(1,125,230)	(1,034,663)	
Hall/Parker Settlement	(981,953)	-	-	-	-	
Administrative expense	(27,473)	(23,143)	(17,489)	(17,204)	(3,445)	
Other changes	(5,262)	21,812	(380,099)	1,164	(472,452)	
Net change in plan fiduciary net position	2,227,666	4,239,299	1,076,411	1,728,266	2,587,293	
Plan fiduciary net position—beginning	25,286,084	21,046,785	19,970,374	18,242,108	15,654,815	
Plan fiduciary net position—ending (b)	<u>\$ 27,513,750</u>	<u>\$ 25,286,084</u>	<u>\$ 21,046,785</u>	<u>\$ 19,970,374</u>	<u>\$ 18,242,108</u>	
City's net pension liability—ending (a) – (b)	<u>\$ 19,133,987</u>	<u>\$ 17,695,996</u>	<u>\$ 16,148,015</u>	<u>\$ 11,205,001</u>	<u>\$ 10,043,348</u>	
Plan fiduciary net position as a percentage of the total pension liability	58.83%	58.83%	56.59%	64.06%	64.49%	
Covered payroll	\$ 8,742,614	\$ 8,903,336	\$ 8,099,025	\$ 7,704,528	\$ 7,503,472	
City's net pension liability as a percentage of covered payroll	218.86%	198.76%	199.38%	145.43%	133.85%	

See accompanying notes to the pension schedules.

CITY OF AVONDALE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS—
AGENT PLANS
JUNE 30, 2019

PSPRS Fire	Reporting Fiscal Year (Measurement Date)					2014 through 2009
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Total pension liability						
Service cost	\$ 1,418,344	\$ 1,296,498	\$ 1,059,427	\$ 980,484	\$ 837,218	Information not available
Interest on the total pension liability	2,309,854	2,098,727	1,702,937	1,544,325	1,312,216	
Changes of benefit terms	-	170,572	2,475,378	-	106,903	
Differences between expected and actual experience in the measurement of the pension liability	574,991	(55,836)	216,529	(131,687)	50,110	
Changes of assumptions or other inputs	-	303,190	1,109,853	-	932,687	
Benefit payments, including refunds of employee contributions	(968,557)	(317,165)	(469,042)	(355,057)	(352,875)	
Net change in total pension liability	3,334,632	3,495,986	6,095,082	2,038,065	2,886,259	
Total pension liability—beginning	30,989,344	27,493,358	21,398,276	19,360,211	16,473,952	
Total pension liability—ending (a)	<u>\$ 34,323,976</u>	<u>\$ 30,989,344</u>	<u>\$ 27,493,358</u>	<u>\$ 21,398,276</u>	<u>\$ 19,360,211</u>	
Plan fiduciary net position						
Contributions—employer	\$ 1,682,744	\$ 955,224	\$ 940,588	\$ 851,284	\$ 769,757	
Contributions—employee	512,464	642,054	729,183	597,484	506,808	
Net investment income	1,520,488	2,229,110	102,392	585,392	1,788,115	
Benefit payments, including refunds of employee contributions	(968,557)	(317,165)	(469,042)	(355,057)	(352,875)	
Hall/Parker Settlement	(824,447)					
Administrative expense	(23,842)	(20,124)	(15,135)	(14,673)	(2,904)	
Other changes	250	2,937	(84,529)	(8,867)	(254,889)	
Net change in plan fiduciary net position	1,899,100	3,492,036	1,203,457	1,655,563	2,454,012	
Plan fiduciary net position—beginning	21,861,747	18,369,711	17,166,254	15,510,691	13,056,679	
Plan fiduciary net position—ending (b)	<u>\$ 23,760,847</u>	<u>\$ 21,861,747</u>	<u>\$ 18,369,711</u>	<u>\$ 17,166,254</u>	<u>\$ 15,510,691</u>	
City's net pension liability—ending (a) – (b)	<u>\$ 10,563,129</u>	<u>\$ 9,127,597</u>	<u>\$ 9,123,647</u>	<u>\$ 4,232,022</u>	<u>\$ 3,849,520</u>	
Plan fiduciary net position as a percentage of the total pension liability	69.23%	70.55%	66.82%	80.22%	80.12%	
Covered payroll	\$ 6,012,478	\$ 5,659,091	\$ 5,500,657	\$ 5,207,816	\$ 5,123,433	
City's net pension liability as a percentage of covered payroll	175.69%	161.29%	165.86%	81.26%	75.14%	

See accompanying notes to the pension schedules.

CITY OF AVONDALE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY PENSION CONTRIBUTIONS
JUNE 30, 2019

ASRS

	Reporting Fiscal Year						2013 through 2009
	2019	2018	2017	2016	2015	2014	
Statutorily required contribution	\$ 2,718,912	\$ 2,414,489	\$ 2,233,763	\$ 2,132,186	\$ 2,043,209	\$ 1,929,522	Information not available
City's contributions in relation to the statutorily required contribution	2,718,912	2,414,489	2,233,763	2,132,186	2,043,209	1,929,522	
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
City's covered payroll	\$ 24,271,500	\$ 22,151,275	\$ 20,721,364	\$ 19,651,484	\$ 18,779,494	\$ 18,032,916	
City's contributions as a percentage of covered payroll	11.20%	10.90%	10.78%	10.85%	10.88%	10.70%	

PSPRS Police

	Reporting Fiscal Year						2013 through 2009
	2019	2018	2017	2016	2015	2014	
Statutorily required contribution	\$ 2,832,186	\$ 2,452,912	\$ 1,823,389	\$ 1,683,672	\$ 1,318,663	\$ 1,232,188	Information not available
City's contributions in relation to the statutorily required contribution	2,832,186	1,485,625	1,823,389	1,683,672	1,318,663	1,232,188	
City's contribution deficiency (excess)	\$ -	\$ 967,287	\$ -	\$ -	\$ -	\$ -	
City's covered payroll	\$ 9,448,807	\$ 8,742,614	\$ 8,903,336	\$ 8,099,025	\$ 7,704,528	\$ 7,503,472	
City's contributions as a percentage of covered payroll	29.97%	16.99%	20.48%	20.79%	17.12%	16.42%	

PSPRS Fire

	Reporting Fiscal Year						2013 through 2009
	2019	2018	2017	2016	2015	2014	
Statutorily required contribution	\$ 1,858,991	\$ 1,391,519	\$ 955,224	\$ 940,588	\$ 851,284	\$ 769,757	Information not available
City's contributions in relation to the statutorily required contribution	1,858,991	581,486	955,224	940,588	851,284	769,757	
City's contribution deficiency (excess)	\$ -	\$ 810,033	\$ -	\$ -	\$ -	\$ -	
City's covered payroll	\$ 6,256,884	\$ 6,012,478	\$ 5,659,091	\$ 5,500,657	\$ 5,207,816	\$ 5,123,433	
City's contributions as a percentage of covered payroll	29.71%	9.67%	16.88%	17.10%	16.35%	15.02%	

See accompanying notes to the pension schedules.

CITY OF AVONDALE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO PENSION PLAN SCHEDULES
JUNE 30, 2019

NOTE 1 - ACTUARIALLY DETERMINED CONTRIBUTION RATES

Actuarially determined contribution rates are calculated as of June 30 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percent-of-pay, closed
Remaining amortization period as of the 2016 actuarial valuation	20 years
Asset valuation method	7-year smoothed market value; 20% market corridor
Actuarial assumptions:	
Investment rate of return	7.5%, net of investment and administrative expenses.
Projected salary increases	3.00%; No explicit price inflation assumption is used in this valuation.
Wage inflation	4.0%
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	RP-2000 mortality table projected to 2015 using projection scale AA (adjusted by 105% for both males and females).

Other Information

Assumed Future Permanent Benefit Increases	The cost-of-living adjustment will be based on the average annual percentage change in the Metropolitan Phoenix-Mesa Consumer Price Index published by the United States Department of Labor, Bureau of Statistics. We have assumed that to be 1.75% for this valuation.
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NOTE 2 - PENSION SCHEDULES

Information prior to the measurement date of fiscal year 2014 was not available. Ten years of data will be presented as it becomes available.

SUPPLEMENTARY INFORMATION

Major Governmental Funds Budgetary Comparison Schedules

CITY OF AVONDALE, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEVELOPMENT FEES FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Revenues				
Licenses and permits	\$ 3,495,129	\$ 3,386,398	\$ 1,689,994	\$ (1,696,404)
Investment income	75,840	75,840	260,310	184,470
Total revenues	<u>3,570,969</u>	<u>3,462,238</u>	<u>1,950,304</u>	<u>(1,511,934)</u>
Expenditures				
Current:				
General government	-	-	23,057	(23,057)
Public safety	-	-	69,204	(69,204)
Highways and streets	-	-	1,752,609	(1,752,609)
Debt service:				
Interest and other charges	-	-	95,538	(95,538)
Capital outlay	<u>28,114,000</u>	<u>15,170,389</u>	<u>20,646,978</u>	<u>(5,476,589)</u>
Total expenditures	<u>28,114,000</u>	<u>15,170,389</u>	<u>22,587,386</u>	<u>(7,416,997)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(24,543,031)</u>	<u>(11,708,151)</u>	<u>(20,637,082)</u>	<u>(8,928,931)</u>
Other financing sources (uses)				
Bonds issued	-	-	12,993,099	12,993,099
Bonds premium	-	-	1,780,084	1,780,084
Transfers in	6,329,000	3,329,000	6,325,000	2,996,000
Transfers out	<u>(302,950)</u>	<u>(302,950)</u>	<u>(302,950)</u>	-
Total other financing sources (uses)	<u>6,026,050</u>	<u>3,026,050</u>	<u>20,795,233</u>	<u>17,769,183</u>
Net change in fund balance	158,151	158,151	158,151	-
Fund balance, July 1, 2018	<u>9,775,051</u>	<u>9,775,051</u>	<u>9,120,527</u>	<u>(654,524)</u>
Fund balance, June 30, 2019	<u>9,933,202</u>	<u>9,933,202</u>	<u>9,278,678</u>	<u>(654,524)</u>

Nonmajor Governmental Funds Combining Financial Statements

Special Revenue Funds

Highway User Revenue Fund accounts for excise fuel taxes and other fees and charges relating to the registration and operation of motor vehicles on the public highways of the State. These revenues are distributed to cities and towns based on a formula. A constitutional provision requires that these revenues be used for highway and street purposes.

Local Transportation Assistance Fund accounts for transit grants that provide resources to support public transportation services. This fund also accounts for special distributions of state lottery monies that are restricted for transit-related projects and programs.

Senior Programs Fund accounts for senior services provided to senior citizens within the community. These services are funded mainly by federal and state programs that provide resources to preserve and promote nutrition and health, prevent and reduce the risk of chronic diseases, and to promote and maintain independence and independent living.

Judicial Collection Enhancement Fund accounts for resources required to improve, maintain, and enhance the ability to collect and manage monies assessed or received by the City Court including restitution, child support, fines and civil penalties, as well as to improve court automation projects likely to improve case processing or the administration of justice.

Grants-in-Aid Fund accounts for grant funding and private donations and contributions for specific purposes not accounted for in other special revenue funds.

Family Advocacy Center Fund accounts for resources to operate the Southwest Family Advocacy Center which provides services to victims of domestic violence and other crimes. The City jointly funds and administers the Center with the municipalities and police departments of Avondale, Buckeye, Goodyear, and the Maricopa County Sheriff's Office through the County of Maricopa.

Environmental Fees Fund accounts for environment fees collected and spent by the City to administer and enforce environmental programs such as the National Pollutant Discharge Elimination System Program and Particulate Matter Program.

Capital Projects Funds

Vehicle Replacement Fund accounts for reserves set aside for the replacement of city vehicles other than those vehicles used in the City's enterprise activities. A consistent methodology is used to accumulate replacement reserves for operating department vehicle replacement needs. Vehicles are assigned replacement values and estimated useful lives. Operating departments are then charged annual replacement charges such that the replacement reserves are available upon retirement of the vehicles.

Equipment Replacement Fund accounts for reserves set aside for the replacement of city technology equipment other than equipment used in the City's enterprise activities. A consistent methodology is used to accumulate replacement reserves for operating department replacement needs. Equipment is assigned replacement values and estimated useful lives. Operating departments are then charged annual replacement charges such that the replacement reserves are available upon retirement of the equipment.

Other Capital Projects accounts for capital resources and activities not accounted for in other capital project funds.

Debt Service Funds

General Obligation Bonds Fund accounts for the accumulation of resources and payment of principal and interest on the City's general obligation bonds. The principal and interest on general obligation bonds is normally paid with revenues generated from the secondary property tax levy sufficient to make required debt service payments.

Highway User Revenue Bonds Fund accounts for the accumulation of resources and payment of principal and interest on the City's street and highway revenue bonds. The City has pledged excise fuel taxes to make the required debt service payments.

Dedicated Sales Tax Revenue Bonds Fund accounts for the accumulation of resources and payment of principal and interest on MDC revenue bonds and pledged revenue refunding obligations issued by the City. The City has pledged the voter-approved 0.5-cent sales tax revenues and general excise taxes to make the required debt services payments.

Other Debt Service Fund accounts for the accumulation of resources and payment of principal and interest on the City's general long-term bond indebtedness not accounted for in the other debt service funds. The City has pledged its general excise taxes to make the required debt service payments.

CITY OF AVONDALE, ARIZONA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Funds				
	Highway User Revenue	Local Transportation Assistance	Senior Programs	Judicial Collection Enhancement	Grants-In-Aid
ASSETS					
Cash and cash equivalents	\$ 5,201,275	\$ 1,637,112	\$ -	\$ 575,987	\$ 2,138,658
Investments	2,021,974	-	-	-	-
Receivables:					
Taxes	-	-	-	-	-
Accounts	1,209	-	53,315	-	201,965
Interest	9,629	-	-	-	-
Due from other funds	-	-	-	-	5
Due from other governments	515,761	-	1,300	4,023	223,270
Inventories	174,839	11,699	5,640	-	-
Prepaid items	-	2,500	14,490	-	1,498
Restricted cash with fiscal agents	-	-	-	-	-
Total assets	<u>7,924,687</u>	<u>1,651,311</u>	<u>74,745</u>	<u>580,010</u>	<u>2,565,396</u>
LIABILITIES					
Accounts payable	250,252	1,354	9,751	10,578	126,876
Accrued payroll and employee benefits	44,190	2,446	10,398	1,415	88,168
Accrued liabilities	-	11,972	-	-	-
Deposits held for others	-	-	-	-	21,875
Sales taxes payable	290	-	-	-	-
Due to other funds	737	-	21,322	-	12,523
Total liabilities	<u>295,469</u>	<u>15,772</u>	<u>41,471</u>	<u>11,993</u>	<u>249,442</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	-	-	-	-	-
Unavailable revenue - other	-	-	-	-	110,794
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,794</u>
FUND BALANCES					
Nonspendable	174,839	14,199	20,130	-	1,498
Restricted	7,454,379	1,621,340	13,144	568,017	2,203,662
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Total fund balances	<u>7,629,218</u>	<u>1,635,539</u>	<u>33,274</u>	<u>568,017</u>	<u>2,205,160</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,924,687</u>	<u>\$ 1,651,311</u>	<u>\$ 74,745</u>	<u>\$ 580,010</u>	<u>\$ 2,565,396</u>

(continued on next page)

CITY OF AVONDALE, ARIZONA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

(continuation)	Special Revenue Funds		Capital Projects Funds		
	Family Advocacy Center	Environmental Fees	Vehicle Replacement	Equipment Replacement	Other Capital Projects
ASSETS					
Cash and cash equivalents	\$ 106,270	\$ 924,247	\$ 3,525,628	\$ 1,149,763	\$ 23,049,210
Investments	-	-	5,369,212	-	-
Receivables:					
Taxes	-	-	-	-	-
Accounts	-	46,461	3,135	-	5,401
Interest	-	-	20,257	-	-
Due from other funds	-	-	-	-	-
Due from other governments	294,377	-	-	-	-
Inventories	-	-	-	190,792	-
Prepaid items	7,600	-	-	162,824	-
Restricted cash with fiscal agents	-	-	-	-	-
Total assets	<u>408,247</u>	<u>970,708</u>	<u>8,918,232</u>	<u>1,503,379</u>	<u>23,054,611</u>
LIABILITIES					
Accounts payable	8,200	6,313	33,088	76,096	229,841
Accrued payroll and employee benefits	19,108	3,652	-	-	-
Accrued liabilities	-	-	-	-	-
Deposits held for others	-	-	-	-	-
Sales taxes payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>27,308</u>	<u>9,965</u>	<u>33,088</u>	<u>76,096</u>	<u>229,841</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	-	-	-	-	-
Unavailable revenue - other	7,521	-	-	-	-
Total deferred inflows of resources	<u>7,521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	7,600	-	-	353,616	-
Restricted	274,366	960,743	-	-	10,798,973
Committed	91,452	-	-	-	-
Assigned	-	-	8,885,144	1,073,667	12,025,797
Total fund balances	<u>373,418</u>	<u>960,743</u>	<u>8,885,144</u>	<u>1,427,283</u>	<u>22,824,770</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 408,247</u>	<u>\$ 970,708</u>	<u>\$ 8,918,232</u>	<u>\$ 1,503,379</u>	<u>\$ 23,054,611</u>

Debt Service Funds				
General Obligation Bonds	Highway User Revenue Bonds	Dedicated Sales Tax Revenue Bonds	Other Debt Service	Total Nonmajor Governmental Funds
\$ 103,685	\$ -	\$ -	\$ 1,278,299	\$ 39,690,134
-	-	-	-	7,391,186
				-
50,589	-	-	-	50,589
-	-	-	-	311,486
-	-	1,571	-	31,457
-	-	-	-	5
-	-	-	-	1,038,731
-	-	-	-	382,970
-	-	-	-	188,912
2,711,472	-	5,341,439	269,436	8,322,347
2,865,746	-	5,343,010	1,547,735	\$ 57,407,817
17,999	-	-	-	\$ 770,348
-	-	-	-	169,377
466,472	-	401,359	20,774	900,577
-	-	-	-	21,875
-	-	-	-	290
-	-	967,993	-	1,002,575
484,471	-	1,369,352	20,774	2,865,042
35,282	-	-	-	35,282
-	-	-	-	118,315
35,282	-	-	-	153,597
-	-	-	-	571,882
2,345,993	-	3,973,658	1,526,961	31,741,236
-	-	-	-	91,452
-	-	-	-	21,984,608
2,345,993	-	3,973,658	1,526,961	54,389,178
\$ 2,865,746	\$ -	\$ 5,343,010	\$ 1,547,735	\$ 57,407,817



CITY OF AVONDALE, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	Special Revenue Funds				
	Highway User Revenue	Local Transportation Assistance	Senior Programs	Judicial Collection Enhancement	Grants-In-Aid
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	5,738,055	292,790	346,398	-	2,139,107
Charges for services	-	-	-	68,598	-
Interest income	215,039	39,541	3,163	9,713	21,196
Net decrease in fair value of investments	-	-	-	-	-
Contributions	-	-	22,531	-	476,772
Miscellaneous	24,213	12,500	-	5,242	227,608
Total revenue	<u>5,977,307</u>	<u>344,831</u>	<u>372,092</u>	<u>83,553</u>	<u>2,864,683</u>
Expenditures					
Current:					
General government	-	-	-	91,324	15,820
Public safety	-	-	-	-	267,332
Highway and streets	1,681,376	-	-	-	-
Health and welfare	-	-	591,626	-	1,088,337
Economic and community development	2,327,107	-	-	-	166,849
Culture and recreation	-	-	-	-	500,661
Transportation	-	1,248,002	-	-	-
Debt service:					
Principal	152,242	-	-	-	-
Interest and other charges	66,766	-	-	-	-
Capital outlay	23,977	-	-	-	327,481
Total expenditures	<u>4,251,468</u>	<u>1,248,002</u>	<u>591,626</u>	<u>91,324</u>	<u>2,366,480</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,725,839</u>	<u>(903,171)</u>	<u>(219,534)</u>	<u>(7,771)</u>	<u>498,203</u>
Other financing sources (uses)					
Refunding bonds issued	-	-	-	-	-
Bond premium	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Transfers in	138,762	770,510	331,200	-	149,880
Transfers out	(3,227,790)	(1,070)	(23,790)	-	(226,070)
Total other financing sources (uses)	<u>(3,089,028)</u>	<u>769,440</u>	<u>307,410</u>	<u>-</u>	<u>(76,190)</u>
Net change in fund balances	<u>(1,363,189)</u>	<u>(133,731)</u>	<u>87,876</u>	<u>(7,771)</u>	<u>422,013</u>
Fund balances, July 1, 2018	<u>8,992,407</u>	<u>1,769,270</u>	<u>(54,602)</u>	<u>575,788</u>	<u>1,783,147</u>
Fund balances, June 30, 2019	<u>\$ 7,629,218</u>	<u>\$ 1,635,539</u>	<u>\$ 33,274</u>	<u>\$ 568,017</u>	<u>\$ 2,205,160</u>

(continued on next page)

CITY OF AVONDALE, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	Special Revenue Funds		Capital Projects Funds		
	Family Advocacy Center	Environmental Fees	Vehicle Replacement	Equipment Replacement	Other Capital Projects
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	283,196	-	-	-
Intergovernmental	1,127,667	-	-	-	-
Charges for services	-	-	-	-	-
Interest income	745	10,675	181,308	22,829	235,856
Net increase in the fair value of investments	-	-	100,386	-	-
Contributions	-	-	-	-	-
Miscellaneous	-	-	-	-	58,894
Total revenue	<u>1,128,412</u>	<u>293,871</u>	<u>281,694</u>	<u>22,829</u>	<u>294,750</u>
Expenditures					
Current:					
General government	-	-	4,591	326,974	30,422
Public safety	1,269,469	-	-	-	-
Highway and streets	-	-	-	-	-
Health and welfare	-	187,734	-	-	-
Economic and community development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Transportation	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	61,742
Capital outlay	17,078	-	1,301,562	483,577	777,415
Total expenditures	<u>1,286,547</u>	<u>187,734</u>	<u>1,306,153</u>	<u>810,551</u>	<u>869,579</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(158,135)</u>	<u>106,137</u>	<u>(1,024,459)</u>	<u>(787,722)</u>	<u>(574,829)</u>
Other financing sources (uses)					
Bond issued	-	-	-	-	8,396,901
Bond premium	-	-	-	-	1,150,395
Sale of capital assets	-	-	150,798	-	-
Transfers in	360,400	-	1,779,190	916,520	1,840,000
Transfers out	(41,320)	(1,070)	-	-	-
Total other financing sources (uses)	<u>319,080</u>	<u>(1,070)</u>	<u>1,929,988</u>	<u>916,520</u>	<u>11,387,296</u>
Net change in fund balances	160,945	105,067	905,529	128,798	10,812,467
Fund balances, July 1, 2018	<u>212,473</u>	<u>855,676</u>	<u>7,979,615</u>	<u>1,298,485</u>	<u>12,012,303</u>
Fund balances, June 30, 2019	<u>\$ 373,418</u>	<u>\$ 960,743</u>	<u>\$ 8,885,144</u>	<u>\$ 1,427,283</u>	<u>\$ 22,824,770</u>

Debt Service Funds

General Obligation Bonds	Highway User Revenue Bonds	Dedicated Sales Tax Revenue Bonds	Other Debt Service	Total Nonmajor Governmental Funds
\$ 4,174,643	\$ -	\$ -	\$ -	\$ 4,174,643
-	-	-	-	283,196
-	-	-	-	9,644,017
-	-	-	-	68,598
40,485	-	70,916	18,001	869,467
-	-	-	-	100,386
-	-	-	-	499,303
110	-	-	-	328,567
4,215,238	-	70,916	18,001	15,968,177
-	-	-	-	469,131
-	-	-	-	1,536,801
-	-	-	-	1,681,376
-	-	-	-	1,867,697
-	-	-	-	2,493,956
-	-	-	-	500,661
-	-	-	-	1,248,002
3,190,000	-	4,725,610	216,216	8,284,068
837,544	-	809,502	41,648	1,817,202
-	-	-	-	2,931,090
4,027,544	-	5,535,112	257,864	22,829,984
187,694	-	(5,464,196)	(239,863)	(6,861,807)
-	-	-	-	8,396,901
-	-	-	-	1,150,395
-	-	-	-	150,798
-	-	5,502,950	400,000	12,189,412
-	(138,762)	-	-	(3,659,872)
-	(138,762)	5,502,950	400,000	18,227,634
187,694	(138,762)	38,754	160,137	11,365,827
2,158,299	138,762	3,934,904	1,366,824	43,023,351
\$ 2,345,993	\$ -	\$ 3,973,658	\$ 1,526,961	\$ 54,389,178



SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds Budgetary Comparison Schedules

CITY OF AVONDALE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HIGHWAY USER REVENUE FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Revenues				
Intergovernmental	\$ 5,207,080	\$ 5,207,080	\$ 5,738,055	\$ 530,975
Investment income	20,150	20,150	215,039	194,889
Miscellaneous	330	330	24,213	23,883
Total revenues	<u>5,227,560</u>	<u>5,227,560</u>	<u>5,977,307</u>	<u>749,747</u>
Expenditures				
Current:				
Highways and streets	2,122,127	1,874,482	1,681,376	193,106
Economic and community development	2,790,115	2,696,635	2,327,107	369,528
Debt service:				
Principal	152,242	152,242	152,242	-
Interest and other charges	66,766	66,766	66,766	-
Capital outlay	-	18,820	23,977	(5,157)
Total expenditures	<u>5,131,250</u>	<u>4,808,945</u>	<u>4,251,468</u>	<u>557,477</u>
Excess (deficiency) of revenues over (under) expenditures	<u>96,310</u>	<u>418,615</u>	<u>1,725,839</u>	<u>1,307,224</u>
Other financing sources (uses)				
Transfers in	-	-	138,762	(138,762)
Transfers out	(227,790)	(227,790)	(3,227,790)	(3,000,000)
Total other financing sources (uses)	<u>(227,790)</u>	<u>(227,790)</u>	<u>(3,089,028)</u>	<u>(3,138,762)</u>
Net change in fund balance	(131,480)	190,825	(1,363,189)	(1,554,014)
Fund balance, July 1, 2018	<u>8,992,407</u>	<u>8,992,407</u>	<u>8,992,407</u>	<u>-</u>
Fund balance, June 30, 2019	<u>8,860,927</u>	<u>9,183,232</u>	<u>7,629,218</u>	<u>(1,554,014)</u>

CITY OF AVONDALE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LOCAL TRANSPORTATION ASSISTANCE FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Revenues				
Intergovernmental	\$ 418,470	\$ 383,470	\$ 292,790	\$ (90,680)
Interest income	8,130	8,130	39,541	31,411
Miscellaneous	22,150	22,150	12,500	(9,650)
Total revenues	<u>448,750</u>	<u>413,750</u>	<u>344,831</u>	<u>(68,919)</u>
Expenditures				
Current:				
Transportation	<u>1,393,050</u>	<u>1,392,170</u>	<u>1,248,002</u>	<u>144,168</u>
Total expenditures	<u>1,393,050</u>	<u>1,392,170</u>	<u>1,248,002</u>	<u>144,168</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(944,300)</u>	<u>(978,420)</u>	<u>(903,171)</u>	<u>75,249</u>
Other financing sources (uses)				
Transfers in	770,510	770,510	770,510	-
Transfers out	<u>(1,070)</u>	<u>(1,070)</u>	<u>(1,070)</u>	<u>-</u>
Total other financing sources (uses)	<u>769,440</u>	<u>769,440</u>	<u>769,440</u>	<u>-</u>
Net change in fund balance	(174,860)	(208,980)	(133,731)	75,249
Fund balance, July 1, 2018	<u>1,769,270</u>	<u>1,769,270</u>	<u>1,769,270</u>	<u>-</u>
Fund balance, June 30, 2019	<u><u>1,594,410</u></u>	<u><u>1,560,290</u></u>	<u><u>1,635,539</u></u>	<u><u>75,249</u></u>

CITY OF AVONDALE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SENIOR PROGRAMS FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Revenues				
Intergovernmental	\$ 323,450	\$ 406,213	\$ 346,398	\$ (59,815)
Interest income	690	690	3,163	2,473
Contributions	17,120	16,650	22,531	5,881
Total revenues	<u>341,260</u>	<u>423,553</u>	<u>372,092</u>	<u>(51,461)</u>
Expenditures				
Current:				
Health and welfare	<u>569,924</u>	<u>603,187</u>	<u>591,626</u>	<u>11,561</u>
Total expenditures	<u>569,924</u>	<u>603,187</u>	<u>591,626</u>	<u>11,561</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(228,664)</u>	<u>(179,634)</u>	<u>(219,534)</u>	<u>(39,900)</u>
Other financing sources (uses)				
Transfers in	331,200	322,796	331,200	8,404
Transfers out	<u>(23,790)</u>	<u>(23,790)</u>	<u>(23,790)</u>	<u>-</u>
Total other financing sources (uses)	<u>307,410</u>	<u>299,006</u>	<u>307,410</u>	<u>8,404</u>
Net change in fund balance	78,746	119,372	87,876	(31,496)
Fund balance, July 1, 2018	<u>(54,602)</u>	<u>(54,602)</u>	<u>(54,602)</u>	<u>-</u>
Fund balance, June 30, 2019	<u>24,144</u>	<u>64,770</u>	<u>33,274</u>	<u>(31,496)</u>

CITY OF AVONDALE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
JUDICIAL COLLECTION ENHANCEMENT FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Revenues				
Charges for services	\$ 87,390	\$ 87,390	\$ 68,598	\$ (18,792)
Interest income	1,470	1,470	9,713	8,243
Miscellaneous	-	-	5,242	5,242
Total revenues	<u>88,860</u>	<u>88,860</u>	<u>83,553</u>	<u>(5,307)</u>
Expenditures				
Current:				
General government	<u>104,240</u>	<u>94,067</u>	<u>91,324</u>	<u>2,743</u>
Total expenditures	<u>104,240</u>	<u>94,067</u>	<u>91,324</u>	<u>2,743</u>
Net change in fund balance	(15,380)	(5,207)	(7,771)	(2,564)
Fund balance, July 1, 2018	<u>575,788</u>	<u>575,788</u>	<u>575,788</u>	<u>0</u>
Fund balance, June 30, 2019	<u><u>560,408</u></u>	<u><u>570,581</u></u>	<u><u>568,017</u></u>	<u><u>(2,564)</u></u>

CITY OF AVONDALE, ARIZONA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GRANTS-IN-AID FUND

YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Intergovernmental	\$ 712,800	\$ 1,323,294	\$ 2,139,107	\$ 815,813
Interest income	240	240	21,196	20,956
Contributions	242,390	263,390	476,772	213,382
Miscellaneous	5,351,840	193,923	227,608	33,685
Total revenues	6,307,270	1,780,847	2,864,683	1,083,836
Expenditures				
Current:				
General government	5,171,613	70,095	15,820	54,275
Public safety	147,980	257,982	267,332	(9,350)
Economic and community development	-	233,802	166,849	66,953
Health and welfare	579,957	1,300,610	1,088,337	212,273
Culture and recreation	-	606,579	500,661	105,918
Capital outlay	59,478	411,243	327,481	83,762
Total expenditures	5,959,028	2,880,311	2,366,480	513,831
Excess (deficiency) of revenues over (under) expenditures	348,242	(1,099,464)	498,203	1,597,667
Other financing sources (uses)				
Transfers in	149,880	149,880	149,880	-
Transfers out	(230,070)	(226,070)	(226,070)	-
Total other financing sources (uses)	(80,190)	(76,190)	(76,190)	-
Net change in fund balance	268,052	(1,175,654)	422,013	1,597,667
Fund balance, July 1, 2018	813,762	813,762	1,783,147	969,385
Fund balance, June 30, 2019	1,081,814	(361,892)	2,205,160	2,567,052

CITY OF AVONDALE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FAMILY ADVOCACY CENTER FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Intergovernmental	\$ 1,081,190	\$ 1,399,549	\$ 1,127,667	\$ (271,882)
Interest income	-	-	745	745
Contributions	400	-	-	-
Miscellaneous	170	-	-	-
Total revenues	<u>1,081,760</u>	<u>1,399,549</u>	<u>1,128,412</u>	<u>(271,137)</u>
Expenditures				
Current:				
Public safety	1,107,960	1,413,118	1,269,469	143,649
Capital Outlay	<u>92,300</u>	<u>92,300</u>	<u>17,078</u>	<u>75,222</u>
Total expenditures	<u>1,200,260</u>	<u>1,505,418</u>	<u>1,286,547</u>	<u>218,871</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(118,500)</u>	<u>(105,869)</u>	<u>(158,135)</u>	<u>(52,266)</u>
Other financing sources (uses)				
Transfers in	360,400	360,400	360,400	-
Transfers out	<u>(41,320)</u>	<u>(41,320)</u>	<u>(41,320)</u>	<u>-</u>
Total other financing sources (uses)	<u>319,080</u>	<u>319,080</u>	<u>319,080</u>	<u>-</u>
Net change in fund balance	200,580	213,211	160,945	(52,266)
Fund balance, July 1, 2018	<u>212,473</u>	<u>212,473</u>	<u>212,473</u>	<u>-</u>
Fund balance, June 30, 2019	<u><u>413,053</u></u>	<u><u>425,684</u></u>	<u><u>373,418</u></u>	<u><u>(52,266)</u></u>

CITY OF AVONDALE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ENVIRONMENTAL FEES FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Revenues				
Licenses and permits	\$ 268,370	\$ 268,370	\$ 283,196	\$ 14,826
Interest income	170	170	10,675	10,505
Total revenues	<u>268,540</u>	<u>268,540</u>	<u>293,871</u>	<u>25,331</u>
Expenditures				
Current:				
Health and welfare	<u>292,600</u>	<u>238,590</u>	<u>187,734</u>	<u>50,856</u>
Total expenditures	<u>292,600</u>	<u>238,590</u>	<u>187,734</u>	<u>50,856</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(24,060)</u>	<u>29,950</u>	<u>106,137</u>	<u>76,187</u>
Other financing sources (uses)				
Transfers out	<u>(1,070)</u>	<u>(1,070)</u>	<u>(1,070)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,070)</u>	<u>(1,070)</u>	<u>(1,070)</u>	<u>-</u>
Net change in fund balance	(25,130)	28,880	105,067	76,187
Fund balance, July 1, 2018	<u>855,676</u>	<u>855,676</u>	<u>855,676</u>	<u>-</u>
Fund balance, June 30, 2019	<u><u>830,546</u></u>	<u><u>884,556</u></u>	<u><u>960,743</u></u>	<u><u>76,187</u></u>

CITY OF AVONDALE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
VEHICLE REPLACEMENT FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Revenues				
Interest income	\$ 24,830	\$ 24,830	\$ 181,308	\$ 156,478
Use of property	-	-	100,386	100,386
Total revenues	24,830	24,830	281,694	`
Expenditures				
Current:				
General government	5,345	5,345	4,591	754
Capital outlay	3,586,090	2,453,990	1,301,562	1,152,428
Total expenditures	3,591,435	2,459,335	1,306,153	1,153,182
Excess (deficiency) of revenues over (under) expenditures	(3,566,605)	(2,434,505)	(1,024,459)	1,410,046
Other financing sources (uses)				
Sale of capital assets	100,000	100,000	150,798	50,798
Transfers in	1,779,190	1,779,190	1,779,190	-
Total other financing sources (uses)	1,879,190	1,879,190	1,929,988	50,798
Net change in fund balance	(1,687,415)	(555,315)	905,529	1,460,844
Fund balance, July 1, 2018	7,979,615	7,979,615	7,979,615	-
Fund balance, June 30, 2019	6,292,200	7,424,300	8,885,144	1,460,844

CITY OF AVONDALE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
EQUIPMENT REPLACEMENT FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Revenues				
Interest income	\$ 1,810	\$ 1,810	\$ 22,829	\$ 21,019
Total revenues	<u>1,810</u>	<u>1,810</u>	<u>22,829</u>	<u>21,019</u>
Expenditures				
Current:				
General government	289,400	419,000	326,974	92,026
Capital outlay	<u>1,108,600</u>	<u>979,000</u>	<u>483,577</u>	<u>495,423</u>
Total expenditures	<u>1,398,000</u>	<u>1,398,000</u>	<u>810,551</u>	<u>587,449</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,396,190)</u>	<u>(1,396,190)</u>	<u>(787,722)</u>	<u>608,468</u>
Other financing sources (uses)				
Transfers in	<u>916,520</u>	<u>916,520</u>	<u>916,520</u>	<u>-</u>
Total other financing sources (uses)	<u>916,520</u>	<u>916,520</u>	<u>916,520</u>	<u>-</u>
Net change in fund balance	(479,670)	(479,670)	128,798	608,468
Fund balance, July 1, 2018	<u>1,298,485</u>	<u>1,298,485</u>	<u>1,298,485</u>	<u>-</u>
Fund balance, June 30, 2019	<u><u>818,815</u></u>	<u><u>818,815</u></u>	<u><u>1,427,283</u></u>	<u><u>608,468</u></u>

CITY OF AVONDALE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
OTHER CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Revenues				
Interest income	\$ 5,030	\$ 5,030	\$ 235,856	\$ 230,826
Miscellaneous	38,000	38,000	58,894	20,894
Total revenues	<u>43,030</u>	<u>43,030</u>	<u>294,750</u>	<u>251,720</u>
Expenditures				
Current:				
General government	-	-	30,422	(30,422)
Debt service:				
Interest and other charges	-	-	61,742	(61,742)
Capital outlay	<u>50,208,000</u>	<u>9,780,534</u>	<u>777,415</u>	<u>9,003,119</u>
Total expenditures	<u>50,208,000</u>	<u>9,780,534</u>	<u>869,579</u>	<u>8,910,955</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(50,164,970)</u>	<u>(9,737,504)</u>	<u>(574,829)</u>	<u>9,162,675</u>
Other financing sources (uses)				
Bonds issued	-	-	8,396,901	8,396,901
Bond premium	-	-	1,150,395	1,150,395
Transfers in	<u>41,840,000</u>	<u>1,840,000</u>	<u>1,840,000</u>	<u>-</u>
Total other financing sources (uses)	<u>41,840,000</u>	<u>1,840,000</u>	<u>11,387,296</u>	<u>9,547,296</u>
Net change in fund balance	(8,324,970)	(7,897,504)	10,812,467	18,709,971
Fund balance, July 1, 2018	<u>12,012,303</u>	<u>12,012,303</u>	<u>12,012,303</u>	<u>-</u>
Fund balance, June 30, 2019	<u><u>3,687,333</u></u>	<u><u>4,114,799</u></u>	<u><u>22,824,770</u></u>	<u><u>18,709,971</u></u>

CITY OF AVONDALE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL OBLIGATION BONDS FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Revenues				
Taxes	\$ 4,102,600	\$ 4,102,600	\$ 4,174,643	\$ 72,043
Investment income	8,510	8,510	40,485	31,975
Miscellaneous	-	-	110	110
Total revenues	<u>4,111,110</u>	<u>4,111,110</u>	<u>4,215,238</u>	<u>104,128</u>
Expenditures				
Debt service:				
Principal	2,800,000	2,800,000	3,190,000	(390,000)
Interest and other charges	<u>1,262,940</u>	<u>1,262,940</u>	<u>837,544</u>	<u>425,396</u>
Total expenditures	<u>4,062,940</u>	<u>4,062,940</u>	<u>4,027,544</u>	<u>35,396</u>
Excess (deficiency) of revenues over (under) expenditures	48,170	48,170	187,694	139,524
Fund balance, July 1, 2018	<u>2,158,299</u>	<u>2,158,299</u>	<u>2,158,299</u>	<u>-</u>
Fund balance, June 30, 2019	<u><u>2,206,469</u></u>	<u><u>2,206,469</u></u>	<u><u>2,345,993</u></u>	<u><u>139,524</u></u>

CITY OF AVONDALE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HIGHWAY USER REVENUE BONDS FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Revenues				
Interest income	\$ 250	\$ 250	\$ -	\$ (250)
Total revenues	250	250	-	(250)
Expenditures				
Debt service:				
Interest and other charges	(2,500)	-	-	-
Total expenditures	(2,500)	-	-	-
Excess (deficiency) of revenues over (under) expenditures	2,750	250	-	(250)
Other financing sources (uses)				
Transfers out	-	-	(138,762)	(138,762)
Total other financing sources (uses)	-	-	(138,762)	(138,762)
Net change in fund balance	2,750	250	(138,762)	(139,012)
Fund balance, July 1, 2018	138,762	138,762	138,762	-
Fund balance, June 30, 2019	141,512	139,012	-	(139,012)

CITY OF AVONDALE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEDICATED SALES TAX REVENUE BONDS FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Revenues				
Investment income	\$ 21,930	\$ 21,930	\$ 70,916	\$ 48,986
Total revenues	<u>21,930</u>	<u>21,930</u>	<u>70,916</u>	<u>48,986</u>
Expenditures				
Debt service:				
Principal	4,725,615	4,725,615	4,725,610	5
Interest and other charges	812,725	812,725	809,502	3,223
Total expenditures	<u>5,538,340</u>	<u>5,538,340</u>	<u>5,535,112</u>	<u>3,228</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,516,410)</u>	<u>(5,516,410)</u>	<u>(5,464,196)</u>	<u>52,214</u>
Other financing sources (uses)				
Transfers in	5,502,950	5,502,950	5,502,950	-
Total other financing sources (uses)	<u>5,502,950</u>	<u>5,502,950</u>	<u>5,502,950</u>	<u>-</u>
Net change in fund balance	(13,460)	(13,460)	38,754	52,214
Fund balance, July 1, 2018	<u>3,934,904</u>	<u>3,934,904</u>	<u>3,934,904</u>	<u>-</u>
Fund balance, June 30, 2019	<u><u>3,921,444</u></u>	<u><u>3,921,444</u></u>	<u><u>3,973,658</u></u>	<u><u>52,214</u></u>

CITY OF AVONDALE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
OTHER DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Revenues				
Interest income	\$ 350	\$ 350	\$ 18,001	\$ 17,651
Total revenues	350	350	18,001	17,651
Expenditures				
Debt service:				
Principal	216,220	216,220	216,216	4
Interest and other charges	51,550	51,550	41,648	9,902
Total expenditures	267,770	267,770	257,864	9,906
Excess (deficiency) of revenues over (under) expenditures	(267,420)	(267,420)	(239,863)	27,557
Other financing sources (uses)				
Transfers in	400,000	400,000	400,000	-
Total other financing sources (uses)	400,000	400,000	400,000	-
Net change in fund balance	132,580	132,580	160,137	27,557
Fund balance, July 1, 2018	1,366,824	1,366,824	1,366,824	-
Fund balance, June 30, 2019	1,499,404	1,499,404	1,526,961	27,557



SUPPLEMENTARY INFORMATION

Internal Service Funds Combining Financial Statements

Risk Management Fund accounts for the City's property and liability self-insurance program. Coverage is provided using a combination of self-insurance and private carrier insurance. This fund provides liability insurance coverage for claims over the self-insurance limit; claims under the limit are charged directly to the fund. The fund charges city departments a premium. The premiums are intended to cover current claims, administration, and to establish and maintain a reserve to cover the risk that is being transferred to the fund.

Worker's Compensation Fund accounts for the City's self insured worker's compensation program. The fund charges city departments a premium. The premiums are intended to cover current claims, administration, excess insurance coverage, and to establish and maintain a reserve to cover the risk that is being transferred to the fund.

Printing Services Fund accounts for the City's internal copier and printing fees with costs supported by billing user departments for print and copy services provided.

Fleet Management Fund accounts for the operation, maintenance, and repair of city-owned fleet vehicles and equipment with costs supported by billing user departments for administrative costs, labor, parts, and fuel charges when fleet services are provided.

CITY OF AVONDALE, ARIZONA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2019

	Governmental Activities - Internal Service Funds				
	Risk Management	Workers' Compensation	Printing Services	Fleet Management	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,757,916	\$ 2,813,502	\$ 1,051,341	\$ -	\$ 5,622,759
Receivables	8,548	-	1,620	-	10,168
Interest receivable	11,403	-	-	-	11,403
Due from other funds	307,536	-	-	-	307,536
Inventories	-	-	-	222,253	222,253
Prepaid items	99	-	-	-	99
Total current assets	<u>2,085,502</u>	<u>2,813,502</u>	<u>1,052,961</u>	<u>222,253</u>	<u>6,174,218</u>
Noncurrent assets:					
Investments	3,154,307	-	-	-	3,154,307
Capital assets, depreciable (net)	29,356	-	142,802	151,527	323,685
Total noncurrent assets	<u>3,183,663</u>	<u>-</u>	<u>142,802</u>	<u>151,527</u>	<u>3,477,992</u>
Total assets	<u>5,269,165</u>	<u>2,813,502</u>	<u>1,195,763</u>	<u>373,780</u>	<u>9,652,210</u>
Deferred Outflows of Resources					
Deferred outflows related to pensions other postemployment benefits	25,286	10,577	-	114,397	150,260
Total deferred outflows of resources	<u>25,286</u>	<u>10,577</u>	<u>-</u>	<u>114,397</u>	<u>150,260</u>
LIABILITIES					
Current liabilities:					
Accounts payable	2,879	9,811	1,808	73,000	87,498
Accrued payroll and employee benefits	597	4,433	-	20,956	25,986
Claims payable	1,117,800	60,040	-	-	1,177,840
Due to other funds	-	-	-	307,519	307,519
Compensated absences	5,150	7,619	-	54,658	67,427
Total current liabilities	<u>1,126,426</u>	<u>81,903</u>	<u>1,808</u>	<u>456,133</u>	<u>1,666,270</u>
Noncurrent liabilities:					
Claims payable	406,075	213,536	-	-	619,611
Compensated absences	1,288	1,905	-	13,664	16,857
Net pension and other postemployment liability	189,887	-	-	600,298	790,185
Total noncurrent liabilities	<u>597,250</u>	<u>215,441</u>	<u>-</u>	<u>613,962</u>	<u>1,426,653</u>
Total liabilities	<u>1,723,676</u>	<u>297,344</u>	<u>1,808</u>	<u>1,070,095</u>	<u>3,092,923</u>
Deferred Inflows of Resources					
Deferred inflows related to pensions and other postemployment benefits	24,507.00	-	-	72,632.00	97,139
Total deferred inflows of resources	<u>24,507</u>	<u>-</u>	<u>-</u>	<u>72,632</u>	<u>97,139</u>
NET POSITION					
Net investment in capital assets	29,356	-	142,802	151,527	323,685
Unrestricted	3,516,912	2,526,735	1,051,153	(806,077)	6,288,723
Total net position (deficit)	<u>\$ 3,546,268</u>	<u>\$ 2,526,735</u>	<u>\$ 1,193,955</u>	<u>\$ (654,550)</u>	<u>\$ 6,612,408</u>

CITY OF AVONDALE, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019

	Governmental Activities - Internal Service Funds				
	Self- Insurance	Workers' Compensation	Printing Services	Fleet Management	Total
Operating revenues:					
Charges for services	\$ 1,934,540	\$ 1,021,143	\$ 328,819	\$ 2,357,035	\$ 5,641,537
Miscellaneous	117,198	-	-	2,098	119,296
Total operating revenues	<u>2,051,738</u>	<u>1,021,143</u>	<u>328,819</u>	<u>2,359,133</u>	<u>5,760,833</u>
Operating expenses:					
Salaries, wages and benefits	113,279	114,616	-	623,716	851,611
Contractual services, materials and supplies	79,888	219,025	90,084	1,694,549	2,083,546
Insurance claims and expenses	1,693,895	410,767	-	-	2,104,662
Depreciation	13,382	-	115,260	21,529	150,171
Total operating expenses	<u>1,900,444</u>	<u>744,408</u>	<u>205,344</u>	<u>2,339,794</u>	<u>5,189,990</u>
Operating income (loss)	<u>151,294</u>	<u>276,735</u>	<u>123,475</u>	<u>19,339</u>	<u>570,843</u>
Nonoperating revenues:					
Interest income	120,902	-	17,281	-	138,183
Net decrease in fair value of investments	59,433	-	-	-	59,433
Total non-operating revenues	<u>180,335</u>	<u>-</u>	<u>17,281</u>	<u>-</u>	<u>197,616</u>
Income before transfers	331,629	276,735	140,756	19,339	768,459
Transfers in	-	2,250,000	-	-	2,250,000
Transfers out	(1,501,180)	-	-	(18,940)	(1,520,120)
Change in net position	<u>(1,169,551)</u>	<u>2,526,735</u>	<u>140,756</u>	<u>399</u>	<u>1,498,339</u>
Net position (deficit), July 1, 2018	<u>4,715,819</u>	<u>-</u>	<u>1,053,199</u>	<u>(654,949)</u>	<u>5,114,069</u>
Net position (deficit), June 30, 2019	<u>\$ 3,546,268</u>	<u>\$ 2,526,735</u>	<u>\$ 1,193,955</u>	<u>\$ (654,550)</u>	<u>\$ 6,612,408</u>

CITY OF AVONDALE, ARIZONA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019

	Governmental Activities - Internal Service Funds				
	Risk Management	Workers' Compensation	Printing Services	Fleet Management	Total
Cash flows from operating activities:					
Receipts from customers	\$ 1,925,992	\$ 1,021,143	\$ 328,822	\$ 2,357,221	\$ 5,633,178
Payments to suppliers for goods and services	(1,224,044)	(346,405)	(92,512)	(1,734,701)	(3,397,662)
Payments to employees for services	(112,027)	(111,236)	-	(693,592)	(916,855)
Miscellaneous	117,198	-	-	2,098	119,296
Net cash provided (used) by operating activities:	707,119	563,502	236,310	(68,974)	1,437,957
Cash flows from noncapital financing activities:					
Interfund borrowing	(307,536)	-	-	161,476	(146,060)
Transfers in	-	2,250,000	-	-	2,250,000
Transfers out	(1,501,180)	-	-	(18,940)	(1,520,120)
Net cash provided (used) for noncapital financing activities:	(1,808,716)	2,250,000	-	142,536	583,820
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	-	-	(116,035)	(73,562)	(189,597)
Net cash provided (used) for capital and related financing activities:	-	-	(116,035)	(73,562)	(189,597)
Cash flows from investing activities:					
Purchase of investments	(100,719)	-	-	-	(100,719)
Investment income	119,713	-	17,281	-	136,994
Net cash provided (used) by investing activities	18,994	-	17,281	-	36,275
Net increase (decrease) in cash and cash equivalents:	(1,082,603)	2,813,502	137,556	-	1,868,455
Cash and Cash Equivalents - Beginning of Year	2,840,519	-	913,785	-	3,754,304
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,757,916	\$ 2,813,502	\$ 1,051,341	\$ -	\$ 5,622,759
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 151,294	\$ 276,735	\$ 123,475	\$ 19,339	\$ 570,843
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	13,382	-	115,260	21,529	150,171
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources					
(Increase) decrease in accounts receivable	(8,548)	-	3	186	(8,359)
(Increase) decrease in inventories	-	-	-	(6,619)	(6,619)
(Increase) decrease in prepaid items	(99)	-	-	129	30
(Increase) decrease in deferred outflows of resources:					
related to pensions and other postemployment benefits:	1,729	(10,577)	-	(27,481)	(36,329)
Increase (decrease) in accounts payable	(39,005)	9,811	(2,428)	(33,662)	(65,284)
Increase (decrease) in accrued payroll and employee benefits:	597	4,433	-	(22,861)	(17,831)
Increase (decrease) in compensated absences	(122)	9,524	-	(16,661)	(7,259)
Increase (decrease) in claims payable	588,843	273,576	-	-	862,419
Increase (decrease) in pension and other postemployment benefits liability	(13,491)	-	-	(40,895)	(54,386)
Increase (decrease) in deferred inflows of resources:					
related to pensions and other postemployment benefits:	12,539	-	-	38,022	50,561
Net cash provided (used) by operating activities:	\$ 707,119	\$ 563,502	\$ 236,310	\$ (68,974)	\$ 1,437,957
Noncash capital, financing and investing activities:					
Change in fair value of investments	59,433	-	-	-	59,433

CITY OF AVONDALE, ARIZONA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2010	2011	2012	2013
Governmental activities				
Net investment in capital assets	\$ 466,763,910	\$ 484,872,851	\$ 489,161,664	\$ 494,754,961
Restricted	57,592,957	30,174,849	27,637,885	20,548,326
Unrestricted	36,971,792	45,218,881	45,541,352	50,737,518
Total governmental activities net position	<u>\$ 561,328,659</u>	<u>\$ 560,266,581</u>	<u>\$ 562,340,901</u>	<u>\$ 566,040,805</u>
Business-type activities				
Net investment in capital assets	\$ 497,810,394	\$ 488,787,961	\$ 482,912,493	\$ 479,033,932
Restricted	14,798,748	14,520,330	15,358,409	12,092,990
Unrestricted	41,606,778	44,374,708	44,766,194	46,511,771
Total business-type activities net position	<u>\$ 554,215,920</u>	<u>\$ 547,682,999</u>	<u>\$ 543,037,096</u>	<u>\$ 537,638,693</u>
Primary government				
Net investment in capital assets	\$ 964,574,304	\$ 973,660,812	\$ 972,074,157	\$ 973,788,893
Restricted	72,391,705	44,695,179	42,996,294	32,641,316
Unrestricted	78,578,570	89,593,589	90,307,546	97,249,289
Total primary government net position	<u>\$ 1,115,544,579</u>	<u>\$ 1,107,949,580</u>	<u>\$ 1,105,377,997</u>	<u>\$ 1,103,679,498</u>

¹ In 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The 2014 net position has been restated for comparative purposes to reflect the implementation.

² Beginning net position was restaed due to implementation of GASB No. 75.

Source: Audited City of Avondale, Arizona, Comprehensive Annual Financial Reports.

Schedule 1

2014 ¹	2015	2016	2017	2018 ²	2019
\$ 499,739,936	\$ 504,180,483	\$ 503,290,685	\$ 514,022,743	\$ 512,002,472	\$ 534,401,329
23,376,185	27,279,288	31,111,470	31,791,041	37,254,164	43,841,243
14,469,385	16,252,006	23,773,087	21,900,625	33,300,813	36,069,630
<u>\$ 537,585,506</u>	<u>\$ 547,711,777</u>	<u>\$ 558,175,242</u>	<u>\$ 567,714,409</u>	<u>\$ 582,557,449</u>	<u>\$ 614,312,202</u>
\$ 474,668,428	\$ 469,377,530	\$ 458,698,957	\$ 449,877,043	\$ 446,239,125	\$ 444,455,024
8,607,019	7,247,176	11,795,732	26,297,393	15,578,778	21,853,516
42,327,797	43,955,822	48,661,412	43,521,686	60,239,113	72,371,991
<u>\$ 525,603,244</u>	<u>\$ 520,580,528</u>	<u>\$ 519,156,101</u>	<u>\$ 519,696,122</u>	<u>\$ 522,057,016</u>	<u>\$ 538,680,531</u>
\$ 974,408,364	\$ 973,558,013	\$ 961,989,642	\$ 963,899,786	\$ 958,241,597	\$ 978,856,353
31,983,204	34,526,464	42,907,202	58,088,434	52,832,942	65,694,759
56,797,182	60,207,828	72,434,499	65,422,311	93,539,926	108,441,621
<u>\$ 1,063,188,750</u>	<u>\$ 1,068,292,305</u>	<u>\$ 1,077,331,343</u>	<u>\$ 1,087,410,531</u>	<u>\$ 1,104,614,465</u>	<u>\$ 1,152,992,733</u>

CITY OF AVONDALE, ARIZONA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Schedule 2

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 12,862,710	\$ 15,364,915	\$ 12,194,735	\$ 12,769,952	\$ 12,331,057	\$ 12,920,373	\$ 13,902,546	\$ 14,309,548	\$ 17,413,185	\$ 13,286,390
Public safety	24,168,796	25,139,168	24,509,660	26,087,882	27,920,756	29,193,364	31,025,502	42,260,573	38,601,762	38,891,455
Highways and streets	12,322,104	13,246,764	12,514,335	12,144,322	12,363,230	14,148,176	12,849,769	12,539,013	13,797,634	14,906,217
Health and welfare	2,470,031	2,511,615	2,748,093	3,937,970	3,491,716	3,086,230	3,509,117	3,200,864	3,592,893	3,476,278
Economic and community development	7,985,413	5,091,504	5,015,366	5,036,147	5,489,089	5,318,125	6,205,863	6,418,604	6,354,065	6,924,053
Culture and recreation	3,190,869	3,268,540	3,675,781	3,813,472	4,783,299	5,048,110	5,576,173	5,416,224	5,964,961	6,790,207
Transportation	1,902,347	1,581,404	1,824,128	1,236,160	1,280,435	890,857	744,751	890,706	1,138,438	1,357,022
Interest on long-term debt	5,129,250	4,849,805	4,573,048	4,357,797	3,788,220	3,574,631	3,368,741	2,887,484	1,268,556	1,722,511
Total governmental activities expenses	<u>70,031,520</u>	<u>71,053,715</u>	<u>67,055,146</u>	<u>69,383,702</u>	<u>71,447,802</u>	<u>74,179,866</u>	<u>77,182,462</u>	<u>87,923,016</u>	<u>88,131,494</u>	<u>87,354,133</u>
Business-type activities:										
Water utility	15,442,478	16,686,715	15,517,184	15,879,676	15,313,614	14,978,673	15,648,760	16,242,773	16,560,738	15,843,476
Wastewater utility	10,252,684	11,361,012	11,232,156	11,500,364	11,992,043	12,039,948	11,862,023	12,389,737	11,620,939	10,355,180
Sanitation utility	3,613,617	3,530,472	3,748,396	3,860,578	4,373,521	4,573,971	4,742,323	4,578,856	4,809,711	5,028,104
Total business-type activities expenses	<u>29,308,779</u>	<u>31,578,199</u>	<u>30,497,736</u>	<u>31,240,618</u>	<u>31,679,178</u>	<u>31,592,592</u>	<u>32,253,106</u>	<u>33,211,366</u>	<u>32,991,388</u>	<u>31,226,760</u>
Total primary government expenses	<u>\$ 99,340,299</u>	<u>\$ 102,631,914</u>	<u>\$ 97,552,882</u>	<u>\$ 100,624,320</u>	<u>\$ 103,126,980</u>	<u>\$ 105,772,458</u>	<u>\$ 109,435,568</u>	<u>\$ 121,134,382</u>	<u>\$ 121,122,882</u>	<u>\$ 118,580,893</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,656,665	\$ 1,465,160	\$ 1,543,248	\$ 1,962,825	\$ 1,791,970	\$ 2,024,897	\$ 1,959,842	\$ 1,747,987	\$ 2,074,885	\$ 175,579
Public safety	407,961	415,243	290,321	458,799	469,192	515,920	493,996	516,750	440,119	389,186
Highway and streets	-	-	-	-	-	-	-	-	97,442	-
Economic and community development	576,436	895,233	614,765	862,360	800,438	1,118,951	1,501,234	2,637,557	3,255,772	4,595,774
Culture and recreation	575,046	257,614	413,832	360,924	333,734	404,179	404,776	369,495	383,379	413,902
Operating grants and contributions	12,712,420	10,449,880	8,665,735	9,373,853	9,393,303	8,653,787	8,362,914	9,058,945	9,759,508	10,156,821
Capital grants and contributions	1,795,711	3,639,920	1,642,679	1,973,402	1,118,868	2,044,100	2,552,008	5,509,985	5,841,412	14,680,697
Total governmental activities program revenues	<u>17,724,239</u>	<u>17,123,050</u>	<u>13,170,580</u>	<u>14,992,163</u>	<u>13,907,505</u>	<u>14,761,834</u>	<u>15,274,770</u>	<u>19,840,719</u>	<u>21,852,517</u>	<u>30,411,959</u>
Business-type activities:										
Charges for Services:										
Water	11,097,099	11,315,015	12,241,675	11,882,083	12,227,233	11,527,730	12,840,329	14,655,947	15,451,443	15,024,198
Wastewater	7,220,779	7,466,785	7,695,007	7,746,807	7,963,581	7,988,157	8,247,723	9,133,838	9,731,664	10,515,981
Sanitation	4,732,011	4,845,058	4,909,423	4,954,195	5,032,187	5,055,904	5,104,181	5,139,643	5,247,119	5,326,271
Capital grants and contributions	1,648,926	719,803	444,983	1,042,780	653,419	1,299,643	3,590,768	4,107,998	4,242,922	3,293,949
Total business-type activities program revenues	<u>24,698,815</u>	<u>24,346,661</u>	<u>25,291,088</u>	<u>25,625,865</u>	<u>25,876,420</u>	<u>25,871,434</u>	<u>29,783,001</u>	<u>33,037,426</u>	<u>34,673,148</u>	<u>34,160,399</u>
Total primary government program revenues	<u>\$ 42,423,054</u>	<u>\$ 41,469,711</u>	<u>\$ 38,461,668</u>	<u>\$ 40,618,028</u>	<u>\$ 39,783,925</u>	<u>\$ 40,633,268</u>	<u>\$ 45,057,771</u>	<u>\$ 52,878,145</u>	<u>\$ 56,525,665</u>	<u>\$ 64,572,358</u>

(continued on next page)

CITY OF AVONDALE, ARIZONA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Schedule 2

(Continuation)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (Expense) Revenue										
Governmental activities	\$ (52,307,281)	\$ (53,930,665)	\$ (53,884,566)	\$ (54,391,539)	\$ (57,540,297)	\$ (59,418,032)	\$ (61,907,692)	\$ (68,082,297)	\$ (66,278,977)	\$ (56,942,179)
Business-type activities	(4,609,964)	(7,231,538)	(5,206,648)	(5,614,753)	(5,802,758)	(5,721,158)	(2,470,105)	(173,940)	1,681,760	2,933,640
Total primary government net (expenses) revenues	<u>\$ (56,917,245)</u>	<u>\$ (61,162,203)</u>	<u>\$ (59,091,214)</u>	<u>\$ (60,006,292)</u>	<u>\$ (63,343,055)</u>	<u>\$ (65,139,190)</u>	<u>\$ (64,377,797)</u>	<u>\$ (68,256,237)</u>	<u>\$ (64,597,217)</u>	<u>\$ (54,008,539)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Sales and use taxes	\$ 30,298,359	\$ 30,417,802	\$ 32,914,546	\$ 35,929,759	\$ 37,639,556	\$ 40,955,916	\$ 43,352,256	\$ 46,473,655	\$ 49,443,328	\$ 52,003,028
Property taxes, levied for general purposes	2,063,316	2,210,771	2,278,643	2,302,649	2,421,361	2,478,599	2,607,457	2,681,915	2,794,009	2,939,551
Property taxes, levied for debt service	4,716,859	3,473,069	2,985,899	2,268,323	3,209,741	3,373,624	3,336,779	3,275,427	3,166,482	4,174,643
Franchise taxes	1,047,312	1,950,000	1,096,920	1,101,693	1,132,811	1,150,766	1,090,135	1,135,350	1,256,448	1,223,384
State shared revenues, unrestricted	15,644,558	14,410,652	14,870,469	16,617,488	17,896,107	19,151,120	19,590,959	20,499,811	21,713,658	22,314,405
Investment income	417,727	318,931	282,485	(127,021)	408,645	342,423	399,174	400,040	660,720	3,113,051
Gain on sale of capital assets	25,307	7,794	33,435	19,498	56,600	138,810	248,858	268,568	(40,759)	590,335
Miscellaneous	2,376,003	1,084,568	1,646,489	1,170,396	1,571,790	2,103,045	1,895,539	3,036,698	2,748,927	2,167,739
Transfers	(8,876,219)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(300,000)
Total governmental activities	<u>47,713,222</u>	<u>53,723,587</u>	<u>55,958,886</u>	<u>59,132,785</u>	<u>64,186,611</u>	<u>69,544,303</u>	<u>72,371,157</u>	<u>77,621,464</u>	<u>81,592,813</u>	<u>88,226,136</u>
Business-type activities:										
Investment income	195,602	166,893	196,973	(69,172)	279,812	286,576	381,482	310,375	500,622	2,678,897
Gain on sale of capital assets	75,345	-	-	-	83,030	25,231	155,204	104,002	124,425	38,168
Miscellaneous	135,320	381,724	213,772	263,193	241,999	236,635	358,992	149,584	456,716	-
Transfers	8,876,219	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	300,000
Total business-type activities	<u>9,282,486</u>	<u>698,617</u>	<u>560,745</u>	<u>344,021</u>	<u>754,841</u>	<u>698,442</u>	<u>1,045,678</u>	<u>713,961</u>	<u>1,231,763</u>	<u>3,017,065</u>
Total primary government	<u>\$ 56,995,708</u>	<u>\$ 54,422,204</u>	<u>\$ 56,519,631</u>	<u>\$ 59,476,806</u>	<u>\$ 64,941,452</u>	<u>\$ 70,242,745</u>	<u>\$ 73,416,835</u>	<u>\$ 78,335,425</u>	<u>\$ 82,824,576</u>	<u>\$ 91,243,201</u>
Changes in Net Position										
Governmental activities	\$ (4,594,059)	\$ (1,062,078)	\$ 2,074,320	\$ 4,741,246	\$ 6,646,314	\$ 10,126,271	\$ 10,463,465	\$ 9,539,167	\$ 15,313,836	\$ 31,283,957
Business-type activities	4,672,522	(6,532,921)	(4,645,903)	(5,270,732)	(5,047,917)	(5,022,716)	(1,424,427)	540,021	2,913,523	5,950,705
Total primary government	<u>\$ 78,463</u>	<u>\$ (7,594,999)</u>	<u>\$ (2,571,583)</u>	<u>\$ (529,486)</u>	<u>\$ 1,598,397</u>	<u>\$ 5,103,555</u>	<u>\$ 9,039,038</u>	<u>\$ 10,079,188</u>	<u>\$ 18,227,359</u>	<u>\$ 37,234,662</u>

Source: Audited City of Avondale, Arizona, Comprehensive Annual Financial Reports.

CITY OF AVONDALE, ARIZONA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2010	2011 ¹	2012
General Fund			
Reserved	\$ 77,125	\$ -	\$ -
Unreserved	29,013,029	-	-
Nonspendable:			
Inventory	-	3,783	3,176
Prepaid items	-	164,012	271,673
Due from other funds	-	-	-
Advances to other funds	-	-	-
Restricted for:			
Public safety	-	326,879	349,992
Committed to:			
Budgetary stabilization	-	20,107,819	16,192,523
Assigned to:			
Other purposes	-	2,150,250	7,253,410
Unassigned	-	3,036,074	7,916,399
Total General Fund	<u>\$ 29,090,154</u>	<u>\$ 25,788,817</u>	<u>\$ 31,987,173</u>
All other governmental funds			
Reserved	\$ 30,429,893	\$ -	\$ -
Unreserved, reported in:			
Special Revenue Funds	9,323,672	-	-
Capital Projects Funds	22,958,296	-	-
Nonspendable:			
Inventory	-	225,904	220,837
Prepaid items	-	612,457	771,513
Restricted for:			
Transit services	-	61,744	1,688,441
Highway and streets	-	3,249,085	3,334,517
Court	-	516,711	554,471
Grant and contributor purposes	-	1,139,954	955,553
Public safety	-	1,233,782	2,090,147
Debt service	-	12,648,785	11,726,347
Capital projects	-	8,810,461	4,073,188
Water, sewer and street projects	-	523,204	420,781
Crime victim advocacy	-	93,903	155,389
Committed to:			
Capital projects	-	2,871,197	668,344
Crime victim advocacy	-	46,951	77,694
Assigned to:			
Vehicle replacement	-	6,442,998	7,062,662
Equipment replacement	-	1,033,740	331,294
Capital projects	-	4,536,974	4,288,987
Transit services	-	2,945,885	-
Unassigned	-	-	-
Total all other governmental funds	<u>\$ 62,711,861</u>	<u>\$ 46,993,735</u>	<u>\$ 38,420,165</u>

¹ The City implemented GASB 54 in fiscal year 2011. Prior years' financial statements were not restated to provide the five fund balance classifications.

Source: Audited City of Avondale, Arizona, Comprehensive Annual Financial Reports.

Schedule 3

2013	2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
2,202	449	-	434	6,526	-	185,773
131,888	131,306	342,255	112,432	66,495	86,099	207,169
1,200,000	4,156,428	3,838,468	833,000	-	-	-
-	-	-	-	833,000	833,000	128,000
171,150	130,205	335,058	254,758	102,794	50,965	77,977
15,389,437	18,934,773	19,405,505	20,092,995	21,400,558	21,867,357	26,907,594
5,453,049	8,721,580	4,882,920	3,997,254	12,651,519	2,386,030	6,990,024
10,382,138	1,800,250	7,521,330	16,497,354	15,704,372	22,849,263	22,997,628
<u>\$ 32,729,864</u>	<u>\$ 33,874,991</u>	<u>\$ 36,325,536</u>	<u>\$ 41,788,227</u>	<u>\$ 50,765,264</u>	<u>\$ 48,072,714</u>	<u>\$ 57,494,165</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
281,218	309,973	320,636	305,262	307,706	267,598	382,970
671,092	688,572	361,123	400,766	61,168	7,765	189,741
1,627,956	1,137,018	977,138	1,356,976	1,579,099	1,752,045	1,621,340
3,601,986	3,853,579	4,673,503	5,826,016	7,169,856	8,739,999	7,454,379
613,134	634,184	657,831	639,778	613,041	575,788	568,017
119,721	597,631	914,738	817,062	1,337,527	1,805,961	2,216,806
3,362,724	4,685,520	6,033,061	7,438,683	7,790,078	8,602,953	9,772,966
5,830,512	7,879,134	8,430,380	8,912,477	6,117,403	7,598,789	7,846,612
2,442,036	792,935	1,291,443	1,388,787	1,436,817	2,664,535	21,794,996
1,099,439	1,765,548	2,251,750	2,908,567	4,059,144	5,659,841	7,617,695
154,178	131,924	163,340	141,475	143,216	156,204	274,366
3,956,556	322,646	263,234	3,544,816	1,667,731	2,969,597	-
51,393	43,974	54,447	47,158	47,738	52,068	91,452
8,438,757	8,171,863	7,519,081	7,271,801	6,923,450	7,979,615	8,885,144
335,328	664,109	762,199	1,051,461	1,013,680	1,298,485	1,073,667
4,588,564	7,178,750	7,728,456	5,245,637	4,787,077	15,498,698	12,025,797
-	-	-	-	-	-	-
(185,532)	(632,375)	(741,111)	(35,283)	(77,490)	(77,490)	(1,717,345)
<u>\$ 36,989,062</u>	<u>\$ 38,224,985</u>	<u>\$ 41,661,249</u>	<u>\$ 47,261,439</u>	<u>\$ 44,977,241</u>	<u>\$ 65,552,451</u>	<u>\$ 80,098,603</u>

CITY OF AVONDALE, ARIZONA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2009	2010	2011	2012	2013
Revenues					
Taxes	\$ 40,966,295	\$ 38,227,410	\$ 37,206,864	\$ 39,383,889	\$ 41,645,010
Licenses and permits	3,134,769	1,996,430	1,073,233	1,342,998	2,076,599
Intergovernmental	27,035,675	27,626,462	26,755,077	23,743,672	25,607,050
Charges for services	1,179,405	944,332	1,322,030	891,777	1,129,782
Fines, forfeitures, and penalties	1,357,050	1,262,853	1,152,077	1,175,041	1,357,243
Investment income	580,422	415,395	315,685	279,999	(130,638)
Contributions	1,137,849	942,440	813,886	1,042,296	268,399
Miscellaneous	261,427	2,431,170	1,117,621	1,364,648	1,222,169
Total revenues	<u>75,652,892</u>	<u>73,846,492</u>	<u>69,756,473</u>	<u>69,224,320</u>	<u>73,175,614</u>
Expenditures					
General government	10,970,755	9,477,910	12,077,265	11,049,852	11,679,121
Public safety	23,939,534	22,881,143	23,717,192	23,360,386	24,810,275
Highways and streets	2,177,687	2,605,224	3,472,183	2,518,264	1,766,303
Health and welfare	2,719,779	4,931,655	2,660,252	2,766,874	3,966,243
Economic and community development	6,588,345	5,528,640	4,886,947	5,015,247	5,055,207
Culture and recreation	4,021,204	3,396,173	3,409,346	2,484,829	2,480,049
Transportation	870,662	1,895,324	1,580,838	1,823,627	1,234,845
Debt Service					
Principal	7,684,563	8,620,474	8,585,695	8,554,217	13,712,314
Interest and other charges	3,855,789	5,427,681	5,023,373	4,706,601	4,621,821
Capital outlay	<u>22,182,625</u>	<u>15,262,429</u>	<u>23,240,459</u>	<u>9,223,066</u>	<u>4,656,036</u>
Total expenditures	<u>85,010,943</u>	<u>80,026,653</u>	<u>88,653,550</u>	<u>71,502,963</u>	<u>73,982,214</u>
Excess of revenues over (under) expenditures	(9,358,051)	(6,180,161)	(18,897,077)	(2,278,643)	(806,600)
Other Financing Sources (Uses)					
Bond issuance	15,000,000	29,800,000	-	-	-
Refunding bonds issued	-	2,815,000	-	-	9,275,000
Payment to refunding bonds escrow agent	-	(2,753,893)	-	-	(9,469,388)
Bond premium (discount)	91,235	48,388	-	-	427,048
Capital leases	-	116,358	-	-	-
Sale of capital assets	223,770	-	7,794	38,369	19,498
Transfer in	18,277,333	41,785,235	12,859,860	10,356,562	18,827,399
Transfer out	<u>(36,322,538)</u>	<u>(50,661,454)</u>	<u>(12,990,040)</u>	<u>(10,491,502)</u>	<u>(18,961,369)</u>
Total other financing sources (uses)	<u>(2,730,200)</u>	<u>21,149,634</u>	<u>(122,386)</u>	<u>(96,571)</u>	<u>118,188</u>
Net change in fund balances	<u>\$ (12,088,251)</u>	<u>\$ 14,969,473</u>	<u>\$ (19,019,463)</u>	<u>\$ (2,375,214)</u>	<u>\$ (688,412)</u>
Debt service as a percentage of noncapital expenditures	18.4%	21.7%	20.8%	21.3%	26.4%

Source: Audited City of Avondale, Arizona, Comprehensive Annual Financial Reports.

Schedule 4

2014	2015	2016	2017	2018	2019
\$ 44,454,517	\$ 48,121,583	\$ 50,433,911	\$ 53,621,688	\$ 56,655,533	\$ 60,385,319
1,435,548	2,532,559	3,687,377	5,297,673	7,142,796	4,427,131
26,568,228	27,061,879	27,914,071	29,665,270	31,229,183	32,551,139
1,111,375	1,244,710	1,233,719	1,677,400	2,149,686	1,502,560
1,219,003	1,403,457	1,255,197	1,059,626	1,275,599	1,257,723
406,914	335,873	375,359	380,740	627,961	2,915,435
814,318	320,386	315,948	362,695	338,603	514,193
1,682,888	2,345,170	2,087,860	2,373,397	2,295,587	2,167,739
77,692,791	83,365,617	87,303,442	94,438,489	101,714,948	105,721,239
11,106,677	11,269,744	12,885,068	12,325,497	14,597,179	12,853,986
26,267,504	27,588,742	29,453,443	31,889,715	34,895,720	36,287,670
1,943,651	3,645,538	2,354,255	2,572,848	2,908,744	3,433,985
3,542,511	3,109,810	3,590,178	3,300,924	3,719,705	3,456,788
5,341,635	5,491,412	6,049,229	6,094,461	6,332,025	6,885,367
3,509,702	3,851,074	3,716,124	3,849,886	4,185,181	4,764,881
1,277,281	894,655	704,440	772,784	1,029,151	1,248,002
5,278,486	6,324,153	6,436,835	7,131,893	6,621,797	8,315,593
3,844,374	3,614,285	3,409,627	3,282,008	1,914,361	2,003,434
12,992,364	11,544,285	7,799,212	13,693,511	12,936,782	27,127,880
75,104,185	77,333,698	76,398,411	84,913,527	89,140,645	106,377,586
2,588,606	6,031,919	10,905,031	9,524,962	12,574,303	(656,347)
-	-	-	-	-	21,390,000
-	-	-	23,457,070	21,350,000	-
-	-	-	(29,768,467)	(23,395,316)	-
-	-	-	3,012,110	2,464,479	2,930,479
-	-	-	304,326	4,542,254	-
58,094	187,050	295,690	283,585	487,210	1,333,351
15,114,320	19,485,856	15,549,460	15,862,362	27,045,943	18,514,412
(15,379,970)	(19,818,016)	(15,687,300)	(15,983,109)	(27,186,213)	(19,544,292)
(207,556)	(145,110)	157,850	(2,832,123)	5,308,357	24,623,950
\$ 2,381,050	\$ 5,886,809	\$ 11,062,881	\$ 6,692,839	\$ 17,882,660	\$ 23,967,603
14.7%	15.1%	14.4%	14.6%	12.2%	13.0%

CITY OF AVONDALE, ARIZONA

**ASSESSED VALUE, ESTIMATED ACTUAL VALUE AND ASSESSMENT RATIOS OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year	Residential Owner Occupied Property	Residential Rental Property	Commercial and Industrial Property	Agricultural and Vacant Property	Railroad Property	Residential Historical Property
2019	\$ 163,970,338	\$ 93,961,360	\$ 136,339,793	\$ 91,429,994	\$ 319,883	\$ -
2018	149,686,468	92,400,739	126,136,282	90,465,727	900,915	-
2017	137,409,818	90,426,563	118,616,719	88,235,352	333,596	25,525
2016	128,105,887	88,843,605	117,207,777	87,680,276	366,205	31,770
2015	132,908,565	93,145,393	118,877,122	93,364,094	394,449	146,376
2014	113,438,968	75,890,104	116,797,461	99,601,422	363,777	166,031
2013	134,867,886	67,361,870	132,735,913	102,602,512	358,763	-
2012	151,109,673	72,776,766	157,022,411	117,887,415	335,769	-
2011	196,235,454	85,274,561	212,453,689	149,830,377	364,145	-
2010	292,044,995	92,215,354	212,214,174	154,112,452	376,314	-

Assessment Ratios³ of Taxable Property

Fiscal Year	Residential Owner Occupied Property	Residential Rental Property	Commercial and Industrial Property	Agricultural and Vacant Property	Railroad Property	Residential Historical Property
2019	10.0 %	10.0 %	18.0 %	15.0 %	15.0 %	5.0 %
2018	10.0	10.0	18.0	15.0	15.0	5.0
2017	10.0	10.0	18.0	15.0	15.0	5.0
2016	10.0	10.0	18.0	15.0	14.0	5.0
2015	10.0	10.0	18.5	16.0	15.0	5.0
2014	10.0	10.0	19.0	16.0	16.0	5.0
2013	10.0	10.0	19.5	16.0	15.0	5.0
2012	10.0	10.0	20.0	16.0	15.0	5.0
2011	10.0	10.0	20.0	16.0	15.0	5.0
2010	10.0	10.0	21.0	16.0	17.0	5.0

¹ Prior to FY 2016, secondary assessed property value was used for secondary ad valorem taxes levied for debt service. Beginning in FY 2016, with a voter-approved Constitutional amendment, secondary ad valorem taxes are now levied on limited assessed property value.

² Property in Maricopa County is required to be reassessed yearly. Tax rates are determined using assessed using property assessed values and the required tax levy. The assessed value divided by 100 multiplied by the tax rate determines the taxes billed.

³ The assessment ratios for each property classification is applied to the total property assessed value to determine the respective assessed valuation for tax levy purposes.

⁴ Includes tax exempt property.

Source: Maricopa County Assessor's Office and Arizona Department of Revenue, *Abstract of the Assessment Roll* and the Maricopa County Tax Rate Book web publication for the applicable years.

Schedule 5

Municipal Property Improvements		Gross Valuation	Less: Tax Exempt Real Property	Total Property Assessed Value ¹	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value ⁴
\$	81,557	\$ 486,102,925	\$ (87,813,977)	\$ 398,288,948	1.76	\$ 3,956,687,355	12.29 %
	45,801	459,635,932	(88,713,776)	370,922,156	1.60	3,734,960,323	12.31
	44,438	435,092,011	(85,989,407)	349,102,604	1.70	3,534,105,675	12.31
	-	422,235,520	(85,077,008)	337,158,512	1.75	3,355,310,655	12.58
	59,574	438,895,573	(88,208,960)	350,686,613	1.75	3,478,927,843	12.62
	-	406,257,763	(91,282,079)	314,975,684	1.80	3,118,036,373	13.03
	-	437,926,944	(92,254,812)	345,672,132	1.33	3,329,277,135	13.15
	-	499,132,034	(96,728,376)	402,403,658	1.33	3,762,818,468	13.26
	-	644,158,226	(119,852,877)	524,305,349	1.11	4,765,228,782	13.52
	-	750,963,289	(109,200,312)	641,762,977	1.11	5,772,182,553	13.01

CITY OF AVONDALE, ARIZONA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(rate per \$100 of assessed valuation)

Fiscal Year	Direct Rate		Overlapping Rates ¹			
	City of Avondale, Arizona	County County- wide	Community College	Tolleson Elementary School District No. 17	Tolleson Union High School District No. 214	Pendergast Elementary School District No. 92
2019	Primary	0.73	1.40	1.17	2.14	2.67
	Secondary	<u>1.03</u> 1.76	0.00	0.20	2.71	1.78
2018	Primary	0.75	1.40	1.20	2.12	2.16
	Secondary	<u>0.85</u> 1.60	0.00	0.21	2.35	1.77
2017	Primary	0.77	1.40	1.24	2.22	2.27
	Secondary	<u>0.93</u> 1.70	0.00	0.23	2.59	1.29
2016	Primary	0.78	1.36	1.26	2.07	2.40
	Secondary	<u>0.97</u> 1.75	0.00	0.23	2.71	1.61
2015	Primary	0.78	1.32	1.28	1.98	2.86
	Secondary	<u>0.97</u> 1.75	0.00	0.24	2.59	1.68
2014	Primary	0.79	1.28	1.29	1.92	3.22
	Secondary	<u>1.02</u> 1.81	0.00	0.24	2.27	2.27
2013	Primary	0.68	1.24	1.16	2.38	2.30
	Secondary	<u>0.66</u> 1.34	0.00	0.22	1.67	2.54
2012	Primary	0.58	1.24	1.01	2.47	1.96
	Secondary	<u>0.75</u> 1.33	0.00	0.20	2.46	2.11
2011	Primary	0.45	1.05	0.79	2.19	1.51
	Secondary	<u>0.65</u> 1.10	0.00	0.18	3.11	1.21
2010	Primary	0.36	0.99	0.72	0.98	1.06
	Secondary	<u>0.74</u> 1.10	0.00	0.16	2.93	1.04

¹ Overlapping rates are those of local and county governments that apply to the property owners within the City of Avondale. Not all overlapping rates apply to all Avondale property owners. For example, although county property tax rates apply to all city property owners, the school district rates apply only to those property owners whose property is located within the district's geographical boundaries.

Source: Maricopa County Finance Department web publication, 2018 Tax Rates Maricopa County, Arizona.

Schedule 6

Overlapping Rates ¹				
Litchfield Elementary School District No. 79	Avondale Elementary School District No. 44	Agua Fria Union High School District No. 216	Littleton Elementary School District No. 65	Liberty Elementary School District No. 25
1.97	2.12	2.03	2.20	2.01
1.88	2.90	1.45	3.38	1.53
2.04	2.28	2.46	2.42	2.07
1.44	2.94	1.26	3.46	1.66
2.24	3.31	2.08	2.33	2.00
1.57	3.09	1.39	3.64	1.80
2.26	3.11	2.07	2.48	2.55
1.57	3.12	1.19	3.45	1.72
2.33	2.74	2.99	2.59	2.80
1.45	3.06	1.21	3.31	1.70
2.44	2.31	2.29	2.42	1.91
1.54	2.33	1.28	3.55	1.55
2.31	2.02	2.04	2.45	2.07
1.58	2.31	1.13	1.93	1.47
1.94	2.77	1.69	1.33	1.87
1.32	2.03	0.99	2.47	1.33
1.62	1.51	1.62	1.60	1.96
1.30	1.43	0.83	1.87	1.34
1.62	1.96	2.04	2.51	1.49
1.01	1.36	0.65	1.26	1.18

**CITY OF AVONDALE, ARIZONA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Schedule 7

Taxpayer	2019			2010		
	Taxable Assessed Value ¹	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value ¹	Rank	Percentage of Total Taxable Assessed Value
Phoenix Speedway Corp	\$ 9,098,026	1	2.61 %	\$ 7,673,389	1	1.31 %
J&J Coldwater LLC	7,544,112	2	2.16			
Inland Westland Avondale McDowell LLC	5,816,463	3	1.67	6,942,640	2	1.18
Arizona Public Service Company	4,478,402	4	1.28			
Moreland Properties LLC	3,545,625	5	1.02	5,500,204	3	0.94
Avondale Commerce LLC	3,419,988	6	0.98			
Gateway Crossing SC LLC	3,380,104	7	0.97			
MREI IV Lux LLC	3,260,805	8	0.93			
Mechanic (AZ) QRS 15-41 INC	3,257,696	9	0.93	3,766,746	7	0.64
Crystal Springs Apartments LLC	3,155,564	10	0.90			
Raintree Pad 2 LLC				5,295,839	4	0.90
Smiths Food & Drug Centers INC				4,714,123	5	0.80
D H Ventures LLC				4,026,529	6	0.69
1250 N El Mirage Road - Avondale LLC				3,714,585	8	0.63
1050 N El Mirage Rd - Avondale LLC				3,415,677	9	0.58
Harkins Phoenix Cinemas LLC				3,323,985	10	0.57
Total	<u>\$ 46,956,785</u>		<u>13.45 %</u>	<u>\$ 48,373,717</u>		<u>8.24 %</u>

¹ Prior to FY 2016, secondary assessed property value was used for secondary ad valorem taxes levied for debt service. Beginning in FY 2016, with a voter-approved Constitutional amendment, secondary ad valorem taxes are now levied on limited assessed property value.

Source: Maricopa County Assessor records.

CITY OF AVONDALE, ARIZONA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Schedule 8

Fiscal Year	Original Property Tax Levy	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2019	\$ 7,049,735	\$ 6,960,919	98.74 %	\$ -	\$ 6,960,919	98.74 %
2018	5,941,343	5,858,479	98.61	70,432	5,928,911	99.79
2017	5,913,568	5,825,124	98.50	68,686	5,893,809	99.67
2016	5,882,634	5,781,431	98.28	75,460	5,856,891	99.56
2015	5,948,064	5,830,887	98.03	83,609	5,914,496	99.44
2014	5,659,729	5,545,279	97.98	70,067	5,615,346	99.22
2013	4,589,635	4,474,610	97.49	71,414	4,546,024	99.05
2012	5,294,450	5,131,506	96.92	80,488	5,211,994	98.44
2011	5,632,413	5,413,477	96.11	116,669	5,530,146	98.18
2010	6,843,611	6,526,469	95.37	243,275	6,769,744	98.92

¹ Property taxes are payable in two installments. The first installment becomes due on the first day of October and is delinquent after the first business day of November. The second installment is due on the first day of March and becomes delinquent after the first business day of May. Delinquent property taxes are subject to a penalty of 16% per annum, prorated at a monthly rate of 1.33%.

Source: Maricopa County Budget Department and Maricopa County Treasurer's Office, *Secured Levy Report Through June 30, 2019*.

**DIRECT AND OVERLAPPING NET LIMITED ASSESSED PROPERTY VALUES AND TAX RATES
PER \$100 ASSESSED VALUATION**

Overlapping Jurisdiction	2018-19 Net Limited Assessed Value for Tax Purposes	2018-19 Total Tax Rate Per \$100 Net Limited Assessed Value for Tax Purposes	
State of Arizona	\$ 62,328,439,592	None	
Maricopa County	40,423,232,423	\$ 1.8750	(a)
Maricopa County Community College District	40,423,232,423	1.3754	
Maricopa County Fire District Assistance Tax	40,423,232,423	0.0107	
Maricopa County Special Health Care District	40,489,188,615	0.2941	
Maricopa County Library District	40,423,232,423	0.0556	
Maricopa County Flood Control District	37,003,666,851	0.1792	
Central Arizona Water Conservation District	40,489,188,615	0.1400	
Tolleson Elementary School District No. 17	180,969,758	4.8445	
Liberty Elementary School District No. 25	242,901,538	3.5351	
Avondale Elementary School District No. 44	367,311,044	5.0118	
Littleton Elementary School District No. 65	249,928,457	5.5811	
Litchfield Elementary School District No. 79	819,761,974	3.8499	
Pendergast Elementary School District No. 92	316,256,282	6.7091	
Agua Fria Union High School District No. 216	1,187,073,018	3.4776	
Buckeye Union High School District No. 201	707,975,119	3.2729	
Tolleson Union High School District No. 214	1,134,931,491	4.4450	
Western Maricopa Education Center	14,779,081,648	0.1494	
City of Avondale	398,288,948	1.7619	

(a) Includes the "State Equalization Assistance Property Tax" which is levied by the County and has been set at \$0.4741 per \$100 Net Limited Assessed Property Value for fiscal year 2018-19. Such amount is adjusted annually pursuant to Arizona Revised Statutes, Section 41-1276.

Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Association.



CITY OF AVONDALE, ARIZONA
TRANSACTION PRIVILEGE TAXES BY INDUSTRY CLASSIFICATION
LAST TEN FISCAL YEARS

	2010	2011	2012	2013	2014
Retail	\$ 18,244,074	\$ 18,832,147	\$ 20,938,049	\$ 22,749,307	\$ 24,510,356
Construction	2,061,391	1,188,487	1,415,172	1,323,781	1,139,469
Real Estate & Rentals	3,487,130	3,890,097	4,131,206	3,909,022	4,025,883
Communication & Utilities	2,061,554	2,022,346	2,041,519	2,082,661	2,049,404
Restaurants & Bars	2,277,265	2,459,856	2,695,339	2,875,647	3,226,930
Amusement	661,557	592,433	590,559	616,874	666,567
Use Tax	204,191	201,255	249,884	235,002	278,274
Equipment Rental	518,471	531,363	541,950	579,379	665,089
All Others	353,481	302,290	284,956	311,003	318,829
Total	<u>\$ 29,869,114</u>	<u>\$ 30,020,274</u>	<u>\$ 32,888,634</u>	<u>\$ 34,682,676</u>	<u>\$ 36,880,801</u>

	Year-over-Year Increase (Decrease)				
Retail	(8.1) %	3.2 %	11.2 %	8.7 %	7.7
Construction	(44.2)	(42.3)	19.1	(6.5)	(13.9)
Real Estate & Rentals	0.3	11.6	6.2	(5.4)	3.0
Communication & Utilities	3.2	(1.9)	0.9	2.0	(1.6)
Restaurants & Bars	(6.5)	8.0	9.6	6.7	12.2
Amusement	(11.9)	(10.4)	(0.3)	4.5	8.1
Use Tax	(3.8)	(1.4)	24.2	(6.0)	18.4
Equipment Rental	(5.6)	2.5	2.0	6.9	14.8
All Others	18.8	(14.5)	(5.7)	9.1	2.5
Total	<u>(10.2) %</u>	<u>0.5 %</u>	<u>9.6 %</u>	<u>5.5 %</u>	<u>6.3</u>

¹ Totals may differ from governmental activities tax revenues due to differences in reporting periods.

Source: City records.

Schedule 10

2015	2016	2017	2018	2019
\$ 26,986,156	\$ 28,562,740	\$ 30,102,662	\$ 31,705,835	\$ 33,716,323
1,155,268	1,346,678	2,952,141	3,648,705	3,500,442
4,278,607	4,280,205	4,300,470	4,494,779	4,789,384
2,031,513	2,142,543	2,022,266	1,933,124	1,871,771
3,164,390	3,487,810	3,780,226	4,311,152	4,566,490
679,671	734,094	672,178	698,255	716,798
340,492	346,127	440,636	488,579	548,682
739,617	805,719	1,135,654	1,069,078	1,171,147
385,657	430,470	466,508	516,266	546,654
<u>\$ 39,761,371</u>	<u>\$ 42,136,386</u>	<u>\$ 45,872,741</u>	<u>\$ 48,865,773</u>	<u>\$ 51,427,691</u>

Year-over-Year Increase (Decrease)										
%	10.1	%	5.8	%	5.4	%	5.3	%	6.3	%
	1.4		16.6		119.2		23.6		(4.1)	
	6.3		0.0		0.5		4.5		6.6	
	(0.9)		5.5		(5.6)		(4.4)		(3.2)	
	(1.9)		10.2		8.4		14.0		5.9	
	2.0		8.0		(8.4)		3.9		2.7	
	22.4		1.7		27.3		10.9		12.3	
	11.2		8.9		40.9		(5.9)		9.5	
	21.0		11.6		8.4		10.7		5.9	
%	7.8	%	6.0	%	8.9	%	6.5	%	5.2	%

CITY OF AVONDALE, ARIZONA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities ¹					Capital Leases
	General Obligation Bonds	HURF Bonds	Municipal Development Corporation Bonds ²	Pledged Revenue Refunding Obligations ²		
2019	\$ 44,785	\$ -	\$ -	\$ 19,360	\$	4,359
2018	24,001	-	-	24,738		4,542
2017	22,315	330	-	30,175		273
2016	24,762	720	32,902	5,063		-
2015	26,540	1,093	34,899	7,474		-
2014	28,598	1,451	36,823	9,580		-
2013	31,596	1,800	38,679	9,641		137
2012	34,449	2,133	58,144	-		551
2011	37,237	2,456	63,275	-		948
2010	40,085	2,780	67,350	-		1,329

¹ Amounts are presented net of unamortized discounts and premiums.

² The City issued Pledged Revenue Refunding Obligations and refunded all outstanding Municipal Development Corporation Bonds in fiscal year 2017.

³ See Demographics and Economic Statistics Schedule 20 on page 177 for personal income and population data.

Source: City records.

Business-Type Activities ¹					Total Primary Government	Percentage of Personal Income ³	Per Capita ³
Water and Sewer System Revenue Obligations	Municipal Development Corporation Bonds ²	Pledged Revenue Refunding Obligations ²	WIFA Loans				
\$ 9,259	\$ -	\$ 559	\$ -	\$ 78,322	1.99 %	948	
10,872	-	700	-	64,853	1.80	810	
11,110	-	843	-	65,046	1.81	812	
2,472	1,177	-	-	67,096	2.02	851	
2,980	1,240	-	-	74,226	2.25	951	
3,190	1,589	-	-	81,231	2.49	1,048	
4,770	1,696	-	-	88,319	2.79	1,116	
6,785	1,800	-	-	103,862	3.74	1,327	
8,625	2,166	-	-	114,707	4.07	1,482	
8,625	2,085	-	-	122,254	4.29	1,604	

**CITY OF AVONDALE, ARIZONA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	2010	2011	2012
Property Assessed Value ²	\$ 641,762,977	\$ 524,305,349	\$ 402,403,658
<u>20% Limitation</u>			
Debt limit	128,352,595	104,861,070	80,480,732
Net debt applicable to limit	<u>38,570,000</u>	<u>35,805,000</u>	<u>33,195,000</u>
Legal debt margin	<u>\$ 89,782,595</u>	<u>\$ 69,056,070</u>	<u>\$ 47,285,732</u>
Total net debt applicable to the limit as a percentage of debt limit	30.1%	34.1%	41.2%

6% Limitation

Debt limit	\$ 38,505,779	\$ 31,458,321	\$ 24,144,219
Net debt applicable to limit	<u>1,515,000</u>	<u>1,355,000</u>	<u>1,190,000</u>
Legal debt margin	<u>\$ 36,990,779</u>	<u>\$ 30,103,321</u>	<u>\$ 22,954,219</u>
Total net debt applicable to the limit as a percentage of debt limit	3.9%	4.3%	4.9%

¹ Under the provisions of the Arizona Constitution, the City's combined outstanding general obligation bonded debt for water, sewer, light, open space preserves, parks, playgrounds and recreational facilities may not exceed 20% of the City's net secondary assessed valuation, nor may general obligation bonded debt for all other purposes exceed 6% of the City's net secondary assessed valuation. In fiscal

² Prior to FY 2016, property assessed value was based on secondary assessed property value. Beginning in FY 2016, with a voter-approved Constitutional amendment, property assessed value is based on full cash assessed property

Source: Maricopa County Assessor and City records.

Legal Debt Margin Calculation:

	2017	2018	2019
Net assessed	\$ 463,069,349	510,270,136	569,188,401
Debt limit (20%)	92,613,870	102,054,027	113,837,680
Less amount of debt applicable to limit:			
General obligation bonds outstanding	22,085,000	21,740,000	31,543,099
Less fund balance available for repayment of general obligation debt	(218,803)	(2,158,299)	(2,345,992)
Total net debt applicable to the limit	21,866,197	19,581,701	29,197,107
Legal debt margin	70,747,673	82,472,326	84,640,573

2013	2014	2015	2016 ²	2017 ²	2018 ²	2019 ²
\$ 345,672,132	\$ 314,975,684	\$ 350,686,613	\$ 427,620,861	\$ 463,069,349	\$ 510,270,136	\$ 569,188,401
69,134,426	62,995,137	70,137,323	85,524,172	92,613,870	102,054,027	113,837,680
30,530,000	27,730,000	25,880,000	24,315,000	21,866,197	19,581,701	29,197,107
<u>\$ 38,604,426</u>	<u>\$ 35,265,137</u>	<u>\$ 44,257,323</u>	<u>\$ 61,209,172</u>	<u>\$ 70,747,673</u>	<u>\$ 82,472,326</u>	<u>\$ 84,640,573</u>
44.2%	44.0%	36.9%	28.4%	23.6%	19.2%	25.6%

Legal Debt Margin Calculation:

Net assessed valuation:	463,069,349	510,270,136	569,188,401
Debt limit (6% of assessed value):	27,784,161	30,616,208	34,151,304
Less amount of debt applicable to limit:			
General obligation bonds outstanding	225,000	-	8,396,901
Less fund balance available for repayment of general obligation debt	-	-	-
Total net debt applicable to the limit	225,000	-	8,396,901
Legal debt margin	27,559,161	30,616,208	25,754,403

\$ 20,740,328	\$ 18,898,541	\$ 21,041,197	\$ 25,657,252	\$ 27,784,161	\$ 30,616,208	\$ 34,151,304
1,015,000	830,000	635,000	435,000	225,000	-	8,396,901
<u>\$ 19,725,328</u>	<u>\$ 18,068,541</u>	<u>\$ 20,406,197</u>	<u>\$ 25,222,252</u>	<u>\$ 27,559,161</u>	<u>\$ 30,616,208</u>	<u>\$ 25,754,403</u>
4.9%	4.4%	3.0%	1.7%	0.8%	0.0%	24.6%

CITY OF AVONDALE, ARIZONA
AVONDALE WATER AND SEWER SYSTEMS
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

	2010	2011	2012	2013
Total operating revenues ¹	\$ 18,357,018	\$ 18,416,763	\$ 19,984,828	\$ 19,715,295
Total operating expenses ²	13,843,483	14,591,625	13,850,258	14,301,632
Net operating income	4,513,535	3,825,138	6,134,570	5,413,663
Other revenues	1,846,783	874,992	633,797	376,262
Net revenues before debt service	<u>\$ 6,360,318</u>	<u>\$ 4,700,130</u>	<u>\$ 6,768,367</u>	<u>\$ 5,789,925</u>
Debt service ³	\$ 2,437,250	\$ 2,193,686	\$ 2,287,400	\$ 1,723,741
Debt service coverage	2.61	2.14	2.96	3.36

¹ Includes all water and sewer operating revenues.

² Excludes depreciation and interest expenses.

³ Debt service includes all bonds having a water and sewer system revenue pledge.

Note: See Note 9 - Long-term Obligations on pages 84-90 for additional detailed information on the City's long-term debt and pledged revenues.

Source: City records

Schedule 13

2014	2015	2016	2017	2018	2019
\$ 20,231,533	\$ 19,580,966	\$ 21,267,916	\$ 23,838,505	\$ 25,588,712	\$ 26,769,958
14,321,784	14,030,221	13,969,692	14,413,815	13,875,307	12,239,449
5,909,749	5,550,745	7,298,224	9,424,690	11,713,405	14,530,509
928,994	1,560,864	3,791,014	4,186,861	4,491,307	4,277,594
<u>\$ 6,838,743</u>	<u>\$ 7,111,609</u>	<u>\$ 11,089,238</u>	<u>\$ 13,611,551</u>	<u>\$ 16,204,712</u>	<u>\$ 18,808,103</u>
\$ 578,600	\$ 575,100	\$ 576,300	\$ 1,166,883	\$ 1,347,593	\$ 1,281,404
11.82	12.37	19.24	11.66	12.02	14.68

**CITY OF AVONDALE, ARIZONA
ACTUAL EXCISE TAX REVENUES
LAST TEN FISCAL YEARS**

Source	2010	2011	2012	2013
City sales tax	\$ 29,664,531	\$ 30,079,230	\$ 32,639,353	\$ 35,455,829
State sales tax	5,089,719	5,351,475	5,957,260	6,240,221
State revenue sharing	8,208,394	6,750,611	6,434,543	7,787,548
Utility and cable franchise fees	1,067,061	1,095,000	1,096,920	1,101,693
Licenses and permits	1,810,205	810,508	827,949	1,041,295
Fines and forfeitures	1,328,659	1,032,246	1,047,582	1,166,102
Totals	\$ 47,168,569	\$ 45,119,070	\$ 48,003,607	\$ 52,792,688

¹ This schedule has been presented to meet the City's ongoing debt disclosure requirements.

Source: City records.

Schedule 14

2014	2015	2016	2017	2018	2019
\$ 37,387,063	\$ 40,533,299	\$ 43,026,818	\$ 46,288,365	\$ 49,355,518	\$ 52,003,028
6,635,966	6,967,295	7,217,550	7,402,225	7,970,742	8,467,056
8,497,693	9,229,081	9,179,045	9,871,106	10,265,600	10,175,417
1,132,811	1,150,766	1,090,134	1,135,350	1,256,448	1,223,385
846,554	1,263,670	1,580,691	2,652,563	3,202,591	2,795,566
1,000,841	1,208,797	1,105,057	937,816	1,095,068	1,102,503
<u>\$ 55,500,928</u>	<u>\$ 60,352,908</u>	<u>\$ 63,199,295</u>	<u>\$ 68,287,425</u>	<u>\$ 73,145,967</u>	<u>\$ 75,766,955</u>

CITY OF AVONDALE, ARIZONA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Schedule 15

Fiscal Year	Property Assessed Value ^{1,2}	General Obligation Bonds ⁴	Less: Amounts Available in Debt Service Fund	Net General Obligation Bonded Debt ⁴	Percentage of Net Bonded Debt to Estimated Actual Taxable Value of Property	Per Capita ³
2019	\$ 398,288,948	\$ 44,784,665	\$ 2,345,992	\$ 42,438,673	10.66 %	514
2018	370,922,156	23,999,105	2,158,299	21,840,806	5.89 %	268
2017	349,102,604	22,315,363	218,803	22,096,560	6.33	276
2016	337,158,512	24,761,775	555,127	24,206,648	7.18	307
2015	350,686,613	26,539,823	182,462	26,357,361	7.52	338
2014	314,975,684	28,597,872	52,625	28,545,247	9.06	368
2013	345,672,132	31,595,918	1,158,775	30,437,143	8.81	385
2012	402,403,658	34,448,966	3,126,687	31,322,279	7.78	400
2011	524,305,349	37,237,014	4,343,222	32,893,792	6.27	425
2010	641,762,977	40,085,000	5,371,632	34,713,368	5.41	449

¹ Prior to FY 2016, secondary assessed property value was used for secondary ad valorem taxes levied for debt service. Beginning in FY 2016, with a voter-approved Constitutional amendment, secondary ad valorem taxes are now levied on limited assessed property value.

² See Assessed Value, Estimated Actual Value and Assessment Ratios of Taxable Property Schedule on page 155 for property assessed valuation data.

³ See Demographics and Economic Statistics Schedule on page 183 for population data.

⁴ Bonds amounts are presented net of unamortized discounts and premiums.

Source: Maricopa County Assessor's Office and Arizona Department of Revenue, *Abstract of the Assessment Role (1999-2016)* and city records.

CITY OF AVONDALE, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2019
(amounts expressed in thousands)

Schedule 16

Governmental Unit	Debt Outstanding ²	Proportion Applicable to the City ³	
		Approximate Percent	Net Debt Amount
Overlapping debt—General obligation bonded debt:			
State of Arizona	None	0.64 %	None
Maricopa County	None	0.99	None
Maricopa County Community College District	\$ 312,450	0.99	\$ 3,079
Maricopa County Special Health Care District	459,125	0.99	4,524
Tolleson Elementary School District No. 17	17,780	8.78	1,560
Avondale Elementary School District No. 44	30,625	14.74	4,515
Littleton Elementary School District No. 65	23,935	57.82	13,839
Litchfield Elementary School District No. 79	46,335	9.97	4,618
Pendergast Elementary School District No. 92	39,450	32.25	12,725
Agua Fria Union High School District No. 216	87,815	11.45	10,055
Tolleson Union High School District No. 214	123,460	23.12	28,544
Western Maricopa Education Center District No. 402	116,510	2.69	3,134
Total overlapping repaid with property taxes			\$ 86,592
Direct debt—City of Avondale:			
General obligation bonded debt	44,785	100.00	\$ 44,785
Pledged revenue refunding obligations	19,360	100.00	19,360
Capital lease	4,359	100.00	4,359
Total direct debt			\$ 68,504
Total Direct and Overlapping Debt			\$ 155,096

¹ Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City of Avondale. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering a City's ability to issue and repay long-term debt, the entire debt burden borne by residents and business should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

² General obligation bonded debt does not include outstanding principal amounts of certificates of participation, revenue obligations, loan obligations, improvement bonds, or other debt not secured by ad valorem property taxes. Includes total stated principal amount of general obligation bonds outstanding, however, does not include presently authorized but unissued general obligation bonds of such jurisdictions which may be issued in the future as indicated in the following table. Additional bonds may be authorized by voters within overlapping jurisdictions pursuant to future elections. Direct bonded debt is presented net of unamortized bond discounts and premiums.

³ Proportion applicable to the City for overlapping debt was provided by Stifel, Nicolaus & Company, Incorporated.

Source: The various entities, Property Tax Rates and Assessed Values, Arizona Tax Research Association, Treasurer and Assessor of Maricopa County records, and city records.

CITY OF AVONDALE, ARIZONA
SOURCES OF THE WATER SYSTEM
LAST NINE CALENDAR YEARS

Schedule 17

Legal Availability (Acre-Feet)	2012	2013	2014	2015	2016	2017	2018	2019
Central Arizona Project (CAP) ²	5,416	5,416	5,416	5,416	5,416	5,416	5,416	5,416
Salt River Project (SRP) ³	15,913	15,950	15,950	16,030	15,364	15,364	15,394	15,269
City-owned wells ⁴	35,779	35,779	35,779	35,779	35,779	35,779	35,779	35,779
Reclaimed water delivered to City's underground storage facility (USF) ⁵	3,830	6,131	6,131	5,766	5,616	5,616	5,856	5,831
Underground Storage Facility (USF) ⁶	15,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
	<u>75,938</u>	<u>83,276</u>	<u>83,276</u>	<u>82,991</u>	<u>82,175</u>	<u>82,175</u>	<u>82,445</u>	<u>82,295</u>
Volume Produced (Acre-Feet)								
Central Arizona Project (CAP) ⁷	6,648	5,416	5,416	5,380	5,416	5,416	5,383	5,416
Salt River Project (SRP) ⁸	5,724	6,482	6,204	3,712	5,855	5,855	6,117	7,080
City-owned wells ⁹	14,463	14,393	13,177	13,727	13,974	13,974	14,056	14,044
Reclaimed water delivered to City's underground storage facility (USF) ¹⁰	2,092	4,308	5,695	4,808	5,616	5,616	5,856	5,831
Underground Storage Facility (USF) ¹¹	12,121	10,790	11,936	9,533	11,471	11,471	11,973	14,566
	<u>41,048</u>	<u>41,389</u>	<u>42,428</u>	<u>37,160</u>	<u>42,332</u>	<u>42,332</u>	<u>43,385</u>	<u>46,937</u>
Volume Produced (Gallons in Millions)								
Central Arizona Project (CAP)	2,166	1,765	1,765	1,753	1,765	1,765	1,754	1,765
Salt River Project (SRP)	1,865	2,112	2,022	1,210	1,907	1,907	1,993	2,307
City-owned wells	4,713	4,690	4,294	4,473	4,553	4,553	4,580	4,576
Reclaimed water delivered to City's underground storage facility (USF)	682	1,404	1,856	1,567	1,830	1,830	1,908	1,900
Underground Storage Facility (USF)	3,950	3,515	3,889	3,106	3,737	3,737	3,901	4,746
	<u>13,376</u>	<u>13,486</u>	<u>13,826</u>	<u>12,109</u>	<u>13,792</u>	<u>13,792</u>	<u>14,136</u>	<u>15,294</u>

¹ This schedule has been presented to meet the City's ongoing debt disclosure requirements beginning in fiscal year 2012 so only seven years are presented. The City monitors and reports its water rights and related activities on a calendar year basis. This schedule is presented on the same basis.

² Includes the City's standard CAP Municipal and Industrial Contract Allocation.

³ According to SRP records, there were 4,627 acres of land legally eligible to receive SRP allocation of 3.3 acre-feet per acre.

⁴ Represents the capacity of active wells if run 24 hours a day, 365 days a year. The City can legally pump as much as its wells can produce.

⁵ Amount of water treated by the Wolf Water Resource Center.

⁶ Permitted capacity of the City's Underground Storage Facility.

⁷ Includes additional CAP allocation received from SRP as an exchange.

⁸ The City can only take the amount to satisfy their SRP customer demand.

⁹ Amount recovered from one or more of the City's wells for delivery to customers.

¹⁰ Amount of water that was recharged at the City's USF.

¹¹ Amount of water (surface and reclaimed) delivered to the City's USF.

Source: City Public Works Department.



CITY OF AVONDALE, ARIZONA
SCHEDULE OF WATER AND SEWER SALES, NUMBER OF CUSTOMERS,
AND OTHER FEES AND REVENUE
LAST NINE FISCAL YEARS

Water System	2011	2012	2013	2014
Water Sales ²				
Residential	\$ 6,913,307	\$ 7,473,951	\$ 7,499,382	\$ 7,628,120
Commercial	3,888,735	4,204,097	4,163,085	4,233,400
Total	<u>\$ 10,802,042</u>	<u>\$ 11,678,048</u>	<u>\$ 11,662,467</u>	<u>\$ 11,861,520</u>
Number of Water Customers ³				
Residential	20,051	20,561	20,719	20,804
Commercial ⁴	1,304	1,342	1,346	1,436
Total	<u>21,355</u>	<u>21,903</u>	<u>22,065</u>	<u>22,240</u>
Other Fees and Revenue				
Meter Installation	\$ 20,290	\$ 13,620	\$ 17,210	\$ 26,640
Turn-on Fees	498,511	520,560	479,091	479,471
Interest Earnings	91,916	105,241	81,571	66,008
Total	<u>\$ 610,717</u>	<u>\$ 639,421</u>	<u>\$ 577,872</u>	<u>\$ 572,119</u>
Sewer System				
Sewer Sales ²				
Residential	\$ 6,639,027	\$ 6,846,885	\$ 6,946,342	\$ 7,042,305
Commercial	820,553	846,244	793,124	842,036
Total	<u>\$ 7,459,580</u>	<u>\$ 7,693,129</u>	<u>\$ 7,739,466</u>	<u>\$ 7,884,341</u>
Number of Sewer Customers ³				
Residential	20,048	20,316	20,476	20,640
Commercial ⁴	1,244	1,287	1,288	1,295
Total	<u>21,292</u>	<u>21,603</u>	<u>21,764</u>	<u>21,935</u>
Other Fees and Revenue				
Tap Fees	\$ 12,900	\$ 5,100	\$ 9,900	\$ 15,600
Interest Earnings	69,657	86,915	57,036	54,127
Total	<u>\$ 82,557</u>	<u>\$ 92,015</u>	<u>\$ 66,936</u>	<u>\$ 69,727</u>

¹ This schedule has been presented to meet the City's ongoing debt disclosure requirements beginning in fiscal year 2011, so only eight years are presented.

² Sales revenues presented in this schedule may differ from enterprise fund revenues due to differences in reporting periods.

³ Customer counts reflect the number of unique customer accounts billed during the year.

⁴ Commercial customers include industrial and multi-unit customers. The City imposes the same user rates and fees on all commercial customers.

Source: City records.

Schedule 18

2015	2016	2017	2018	2019
\$ 7,267,073	\$ 8,049,255	\$ 8,677,097	\$ 9,324,192	\$ 9,017,975
3,885,595	4,334,215	5,255,829	5,589,036	5,051,352
<u>\$ 11,152,668</u>	<u>\$ 12,383,470</u>	<u>\$ 13,932,926</u>	<u>\$ 14,913,228</u>	<u>\$ 14,069,328</u>
21,053	21,260	26,032	25,954	22,136
1,359	1,353	1,343	1,352	1,228
<u>22,412</u>	<u>22,613</u>	<u>27,375</u>	<u>27,306</u>	<u>23,364</u>
\$ 45,060	\$ 124,283	\$ 135,593	\$ 132,060	\$ 58,040
455,755	425,777	457,448	414,507	391,277
148,629	126,072	208,814	411,330	713,287
<u>\$ 649,444</u>	<u>\$ 676,132</u>	<u>\$ 801,855</u>	<u>\$ 957,897</u>	<u>\$ 1,162,604</u>
\$ 7,025,034	\$ 7,413,869	\$ 8,081,505	\$ 8,573,843	\$ 9,176,311
885,157	916,321	894,066	966,950	992,668
<u>\$ 7,910,191</u>	<u>\$ 8,330,190</u>	<u>\$ 8,975,571</u>	<u>\$ 9,540,793</u>	<u>\$ 10,168,979</u>
20,806	21,012	25,187	25,261	24,999
1,296	1,280	618	631	653
<u>22,102</u>	<u>22,292</u>	<u>25,805</u>	<u>25,892</u>	<u>25,652</u>
\$ 23,400	\$ 72,300	\$ 81,143	\$ 80,400	\$ 30,000
58,242	40,392	60,775	129,569	265,385
<u>\$ 81,642</u>	<u>\$ 112,692</u>	<u>\$ 141,918</u>	<u>\$ 209,969</u>	<u>\$ 295,385</u>

CITY OF AVONDALE, ARIZONA
CURRENT YEAR STATISTICS
LAST EIGHT FISCAL YEARS

Statistics	2012	2013
General Obligation Bonds Outstanding	\$ 34,385,000	\$ 31,545,000
Water and Sewer System Revenue Obligations Outstanding	8,200,719	6,129,507
Excise Tax Revenue Bonded Debt Outstanding	57,329,000	472,585,492
Net Limited Assessed Property Value (formerly referred to as Primary Assessed Valuation)	400,801,769	344,925,286
Net Full Cash Assessed Value (formerly referred to as Secondary Assessed Valuation)	402,403,958	345,672,132
Estimated Net Full Cash Value	3,033,609,972	2,627,923,084

¹ This schedule has been presented to meet the City's ongoing debt disclosure requirements beginning in fiscal year 2012 so only eight years are presented.

Source: City records and State of Arizona Department of Revenue, *Abstract of the Assessment Roll*.

Schedule 19

2014	2015	2016	2017	2018	2019
\$ 28,560,000	\$ 26,515,000	\$ 24,750,000	\$ 22,310,000	\$ 21,740,000	\$ 39,940,000
4,490,978	3,980,130	3,456,965	9,915,000	9,080,000	8,270,000
45,479,021	41,559,868	37,263,034	28,175,000	23,045,001	17,975,001
311,630,868	327,955,701	337,158,512	349,102,604	370,922,156	398,288,948
314,975,684	350,686,613	427,620,861	463,069,349	510,270,136	569,188,401
2,417,444,609	2,779,735,083	3,490,967,838	3,812,520,675	4,202,837,020	4,728,955,006

CITY OF AVONDALE, ARIZONA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Schedule 20

Fiscal Year	Population⁴	Personal Income (in thousands)¹	Per Capita Personal Income¹	Estrella Mountain Community College Enrollment²	City of Avondale Unemployment Rate³	State of Arizona Unemployment Rate³
2019	82,605	\$ 3,939,763	\$ 47,694	15,061	4.5 %	4.9 %
2018	81,621	3,719,714	45,573	15,385	4.4	4.7
2017	80,073	3,594,077	44,885	14,811	4.6	5.1
2016	78,885	3,317,351	42,053	14,404	5.2	5.8
2015	78,090	3,256,665	41,704	13,915	6.0	6.4
2014	77,511	3,267,554	42,156	14,507	7.0	7.5
2013	79,132	3,162,590	39,966	14,444	7.9	8.0
2012	78,256	2,778,566	35,506	14,562	9.1	8.9
2011	77,388	2,818,267	36,417	15,093	8.4	9.6
2010	76,238	2,847,642	37,352	14,273	8.4	9.5

¹ Per Capita Personal Income is based on data obtained from the U.S. Department of Commerce, Bureau of Economic Analysis for Maricopa County. Personal Income (in thousands) is an estimate based on the population, multiplied by the Per Capita Personal Income.

² Obtained from Estrella Mountain Community College.

³ Based on data obtained from the U.S. Department of Labor, Bureau of Labor Statistics and Arizona Department of Economic Security.

⁴ Based on data obtained from the Maricopa Association of Governments, U.S. Census Bureau, and Arizona Department of Administration Office of Employment & Population Statistics.

CITY OF AVONDALE, ARIZONA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Schedule 21

Employer	2019			2010		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
City of Avondale	540	1	1.19 %	355	5	1.01 %
Avondale Elementary School District 44	470	2	1.03	395	2	1.12
Frys Food Stores	460	3	1.01	360	4	1.02
Tolleson Union High School District 214	350	4	0.77	345	6	0.98
Earnhardt Auto Center	320	5	0.70	-	-	-
Littleton Elementary School District 65	310	6	0.68	-	-	-
Agua Fria Union High School District 216	310	7	0.68	305	7	0.87
Costco Wholesale	310	8	0.68	210	9	0.60
Maricopa County Community College District	290	9	0.64	-	-	-
State of Arizona	290	10	0.64	-	-	-
Walmart			-	470	1	1.34
Avondale Automotive INC			-	385	3	1.09
Cummins Rock Mountain LLC			-	295	8	0.84
Universal Technical Institue (UTI)			-	205	10	0.58
Total	3,650		8.03 %	2,825		9.45 %

Source: Maricopa Association of Governments Employer Database and U.S. Department of Labor, Bureau of Labor Statistics - MAG 2019 and 2010 Employer Database

CITY OF AVONDALE, ARIZONA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	2010	2011	2012	2013
General government				
City administration	9.0	10.0	10.0	9.0
Finance and budget	27.5	28.5	28.5	28.5
City court	14.0	13.0	13.0	13.0
Planning and building services	23.0	0.0	0.0	0.0
Other	37.2	36.2	36.2	28.0
Public safety				
Police				
Officers	121.8	120.8	120.8	133.0
Civilians	50.0	46.0	46.0	37.0
Fire				
Firefighters and officers	50.0	49.0	49.0	56.0
Civilians	8.0	8.0	8.0	3.0
Highways and streets				
Engineering and development services	18.0	34.0	34.0	20.0
Maintenance	10.0	10.0	10.0	23.0
Health and welfare	22.5	21.0	21.0	17.0
Economic and community development	1.0	3.0	3.0	9.0
Sanitation	18.0	19.0	19.0	21.2
Culture and recreation	38.0	29.0	29.0	33.0
Water resources	37.0	37.1	37.1	33.9
Sewer	19.0	18.9	18.9	20.9
Total	<u>504.0</u>	<u>483.5</u>	<u>483.5</u>	<u>485.5</u>

Source: City of Avondale, Arizona *Annual Budget and Financial Plan* for the applicable fiscal year.

Schedule 22

2014	2015	2016	2017	2018	2019
9.0	11.0	10.0	10.0	10.00	10.00
28.5	28.5	29.5	29.5	29.50	30.50
13.0	13.0	13.0	13.0	14.00	14.00
0.0	0.0	0.0	0.0	0.00	0.00
40.0	40.0	45.5	40.5	33.00	33.00
124.0	127.0	128.0	128.0	134.00	138.00
47.0	45.0	47.0	54.0	50.00	48.00
71.0	63.0	63.0	65.0	64.00	64.00
3.0	11.0	12.0	10.0	13.00	13.00
28.0	17.0	16.0	29.0	31.00	31.00
12.0	10.0	12.0	9.3	16.90	18.90
19.8	10.0	10.0	24.5	22.50	22.50
4.0	4.0	4.0	4.0	4.00	5.00
18.0	35.8	36.8	20.3	20.50	21.50
28.3	33.0	26.3	27.8	27.75	34.75
35.1	33.1	33.1	34.5	33.80	33.80
20.9	21.1	21.1	21.5	21.80	21.80
<u>501.5</u>	<u>502.5</u>	<u>507.3</u>	<u>520.9</u>	<u>525.75</u>	<u>539.75</u>

CITY OF AVONDALE, ARIZONA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2010	2011	2012	2013
Police				
Calls for service	73,884	78,961	77,800	80,901
Citations	6,167	6,487	7,348	6,461
Physical arrests	3,080	4,234	3,461	3,727
Fire				
Number of emergency responses	5,965	6,057	6,601	8,307
Inspections	3,077	3,296	3,041	3,286
Number of fires extinguished	493	451	241	233
Sanitation				
Refuse collected (tons per day)	134	141	132	133
Recyclables collected (tons per day)	46	52	48	44
Water				
New connections	22,992	23,251	23,616	23,839
Water mains breaks	12	10	14	13
Average daily consumption (thousands of gallons)	11,850	11,300	13,992	13,694
Wastewater				
Average daily sewage treatment (thousands of gallons)	4,886	5,159	5,310	5,740

¹ Indicators are not available for the general government function.

Source: City departments.

Schedule 23

2014	2015	2016	2017	2018	2019
73,718	76,687	74,491	76,704	69,878	67,581
4,930	7,165	5,238	2,497	2,964	3,148
3,792	4,635	4,418	4,355	4,186	3,431
8,471	9,861	10,004	10,578	11,532	10,670
3,265	3,529	3,384	2,151	2,422	2,516
245	416	557	403	403	1,361
134	143	145	146	146	147
46	47	47	49	49	49
23,058	23,150	24,560	27,375	27,306	24,287
6	7	9	-	-	6
13,835	12,849	12,863	13,698	13,497	11,867
6,092	5,810	5,627	5,718	5,711	5,741

CITY OF AVONDALE, ARIZONA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2010	2011	2012	2013
Public Safety				
Police:				
Stations	4	4	5	5
Patrol units	93	116	101	101
Fire stations				
Stations	3	3	3	3
Fire trucks	7	7	7	8
Fire vehicles (excl. fire trucks)	16	16	16	14
Sanitation				
Collection trucks	18	18	18	20
Highways and streets				
Streets (miles)	285	285	286	286
Streetlights	7,739	7,739	7,771	7,829
Traffic signals	42	46	46	46
Culture and recreation				
Parks acreage	265	265	265	265
Parks	11	11	11	11
Racquetball courts	0	0	0	0
Basketball courts	14	18	18	18
Volleyball courts	0	0	0	0
Baseball fields	4	4	4	4
Softball fields	7	7	7	7
Soccer fields	12	14	14	14
Swimming pools	0	0	0	0
Tennis courts	2	2	2	2
Community centers	1	1	1	1
Dog park	1	1	1	1
Playgrounds	8	8	8	8
Amphitheatre	2	2	2	2
Ramadas	12	12	12	12
Football Field	1	1	1	1
Splash Pad	0	0	0	0
Pickleball Courts	0	0	0	0
Water				
Number of service connections	22,992	23,251	23,616	23,839
Water mains (miles)	318	330	330	330
Fire hydrants	2,703	2,711	2,714	2,719
Sewer				
Number of service connections	21,471	21,479	21,852	21,979
Sanitary sewers (miles)	235	235	235	235
Storm sewers (miles)	37	37	39	39
Wastewater				
Treatment plants	1	1	1	1

¹ Indicators are not available for the general government function.

Source: City departments.

Schedule 24

2014	2015	2016	2017	2018	2019
5	5	5	5	5	5
102	107	108	116	111	113
4	4	4	4	4	4
9	10	10	10	11	11
18	12	12	18	14	19
17	22	19	19	18	18
294	294	266	283	261	309
7,829	7,843	7,958	7,964	7,964	8,113
47	47	48	47	49	48
265	265	265	265	265	310
11	11	11	11	11	11
0	0	0	0	0	0
18	18	18	18	18	20
0	2	2	2	2	2
4	4	4	4	4	6
7	7	7	7	7	7
14	14	12	12	12	12
0	0	0	0	0	0
2	2	2	2	2	2
1	1	1	1	1	1
1	1	1	1	1	2
8	8	8	8	8	9
2	2	2	2	2	2
12	12	15	15	15	20
1	1	1	1	1	1
0	0	1	1	1	2
0	0	4	4	4	8
23,058	23,150	23,276	23,610	24,259	24,287
450	451	444	335	444	448
2,728	2,733	2,733	2,831	2,752	2,764
22,042	22,125	22,130	22,683	22,162	22,199
237	237	237	243	243	243
60	60	58	58	35	36
1	1	1	1	1	1



CliftonLarsonAllen LLP
CLAconnect.com

Honorable Mayor, City Council and Management
City of Avondale, Arizona
Avondale, Arizona

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Avondale, Arizona (City) as of and for the year ended June 30, 2019, and have issued our report thereon dated January 30, 2020. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements.

For the year ended June 30, 2019, the financial statements include the impact of Governmental Accounting Standards Board Statement (GASBS) Number 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.

The City reported pension and Other Postemployment Benefits (OPEB) liability, deferred inflows, outflows, and expense in the financial statements for plans that were not material to the City; however, all disclosures required by GASB Statements No. 68 and 75 were excluded due to the disclosures being immaterial to the City's financial statements.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the fair value of investments is based on quoted market prices of similar or same investments. We evaluated the key factors and assumptions used to develop the fair value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the allowance for doubtful accounts is based on historical water and sewer revenues, historical loss levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the value of the long-term storage credits reported as long-term inventory is based on estimated direct costs of generating the long-term storage credits, as well as formulas to estimate the percent of water credited to the City. We reviewed the key factors and assumptions used to develop the value of the long-term storage credits in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the useful lives and remaining useful lives of capital assets is based on the City's previous experience with similar assets and current condition of the asset. We evaluated the key factors and assumptions used to develop the useful lives and remaining useful lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the current and long-term portion of compensated absences is based on employees that are currently eligible to receive or are expected to receive vacation and sick leave benefits upon retirement. We reviewed key assumptions used to estimate the liability in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the risk management claims incurred, but not reported is based on the report of a third-party actuary and an analysis of claims paid subsequent to year-end. We evaluated the key assumptions used to estimate the claims liability in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the unfunded pension and OPEB liability related to the Arizona State Retirement System, Public Safety Personnel Retirement System Plan, Corrections Officers Retirement Plan, and the Elected Officials Retirement Plan benefits are based on actuarial reports prepared by other professionals. We reviewed the key assumptions used to estimate the liability in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated January 30, 2020.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of the Uniform Guidance, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated January 30, 2020.

With respect to the combining fund financial statements and budgetary comparison schedules and other supplementary information (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated January 30, 2020.

The introductory and statistical sections accompanying the financial statements, which is the responsibility of management, was prepared for purposes of additional analysis and is not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

* * *

This communication is intended solely for the information and use of the Mayor, City Council and management of the City of Avondale, Arizona and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Phoenix, Arizona
January 30, 2020



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Mayor and the City Council
City of Avondale, Arizona
Avondale, Arizona

We have examined the City of Avondale, Arizona's (City) compliance as to whether highway user revenue fund monies received by the City pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2 and any other dedicated state transportation revenues received by the City are being used solely for the authorized transportation purposes during the fiscal year ended June 30, 2019. Management of the City of Avondale, Arizona is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City of Avondale, Arizona complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2019.

This report is intended solely for the information and use of the Mayor, City Council, management, and the Arizona Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
January 30, 2020



CliftonLarsonAllen LLP
CLAconnect.com

Senior Management
City of Avondale, Arizona
Avondale, Arizona

In planning and performing our audit of the financial statements of the City of Avondale, Arizona (City) as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and other matters that are opportunities to strengthen your internal controls and improve the efficiency of your operations. Our comments and suggestions regarding those matters are summarized below. A separate communication dated January 30, 2020, contains our written communication of material weaknesses in the City's internal control. This letter does not affect our communication dated January 30, 2020.

Inventory

The City performs an inventory annually at the end of the fiscal year and for the current fiscal year, management provided inventory guidelines and training to each department conducting an inventory. However, during our inquiries and observations, we noted that not all departments accounted for all inventory that may be on-hand. Certain inventories on-hand may be obsolete or the tracking of certain inventory items may not be cost beneficial.

We recommend the City develop strict policies and procedures for the accounting of inventory, including clear guidelines on the reporting of obsolete or damaged inventory, items that are not required to be inventoried and other applicable policies and procedures to safeguard assets. Based on the magnitude of the inventory, we recommend the City consider utilizing a perpetual inventory system that is reconciled to an annual count. In addition, all inventory should be reported and obsolete or damaged inventory should be identified and reported.

Information Technology User Rights

During our review of user access rights for various information technology functions, we noted that members of the finance department had full (administrative) access or access to financial modules that could result in unauthorized changes or adjustments going undetected and uncorrected.

We recommend the City complete an information technology assessment and restrict access to modules of certain individuals to adequately segregate duties that might be deemed as excess user rights.

Capital Asset Capitalization Policy

The City does not have a formal capitalization policy identifying the threshold for capitalizing capital assets. In practice, the City capitalizes all assets more than \$5,000 and a useful life greater than one year; however, a formal policy has not been adopted.

We recommend the City update its policies to formalize the City's capitalization policy to mitigate the opportunity for capital assets to be over or understated due to incorrect capitalization of purchases or the lack of capitalizing assets that meet the capitalization threshold.

Development Impact Fees

The accounting for development impact fees are commingled with local funds. Although the City tracks the use of development impact fees, the lack of a separate fund to account for the development impact fees could result in the City being unable to support the use of development impact fees in the event of a development impact fee audit.

We recommend the City review the accounting for development impact fees to ensure an adequate audit trail exists to prove the use of development impact fees for authorized projects. For internal reporting purposes, the City is required by statute to account for development impact fees in a separate fund to distinguish the use of restricted development impact fees versus local funding sources.

Utility Deposits

Customer deposits collected and held by the City for City utilities are maintained in a separate subsidiary ledger. During the audit, we noted the City was not reconciling the customer deposit subsidiary to the general ledger. As a result, we noted an unreconciled difference between the customer deposits subsidiary ledger and the general ledger.

We recommend the City develop procedures to require a reconciliation of the customer deposits subsidiary ledger to the general ledger. Any variances should be investigated and resolved.

This communication is intended solely for the information and use of management, governance, and others within the City, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Phoenix, Arizona
January 30, 2020

CITY COUNCIL REPORT

SUBJECT: Public Hearing and Ordinance 2010-0320 - Old Baseline Road Alignment/Arizona State Trust Land

MEETING DATE: 3/23/2020

TO: Mayor and Council

FROM: Kevin Murphy, Development & Engineering Services Department Director

THROUGH: Charles A. Montoya, City Manager, (623) 333-1016

PURPOSE:

City Council will consider a City-initiated request to adopt Ordinance 2010-0320 annexing approximately 9.55 acres of Arizona State Trust Land generally located along the Old Baseline Road alignment and Indian Springs Road, from El Mirage Road to Avondale Boulevard and authorize the Mayor or City Manager and City Clerk to execute the necessary documents. The Council will take appropriate action.

BACKGROUND:

The proposed annexation of Arizona State Land Department (ASLD) land is approximately 9.55 acres in size (Exhibits A and B). The State Selection Board approved the proposed annexation of ASLD land on July 17, 2019 (Exhibit C).

Adjacent and nearby land uses are as follows. To the south of the annexation area is land developed with a racetrack owned by Phoenix Raceway. To the north is vacant land owned by Phoenix Raceway. To the east is vacant land owned by Phoenix Raceway, the Flood Control District of Maricopa County, and the Gila River Indian Community. To the west is vacant land owned by the Bureau of Land Management.

The property currently does not have a zoning designation. After the property is annexed, it will be zoned AG (Agricultural) Zoning District.

DISCUSSION:

City Departments that provide City services are aware of the request and have not expressed any concerns with the expansion of City limits in this area.

All required public notices and Arizona statutory requirements for this proposed annexation have been completed, which include:

December 20, 2019:

- Received a list of centrally assessed utility companies and the tax area code for the subject property from the Arizona Department of Revenue. The centrally assessed entities were notified as required.

January 3, 2020:

- Received a list of real and personal property owners from the Maricopa County Assessor for the subject property.

January 8, 2020:

- Received estimates of value for properties located in the proposed annexation from the Arizona Department of Revenue.

January 23, 2020:

- The required blank petition and affidavit were filed with the Maricopa County Recorder (Exhibit D).
- Notice was mailed to ASLD advising them of the proposed annexation.

January 29, 2020:

- Publication of the legal advertisement giving notice of the public hearing in the Southwest Valley Arizona Republic.

February 11, 2020:

- Three (3) signs giving notice of the public hearing were posted within the proposed annexation area.

February 18, 2020:

- Council held a public hearing for the proposed annexation. No public comments were received during the public hearing.

STRATEGIC PLAN:

INITIATIVE: Foster sustainable community development.

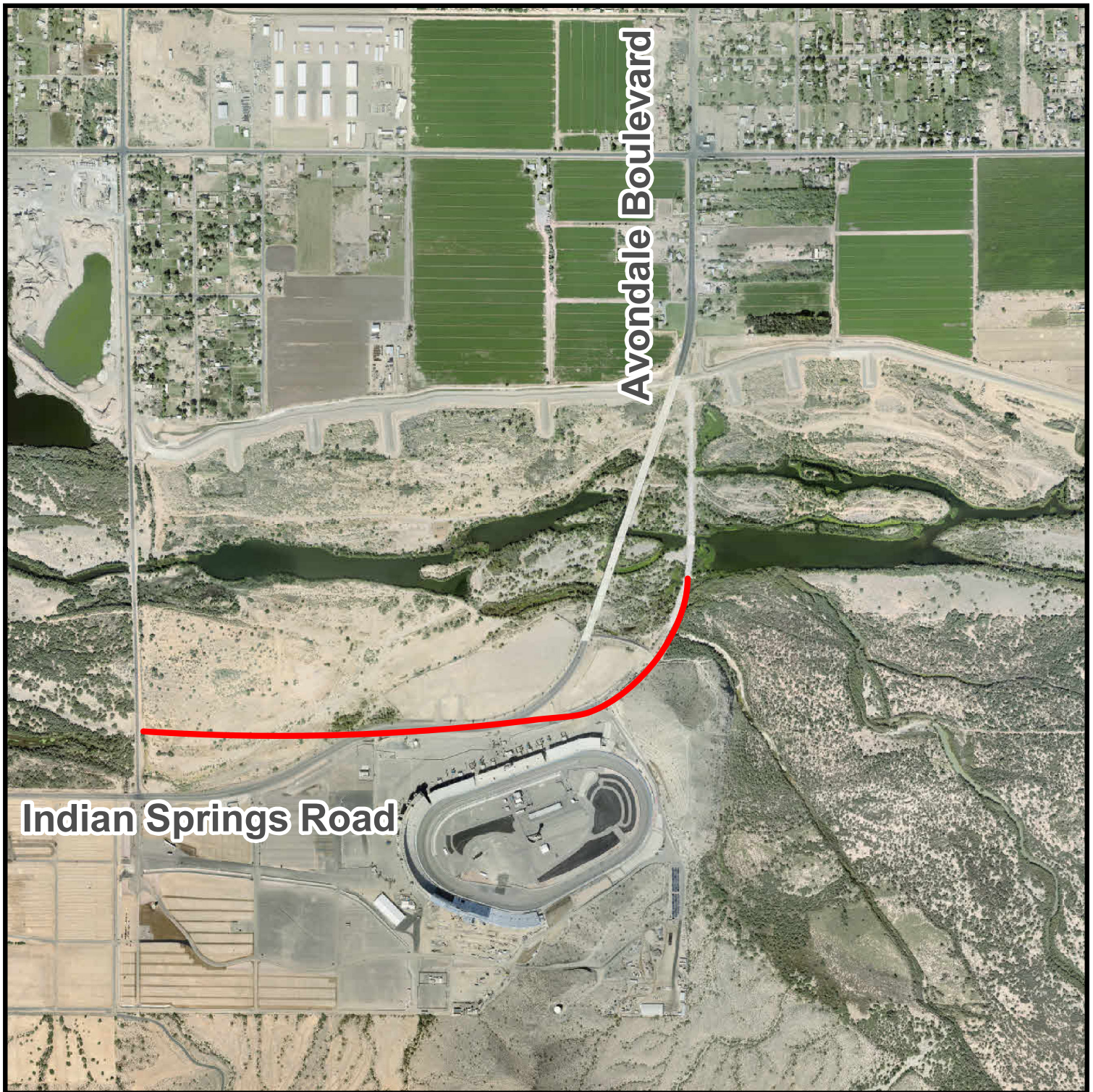
STRATEGIC GOAL: Maintain and Expand Quality Infrastructure and Improve Connectivity to City Amenities.

BUDGET IMPACT:

No budget impacts.

RECOMMENDATION:

I move that the City Council **ADOPT** the Ordinance approving Application PL-19-0276, a City-initiated request to annex approximately 9.55 acres of Arizona State Trust Land generally located along the Old Baseline Road alignment and Indian Springs Road from El Mirage Road to Avondale Boulevard.



Aerial Photograph



Project Location



OLD BASELINE ROAD
LEGAL DESCRIPTION
FOR ANNEXATON

A PARCEL OF LAND SITUATED IN A PORTION OF THE SOUTH HALF OF SECTION 36,
TOWNSHIP 1 NORTH, RANGE 1 WEST, OF THE GILA AND SALT RIVER MERIDIAN,
MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS;

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 36, A BRASS DISK WHICH
BEARS NORTH 89 DEGREES 15 MINUTES 45 SECONDS WEST, A DISTANCE OF 5085.99
FEET FROM THE SOUTHEAST CORNER OF SAID SECTION 36;

THENCE SOUTH 89 DEGREES 15 MINUTES 45 SECONDS EAST, ALONG THE SOUTH LINE OF
SAID SECTION 36, A DISTANCE OF 35.02 FEET TO THE TRUE POINT OF BEGINNING;

THENCE DEPARTING FROM SAID SOUTH LINE, NORTH 01 DEGREE 23 MINUTES 46
SECONDS WEST, ALONG A LINE PARALLEL WITH AND 35.00 FEET EAST OF THE WEST LINE
OF SAID SECTION 36, A DISTANCE OF 55.04' FEET TO A POINT ON A LINE PARALLEL WITH
AND 55.00 FEET NORTH OF THE SOUTH LINE OF SAID SECTION 36;

THENCE ALONG SAID PARALLEL LINE, SOUTH 89 DEGREES 15 MINUTES 45 SECONDS
EAST, A DISTANCE OF 3250.16 FEET TO THE BEGINNING OF A CURVE CONCAVE
NORTHWESTERLY HAVING A RADIUS OF 1707.94 FEET,

THENCE ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 75 DEGREES
46 MINUTES 50 SECONDS, A DISTANCE OF 2258.95 FEET TO A POINT ON THE NORTH LINE
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DESCRIBED CURVE;

THENCE DEPARTING FROM SAID NORTH LINE, ALONG THE ARC OF SAID CURVE
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36;

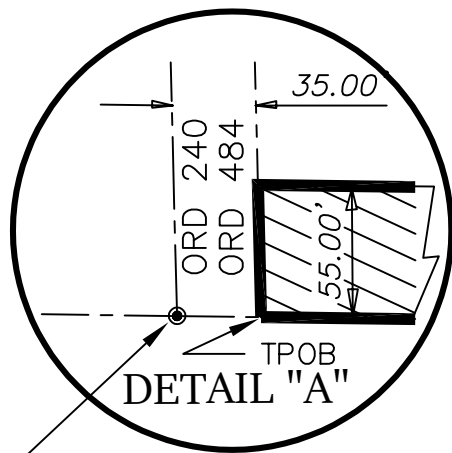
THENCE NORTH 89 DEGREES 15 MINUTES 45 SECONDS WEST, ALONG SAID SOUTH LINE
A DISTANCE OF 3712.42 FEET TO THE TRUE POINT OF BEGINNING;

EXCEPT THAT PORTION WITHIN THE WEST 25.00 FEET OF THE EAST 58.00 FEET OF SAID SECTION 36.

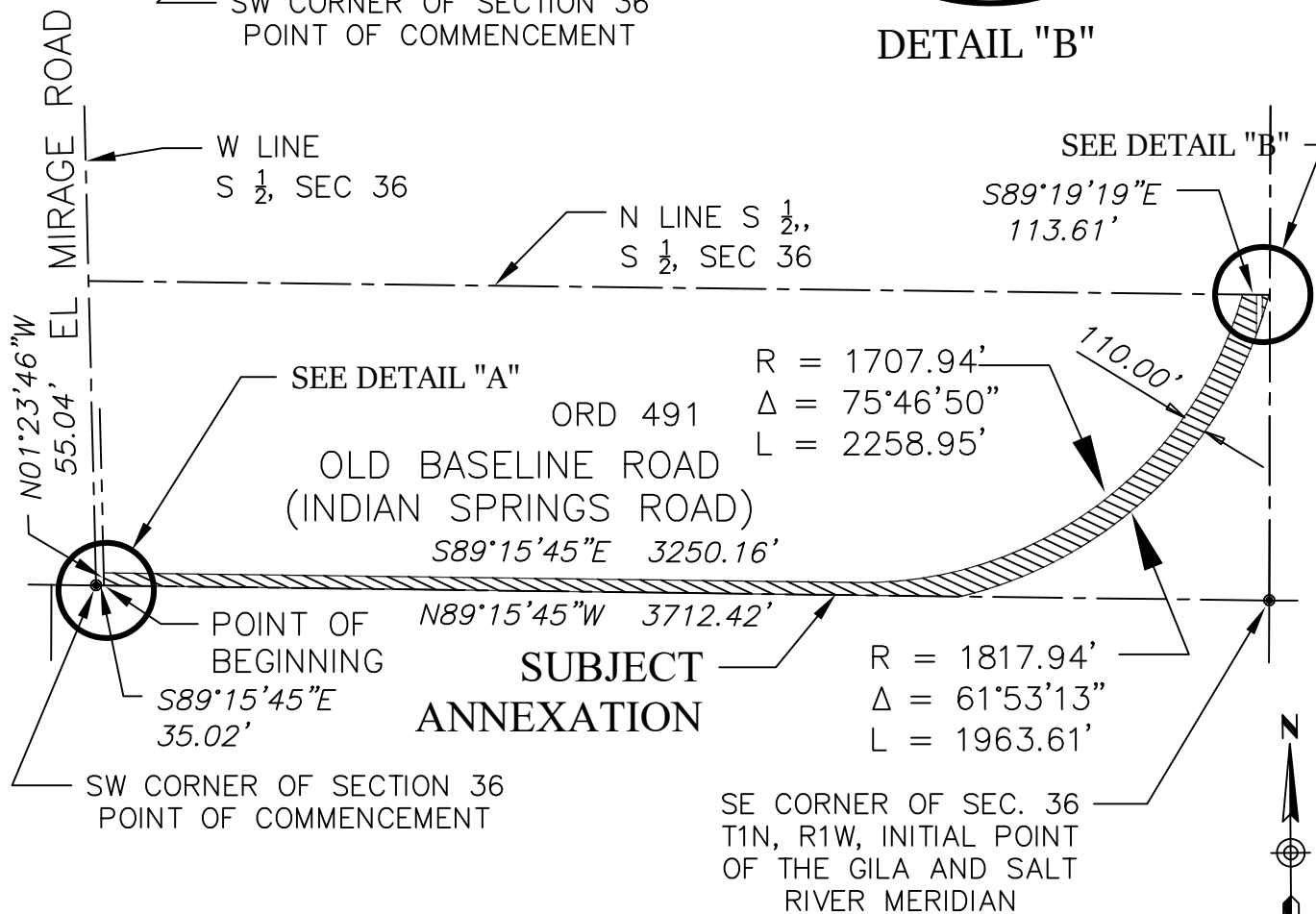
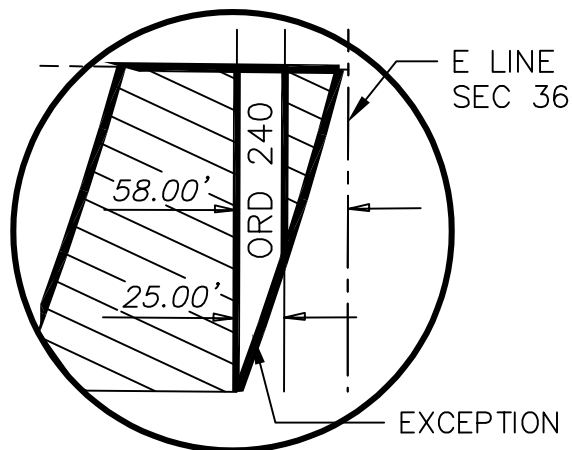
SAID PARCEL CONTAINS 415,859 SQ. FT. OR 9.55 ACRES AREA, MORE OR LESS.

THE ATTACHED ANNEXATION MAP FOR OLD BASELINE ROAD IS TO BE INCLUDED AND MADE PART OF THIS DESCRIPTION.





SW CORNER OF SECTION 36
POINT OF COMMENCEMENT

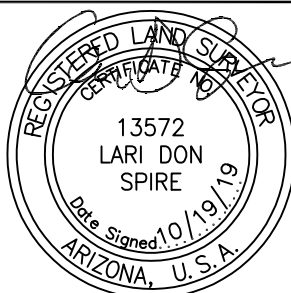


REFERENCE DOCUMENTS:

ROS PLSS - GDACS BK694 PG38 MCR
HWY EASEMENT DKT4732 PG75 MCR



**Dibble
Engineering**



CITY OF AVONDALE ANNEXATION MAP
OLD BASELINE ROAD
A PORTION OF SECTION 36, T1N, R1W,
GILA & SALT RIVER MERIDIAN,
MARICOPA COUNTY, ARIZONA

Dibble Engineering
Project No.1018157

DATE: 10-19-2019
DRN: LDS
CHK: CSD

PAGE 3 OF 3

Douglas A. Ducey
Governor



Lisa A. Atkins
Commissioner

Arizona State Land Department

1616 West Adams, Phoenix, Arizona 85007
(602) 542-4631

December 20, 2019

Michelle Pelishek
Senior Planner
City of Avondale
11465 West Civic Center Drive
Avondale, AZ 85323

RE: Old Baseline Road Annexation

Dear Michelle,

The Arizona State Land Department (ASLD) has reviewed the legal description prepared by your consultant, Dibble Engineering, for the proposed annexation of the area known as Old Baseline Road. The Selection Board and Commissioner approved the annexation of a 100-foot strip, omitted from the prior annexation, curving from Avondale Boulevard and extending to El Mirage Road. Based upon this information, combined with the exhibits provided by your consultant, the City of Avondale may proceed with filing with the County Recorder the legal description of the area as described by your consultant.

Please feel free to contact Karen Dada in my office if you have any further questions. Karen may be reached at 602-542-3118 or kdada@azland.gov

Sincerely,


Mark Edelman, AICP
Director, Planning & Engineering
Arizona State Land Department

Douglas A. Ducey
Governor



Lisa A. Atkins
Commissioner

Arizona State Land Department

1616 West Adams, Phoenix, Arizona 85007
(602) 542-4631

August 2, 2019

Honorable Kenn Weise, Mayor
City of Avondale
11465 W. Civic Center Dr.
Avondale, AZ 85323

Dear Mayor Weise,

Attached please find an update to the July 29, 2019 letter from the Arizona State Land Department regarding the recent approval of State Trust land for annexation into the City of Avondale. The original letter contained an error regarding the need for a pre-annexation development agreement. Under normal circumstances, the Department negotiates a pre-annexation development agreement with communities annexing State Trust land. In this case, the purpose of the annexation is to include a small strip of land that should have been included when the surrounding property was originally annexed. The next steps in this case are for ASLD to provide the City of Avondale with the signed approvals of the Selection Board and the Commissioner, which are attached. The City then submits the annexation petition to the Commissioner for signature.

Thank you,

[REDACTED]
Lisa A. Atkins
Commissioner

cc: Jodie Novak, Planning Director, City of Avondale

Douglas A. Ducey
Governor



Lisa A. Atkins
Commissioner

Arizona State Land Department

1616 West Adams, Phoenix, Arizona 85007
(602) 542-4631

August 2, 2019

Honorable Kenn Weise, Mayor
City of Avondale
11465 W. Civic Center Dr.
Avondale, AZ 85323

Re: State Selection Board; Proposed Annexation of State Trust Land – Revised from 7/29/19 Letter.

Dear Mayor Weise,

It is a pleasure to advise you that on July 17, 2019, the State Selection Board approved the City of Avondale's proposed annexation of State Trust land. The State Selection Board's approval is included in the meeting minutes, and are posted on the State Land Department's website <https://land.az.gov/state-selection-board>. The purpose of this letter is to notify you of the approval and advise you of the additional steps necessary to complete the annexation.

Pursuant to Arizona Revised Statutes Title 9, §471.A.1., annexation of State Trust land requires the approval of the State Selection Board and the State Land Commissioner. These approvals are attached so that you may file the blank annexation petition with the County. Please contact Mark Edelman to coordinate the Commissioner's signature on the annexation petition..

We look forward to working with you and your staff toward a successful annexation.

Should you have any questions, please contact Mark Edelman at 602-542-6331 or medelman@azland.gov.

Sincerely,

[Redacted Signature]
Lisa A. Atkins
State Land Commissioner

Enclosures: ASLD, Approval of Proposed Annexation

cc: Jodie Novak, Planning Director, City of Avondale

ARIZONA STATE LAND DEPARTMENT
APPROVAL OF PROPOSED ANNEXATION

The Arizona State Land Commissioner has given due consideration and does hereby approve the proposed annexation of State lands, as described in Attachment A, into the incorporated boundaries of the City of Avondale.



LISA A. ATKINS
Commissioner, State of Arizona Land Department

2 Aug. 19

DATE



ATTACHMENT A

LEGAL DESCRIPTION
AVONDALE PARCEL

METES AND BOUNDS IN THE SOUTH HALF OF THE SOUTH HALF OF
SECTION 36, IN TOWNSHIP 1 NORTH, RANGE 1 WEST, GILA AND SALT RIVER
MERIDIAN, MARICOPA COUNTY, ARIZONA,

CONTAINING 5.78 ACRES MORE OR LESS

PROPOSED ANNEXATION: Avondale Parcel



27
Dysart Rd

26

25

Southern Ave

Avondale

30

29

107th Ave

El Mirage Rd

34

35

1N 1W
36

Avondale Blvd

1N 1E
31

32

Baseline Road alignment

Gila River

Salt River

Avondale Parcel

Phoenix
International
Raceway

1S 1W

1S 1E

Avondale

03

02

01

06

- ☐ State Trust Land
- ☒ Avondale Parcel

ASLD makes no warranties,
implied or expressed,
regarding information
shown on this map.
Produced by GIS
10/2018

Datum & Projection:
North American Datum
1983 HARN

UTM Zone 12 North - Meters

A R I Z O N A S T A T E L A N D D E P A R T M E N T

ANNEXATION PETITION

TO THE HONORABLE MAYOR AND COUNCIL OF THE CITY OF AVONDALE,
ARIZONA:

We, the undersigned, the owners of one-half or more in value of the real and personal property and more than one-half of the persons owning real and personal property that would be subject to taxation by the City of Avondale in the event of annexation within the territory proposed to be annexed, which is hereafter described, said territory being contiguous to the corporate limits of the City of Avondale, with the exterior boundaries of the territory proposed to be annexed shown on the map attached hereto, marked Exhibit A and made a part hereof, request the City of Avondale to annex the following described territory, provided that the requirements of ARIZ. REV. STAT. § 9 - 471, and amendments thereto are fully observed.

The description of the territory proposed to be annexed, not already within the present limits of the City of Avondale and located in Maricopa County, Arizona is as follows:

(Legal Description)

See attached Exhibit A.

DATE	NAME OF PROPERTY OWNER	MAILING ADDRESS	PHONE	LEGAL DESCRIPTION

EXHIBIT A
TO
CITY OF AVONDALE
ANNEXATION PETITION
[Legal Description and Map of Annexation Area]
See following pages.

OLD BASELINE ROAD
LEGAL DESCRIPTION
FOR ANNEXATON

A PARCEL OF LAND SITUATED IN A PORTION OF THE SOUTH HALF OF SECTION 36,
TOWNSHIP 1 NORTH, RANGE 1 WEST, OF THE GILA AND SALT RIVER MERIDIAN,
MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS;

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Douglas A. Ducey
Governor



Lisa A. Atkins
Commissioner

Arizona State Land Department

1616 West Adams, Phoenix, Arizona 85007
(602) 542-4631

December 20, 2019

Michelle Pelishek
Senior Planner
City of Avondale
11465 West Civic Center Drive
Avondale, AZ 85323

RE: Old Baseline Road Annexation

Dear Michelle,

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Please feel free to contact Karen Dada in my office if you have any further questions. Karen may be reached at 602-542-3118 or kdada@azland.gov

Sincerely,



Mark Edelman, AICP
Director, Planning & Engineering
Arizona State Land Department



Douglas A. Ducey
Governor

Lisa A. Atkins
Commissioner

Arizona State Land Department

1616 West Adams, Phoenix, Arizona 85007
(602) 542-4631

August 2, 2019

Honorable Kenn Weise, Mayor
City of Avondale
11465 W. Civic Center Dr.
Avondale, AZ 85323

Dear Mayor Weise,

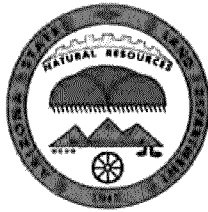
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Thank you,

[REDACTED]
Lisa A. Atkins
Commissioner

cc: Jodie Novak, Planning Director, City of Avondale

Douglas A. Ducey
Governor



Lisa A. Atkins
Commissioner

Arizona State Land Department

1616 West Adams, Phoenix, Arizona 85007
(602) 542-4631

August 2, 2019

Honorable Kenn Weise, Mayor
City of Avondale
11465 W. Civic Center Dr.
Avondale, AZ 85323

**Re: State Selection Board; Proposed Annexation of State Trust Land – Revised from
7/29/19 Letter.**

Dear Mayor Weise,

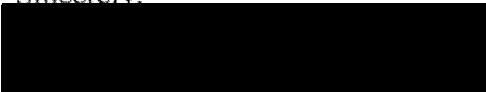
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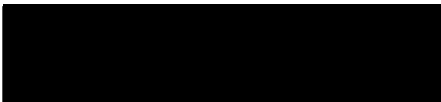

Lisa A. Atkins
State Land Commissioner

Enclosures: ASLD, Approval of Proposed Annexation

cc: Jodie Novak, Planning Director, City of Avondale

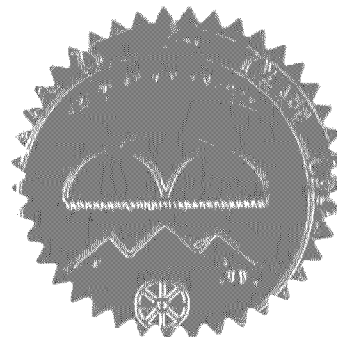
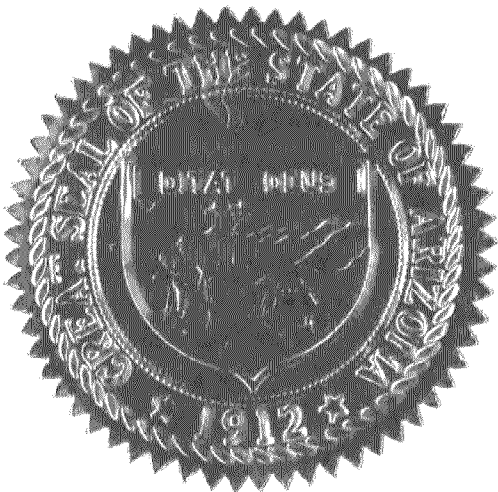
ARIZONA STATE LAND DEPARTMENT
APPROVAL OF PROPOSED ANNEXATION

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LISA A. ATKINS
Commissioner, State of Arizona Land Department

2 Aug. 19
DATE



ATTACHMENT A

LEGAL DESCRIPTION
AVONDALE PARCEL

METES AND BOUNDS IN THE SOUTH HALF OF THE SOUTH HALF OF
SECTION 36, IN TOWNSHIP 1 NORTH, RANGE 1 WEST, GILA AND SALT RIVER
MERIDIAN, MARICOPA COUNTY, ARIZONA,

CONTAINING 5.78 ACRES MORE OR LESS

AFFIDAVIT REGARDING ANNEXATION

I, Brian Craig ("Affiant") for the purpose of filing the blank annexation petition ("Annexation Petition") for the City of Avondale, being duly sworn, depose and say as follows:

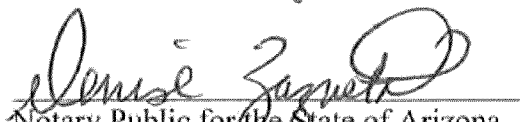
1. I make this affidavit of my own personal knowledge.
2. I am the duly appointed Planning Manager of the City of Avondale, Arizona (the "City") and I am qualified to make this affidavit on behalf of and for the City.
3. I have made a diligent search of the records of the City of Avondale Clerk's Office and of the Maricopa County Recorder's Office for any annexation filing which might involve territory sought to be annexed in the City Annexation Petition, which is filed herewith, with exhibits, in the Maricopa County Recorder's Office.
4. I hereby affirm, pursuant to Ariz. Rev. Stat. § 9-471 (A)(6), that no part of the territory for which the attached Annexation Petition is filed is already subject to an earlier filing for annexation.

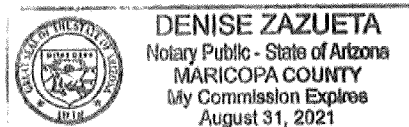
IN WITNESS WHEREOF, the undersigned Affiant has given this affidavit as of January 21, 2020.

AFFIANT


 Brian Craig, Planning Manager

SWORN TO AND SUBSCRIBED before me
 this 21st day of January 2020.


 Notary Public for the State of Arizona



My Commission Expires:

ORDINANCE NO. 2010-0320

AN ORDINANCE OF THE COUNCIL OF THE CITY OF AVONDALE, ARIZONA, EXTENDING AND INCREASING THE CORPORATE LIMITS OF THE CITY OF AVONDALE BY ANNEXING THERETO CERTAIN TERRITORY CONTIGUOUS TO THE EXISTING CITY LIMITS.

WHEREAS, a petition in writing, accompanied by a map of said real property, having been filed and presented to the Council of the City of Avondale (the “City Council”), signed by the owners of more than one-half in value of the real and personal property and more than one half of the persons owning real and personal property as would be subject to taxation by the City of Avondale (the “City”) in the event of annexation within the territory and land hereinafter described (the “Annexation Area”) as shown by the last assessment of said property, which said territory is contiguous to the City, and not now embraced within its limits, asking that the property more particularly hereinafter described be annexed into the City, and to extend and increase the corporate limits of the City so as to embrace the same; and

WHEREAS, the Annexation Area includes land owned by the Arizona State Land Department (“State Land”), the annexation of which requires approval by the Arizona State Land Commissioner and the Selection Board established pursuant to ARIZ. REV. STAT. § 37-202; and

WHEREAS, the State Land Commissioner and the Selection Board have approved the City’s request to annex the State Land; and

WHEREAS, said petition sets forth a true and correct legal description of all the exterior boundaries of the entire Annexation Area and had attached thereto at all times, an accurate map of the Annexation Area; and

WHEREAS, no alterations increasing or reducing the Annexation Area have been made after the said petition has been signed by any owner of real and personal property in such territory; and

WHEREAS, pursuant to ARIZ. REV. STAT. § 9-471(L), the City shall adopt a zoning classification for the Annexation Area that permits densities and uses no greater than that permitted by Maricopa County immediately before the annexation; and

WHEREAS, the Annexation Area is currently zoned Rural 43 under the Maricopa County Zoning Ordinance the City’s Agricultural zoning classification does not permit densities and uses greater than permitted by Maricopa County’s Rural 43 zoning classification; and

WHEREAS, the provisions of ARIZ. REV. STAT. § 9-471, and amendments thereto, have been fully observed;

WHEREAS, proper and sufficient certification and proof of the foregoing facts are now on file in the office of the City Clerk together with a true and correct copy of the original Annexation Petition referred to herein, which is on file in the office of the Maricopa County Recorder; and

WHEREAS, the City Council desires to comply with said petition and extend and increase the corporate limits of the City to include the Annexation Area.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF AVONDALE as follows:

SECTION 1. The recitals above are hereby incorporated as if fully set forth herein.

SECTION 2. The Annexation Area, as more fully described and depicted in Exhibit A, attached hereto and incorporated herein by reference, is hereby annexed to the City and the present corporate limits are hereby extended and increased to include the Annexation Area.

SECTION 3. The land-use classification for the Annexation Area is hereby designated as Agricultural (AG) under the City of Avondale Zoning Ordinance.

SECTION 4. The City Clerk is hereby authorized and directed to file with the Maricopa County Recorder's Office a fully executed copy of this Ordinance, together with an accurate map of the Annexation Area.

SECTION 5. If any provision of this Ordinance is for any reason held by any court of competent jurisdiction to be unenforceable, such provision or portion hereof shall be deemed separate, distinct and independent of all other provisions and such holding shall not affect the validity of the remaining portions of this Ordinance.

[SIGNATURES OF FOLLOWING PAGE]

PASSED AND ADOPTED by the Council of the City of Avondale, Arizona, March 23, 2020.

Kenneth N. Weise, Mayor

ATTEST:

Marcella Carrillo, City Clerk

APPROVED:

Michael Wawro, City Attorney

EXHIBIT A
TO
ORDINANCE 2010-0320

[Legal description and map of Annexation Area]

See following pages.

CITY COUNCIL REPORT

SUBJECT: Public Hearing and Ordinance 2011-0320 - Rezoning from City Center District (CCD) and Commerce Park (CP) to The BLVD District (BLVDD) - Application PL-19-0307

MEETING DATE: 3/23/2020

TO: Mayor and Council

FROM: Kevin Murphy, Development & Engineering Services Department Director

THROUGH: Charles A. Montoya, City Manager, (623) 333-1016

PURPOSE:

City Council will hold a public hearing and consider a request initiated by the City of Avondale to adopt Ordinance 2011-0320, rezoning approximately 191.76 gross acres from City Center District (CCD) and Commerce Park (CP) to The BLVDD (The BLVD District). Properties subject to the request are generally located south of I-10, north of Van Buren Street, east of 117th Avenue, and west of 111th Avenue, inclusive of APNs 500-01-018A, 500-01-016, 500-01-020, 500-01-007Y, 500-02-021, 500-01-015E, 500-03-547, 500-01-015B, 500-01-015D, 102-57-005X, 102-57-005V, 102-57-009B, 102-57-002J, 102-57-005T, 102-57-253, 102-57-252, 102-57-254, 102-57-251, 102-57-250, 102-57-245, 102-57-249, 102-57-248, 102-57-247, 102-57-240, 102-57-007R, 102-57-255A, 102-57-255B, 102-57-004Q, 102-57-004P, 102-57-256, 102-57-258 and 102-57-257. Adjacent public rights-of-way are also included in the request and authorize the Mayor or City Manager and City Clerk to execute the necessary documents. The Council will take appropriate action.

BACKGROUND:

The BLVD Specific Plan (BSP) was adopted by the City Council in September 2019, establishing a new vision for development of the area generally bounded by I-10 to the north, Coldwater Springs Boulevard to the south, 111th Avenue to the east, and 117th Avenue to the west. The BSP replaced the City Center Specific Plan (CCSP), the City's previous vision for development in the same general area. A General Plan Text Amendment to create a new The BLVD land use category and related sub-categories, and a General Plan Land Use Map Amendment to apply the new category within The BSP boundary were also approved in September 2019.

In conformance with The BLVD Specific Plan and the amended General Plan 2030, a new zoning district, The BLVD District (BLVDD), was adopted in September 2019 to assist in implementing the BSP's vision of a vibrant, urban, mixed use environment that will become a premier destination for shopping, dining, entertainment, employment, and various types of residential uses. The BLVDD was created to replace the existing zoning of properties within The BSP area with the goal of providing property owners with more flexibility than the existing zoning in both land use opportunities and development standards. The BLVD District zoning regulations are attached as Exhibit F to this report.

To further the goals of The BSP, the City has initiated a rezoning of approximately 191.76 gross acres of land generally located south of I-10, north of Van Buren Street, east of 117th Avenue, and west of 111th Avenue to The BLVDD zoning district (Exhibits A and B). The properties subject to the request are presently zoned City

Center District (CCD) and Commerce Park (CP). A detailed description of the rezoning request is provided below in the “Summary of Request” section of this report.

The properties subject to the proposed rezoning feature multiple General Plan 2030 Land Use designations (Exhibit C), as follows:

- Properties east of Avondale Boulevard, north of Roosevelt Street, and properties west of Avondale Boulevard, north of the Dale Earnhardt Drive alignment, are designated **The BLVD Gateway District**. This category is intended to accommodate development of commercial uses that will act as catalysts and spur demand for development in the remainder of The BLVD area. Commercial uses that would typically be classified as development catalysts include, but may not be limited to, post-secondary education campuses, medical campuses and/or hospitals, resort hotels, or 4-story or greater class-A corporate headquarters. In addition to catalyst type uses, large urban form residential developments (target density of a minimum 22 dwelling units per acre) that serve to increase population in The BLVD area, 2 to 4-story mid-rise offices, and urban form retail and restaurant uses are appropriate in this land use.
- Properties west of Avondale Boulevard, from Van Buren Street to the Dale Earnhardt Drive alignment, are designated **The BLVD Village District**. This category is intended to accommodate more conventional retail, restaurant, office, employment, and urban-form multi-family residential uses (target density of a minimum 18 dwelling units per acre), all with a strong pedestrian-oriented emphasis and contemporary urban design that interfaces with and creates a presence on adjacent streets. Development in the Village District will generate a diversity of activity to attract people to the area and support The BLVD as a whole. Convenience uses that cater more to automobiles than pedestrians, for example drive-through restaurants, are limited in this land use.
- Properties east of Avondale Boulevard from Van Buren Street to Roosevelt Street, west of the 113th Avenue alignment, are designated **The BLVD Park Avenue District**. This category will accommodate development of The BLVD's core, centered around a large gathering area to accommodate and function as the place for local casual or formal events and activities that will bring people to The BLVD, create a vibrant, active street scene, and in turn, support local business. Land uses within the Park Avenue District are to include a mix of hotel, retail, restaurant, sports, entertainment, theater, cultural, multi-family residential (target density of a minimum 22 dwelling units per acre), studio, office, and education, all designed to interface with adjacent streets in an urban manner and feature modern, contemporary design. Retail and restaurant uses should be designed immediately adjacent to well-connected open spaces to create an active destination. Convenience uses such as drive-through restaurants are to be limited in this land use.
- Properties south of Roosevelt Street, west of 111th Avenue, east of 113th Avenue alignment, are designated **The BLVD Residential District**. This category is intended to accommodate development of higher density, urban form housing in proximity to the Park Avenue District, The BLVD's core. Development within this district can include a broad range of housing types including attached single-family (e.g. townhomes), apartments, and condominiums. Housing should take the form of both for-ownership and for-rent product types to appeal to various lifestyle choices. “Garden apartments” and other inwardly focused residential types are discouraged in favor of urban rowhomes, townhomes, and other residential types that strongly interface with adjacent streets and contribute to the overall sense of community within The BLVD area. The target density is a minimum of 18 dwelling units per acre, though product types under 18 DU/acre can be supported if they are part of a larger development that meets the minimum target density overall. Adjacent to existing single-family residential areas, residential uses in this land use should provide a transition of density and scale.

Uses abutting the area subject to the rezoning request include:

North: East of Avondale Boulevard, the subject area abuts the Avondale Gateway Planned Area Development (PAD), which is partially developed with three hotels (Hilton Garden Inn, Homewood Suites, and Marriott Residence Inn) a Culver's drive-through restaurant, and a vacant commercial building previously occupied by a Ruby Tuesday restaurant. The Avondale Gateway PAD is located within The BLVD but not subject to this rezoning request. I-10 borders the subject area west of Avondale Boulevard.

East: Two separate residential communities abut the subject area to the east. Versante, a fully-developed 336-unit multi-family apartment community, is located at the northwest corner of 111th Avenue and Van Buren Street. Waterford Square, a fully-developed 217-lot single-family residential subdivision, is located immediately north of Versante. Both communities are zoned Waterford Square Planned Area Development (PAD).

Southeast: East of Avondale Boulevard, south of Van Buren Street, is a 78.91-acre parcel located in Maricopa County jurisdiction, zoned Rural-43 (RU-43). This parcel, which is farmed, is located within The BLVD Neighborhood District but is not included in the rezoning request as it is not yet in the City's municipal boundary.

Southwest: West of Avondale Boulevard, south of Van Buren Street, is the Coldwater Springs Promenade shopping center, which includes a variety of retail, service, and restaurant tenants including Planet Fitness, CVS, Jack in the Box, Panda Express, and Banner Urgent Care. The Coldwater Springs Promenade shopping center is partially zoned Community Commercial (C-2) with the remainder zoned Planned Area Development (PAD). This property is located within The BLVD Promenade District but is not included in the rezoning request.

West: A 76.71-acre parcel, zoned City Center District (CCD), that is being used for agricultural/farming purposes. This property had been included within the City Center Specific Plan area but was excluded from The BLVD Specific Plan area and assigned a Mixed Use General Plan 2030 Land Use designation in September 2019. In addition, immediately south of I-10, there is a 10.85-acre parcel located in Maricopa County jurisdiction, zoned Intermediate Commercial (C-2), upon which two billboard signs are constructed.

SUMMARY OF REQUEST:

The City of Avondale has initiated a request to rezone approximately 191.76 gross acres (164.79 net acres) owned by eleven (11) different entities (Exhibit E) from City Center District (CCD) and Commerce Park (CP) to The BLVD District (BLVDD). A legal description of the land subject to the rezoning is included as Exhibit G.

If the City-initiated rezoning is approved, each property will be able to develop in accordance with The BLVD District zoning regulations (Exhibit F) which, depending upon the specific "District" that a property is located within, vary in regard to permitted uses and development standards. Properties included in this rezoning are located within The BLVD Park Avenue District, The BLVD Gateway District, The BLVD Village District, and The BLVD Residential District; the intent of each of these Districts is summarized above in the Background section of this report.

The entitlement process for The BLVD area is a four-step process. The first step is complete; it was the creation and adoption of The Boulevard Specific Plan. The second step, also complete, was the creation and adoption of The BLVD District (BLVDD) Zoning Regulations. This proposal is the third step in the process, which is to rezone these properties within The BLVD to The BLVDD. Once the properties are zoned The BLVDD, property owners will be able to submit applications for Development Plan approval on their properties, which is the fourth and final step in the entitlement process. Planning Commission review and recommendation followed by City Council review and approval of Development Plans for each property rezoned to The BLVDD will be required.

Except for City-owned properties and a small parcel developed with a residence west of Avondale Boulevard, developed or partially developed properties within the boundary of The BLVD are excluded from this request to limit the creation of non-conforming uses and structures. Additionally, properties that have not been annexed into the City of Avondale are not included in this rezoning. The City will process rezoning applications for any of these excluded properties separately, if and when it is requested by those landowners. Additionally, approximately 76.71 acres of property west of 117th Avenue zoned CCD were excluded from the boundary of The BLVD and are not included in this request; that property will be eligible to be rezoned to PAD in accordance with its Mixed Use General Plan designation at such time that the landowner seeks to develop.

PUBLIC PARTICIPATION:

Though The BLVD District zoning regulations provide enhanced flexibility in both permitted uses and development standards relative to existing CCD and CP zoning, the City is not requiring any owner satisfied with their current zoning to be included in this request. As such, all property owners subject to the rezoning have been presented with the opportunity to “opt-out” of the rezoning to The BLVDD and maintain their current CCD or CP zoning. All owners subject to this rezoning were notified via certified mail sent on Friday, January 10, 2020; the mailing established a March 8, 2020 deadline for “opting-out” of this rezoning application. As of the writing of this report, Staff has been contacted by two property owners with general questions about the rezoning request and to date no owners have opted-out of the proposed rezoning.

City Staff held a neighborhood meeting to discuss the proposed rezoning at 6:00 P.M. on Monday, January 27, 2020 in the Mojave Conference Room at Avondale City Hall. The meeting was advertised in the January 8, 2020 edition of the Arizona Republic. Four (4) notification signs, which include information on the request along with details of the neighborhood meeting date, time, and location, were erected throughout The BLVD on January 10, 2020. Also, in addition to the certified notices, all property owners within the BLVD area and within 1,000 feet of the perimeter boundary were notified of the neighborhood meeting via postcards sent on January 10, 2020. In addition to City Staff, a total of four (4) persons attended the neighborhood meeting, including Councilmember Nielson, Patti Nielson, Greg Landon (owner of Culver's in The BLVD), and Andrew Yancey (Bergin, Frakes, Smalley, and Oberholtzer PC, representing Lervick Investments, owner of 18.1 acres at the northwest corner of Avondale Boulevard and Corporate Drive). Questions of Staff and comments from attendees included:

- **What development projects are in the pipeline within The BLVD?** Staff responded that in addition to the My Place Hotels currently under construction, the City was in the process of selling two parcels to accommodate private development of a coffee shop (Dutch Bros.) and an additional business-oriented hotel. Also, a Development Plan application has been filed for the northwest corner of Avondale Boulevard and Corporate Drive for a 352-unit urban multi-family development called Avari, and there has been additional interest in developing multi-family on other parcels within The BLVD.
- **What is the timeline for development of the Avari apartment project and what are the expected resident demographics?** Andrew Yancey, representing the developer, noted that an application for Development Plan approval has been submitted and is in review, and the developer is interested in getting started as quickly as they are able to obtain approvals. The development will include primarily 1 and 2-bedroom units, with the expectation that an urban community such as what is proposed will predominantly attract young professionals and/or empty-nesters.
- **Will pedestrian crosswalks be provided at the intersection of Avondale Boulevard and Corporate Drive/The BLVD to allow residents of the new Avari project to walk to the east side of The BLVD?** Staff indicated that the developer of Avari will be required to install an additional signal for eastbound traffic at the intersection, and when that is constructed, crosswalks would be installed as well.
- **Will the two homes located on the west side of Avondale Boulevard remain?** Staff indicated that

one of the homes is owned by the developer of the proposed Avari project and will be demolished. The developer's representative noted that the developer has unsuccessfully attempted to acquire the second home, so the Avari development will be built around the remaining home.

- **Is there any benefit to Culver's and other built businesses that are zoned Planned Area Development (PAD) to rezone to The BLVD District?** Staff indicated that rezoning those existing businesses from PAD to The BLVDD could create a legal non-conforming land use or building issue. Maintaining the existing PAD zoning on those parcels is recommended as that zoning allowed for the businesses to be built in the first place.
- **Greg Landon, owner of the Culver's, stated that he believed the new Fairway Drive interchange would be good for the community, reducing truck traffic on Avondale Boulevard. Was there a time frame for completion of that project?** Staff responded that the ADOT portion of the improvement is expected to be complete in April. The City's phase, tying the interchange into Fairway Drive, will start after ADOT is finished and is expected to be complete by December 2020.
- Andrew Yancey, on behalf of the developer of the proposed Avari project, indicated his client is in full support of the rezoning to The BLVDD as it relates to his parcels.

No comments related to the proposal have been posted on the City's aVOICE digital forum. Three (3) persons have viewed the information about the request on that site.

All required notifications for this hearing have been completed. All property owners within The BLVD area as well as those within 1,000 feet of the perimeter boundary were notified of the time, date, and location of this meeting via postcards sent on January 23, 2020. The four meeting notification signs located throughout The BLVD area were posted with the time, date, and location of this meeting on January 24, 2020. Lastly, the meeting was advertised in the January 29, 2020 edition of the Arizona Republic.

PLANNING COMMISSION ACTION:

On February 19, 2020, Planning Commission conducted a public hearing and voted 6-0 to recommend approval of the proposed City-initiated rezoning. Commission had the following questions or comments on the request:

- Commissioner Thompson asked what impact this rezoning would have on the two houses on the west side of Avondale Boulevard. Staff noted that one of the two homes was unoccupied and slated for demolition; that lot, owned by Lervick Investments which is supportive of this rezoning, is to be included in a multi-family residential development proposal that would be coming forward to Commission and Council in the upcoming months. The other home is occupied, though both the building and use are non-conforming with the property's current CCD zoning. Rezoning from BLVDD to CCD will not have any impact on the homeowner's use of that property; it will continue to be non-conforming and may continue to be used in its current capacity. The proposed rezoning will only impact future redevelopment of that property if and when that occurs.
- Commissioner Amos asked if there was any plan for the City-owned property at the northeast corner of Avondale Boulevard and Van Buren Street, the former site of a landscape company. Staff responded that there are no current development plans for that particular site, though the City's Economic Development Department is actively seeking development partners for the City-owned properties within The BLVD.
- Chair Iwanski asked if any of the hotels reached out to Staff regarding the proposal. Staff noted that only the My Place Hotels currently under construction falls within the boundary of the rezoning. The

owner of that hotel was mailed a notice of this request, Staff is not aware of any concerns they may have. The other three hotels; Hilton Garden Inn, Homewood Suites, and Residence Inn by Marriott, all are situated north of the proposed rezoning and are not directly impacted by the request.

ANALYSIS:

The BLVD District was adopted in September 2019 to implement City Council's vision for The BLVD as specified in The BLVD Specific Plan. This proposed rezoning will advance that vision, facilitating development of the area as an exciting destination for shopping, dining, entertainment, employment, and various types of dense residential uses.

In an effort to streamline the process, the City has elected to initiate this application rather than have property owners apply for rezoning to The BLVDD individually. If this rezoning is approved, property owners will need only to apply for Development Plan approval, rather than applying for rezoning and Development Plan approval when they are ready to develop, thus reducing the application cost and time it will take to obtain necessary approvals. No property owners are being included in this request against their objection and developed or partially developed properties are excluded to limit creation of non-conforming uses and structures.

The Planning Commission and City Council will have continued involvement and input with development on properties included in this proposed rezoning, as all Development Plans within The BLVD must be reviewed by the Planning Commission and approved by City Council.

DISCUSSION:

The proposed rezoning meets the following findings:

1. The proposed rezoning is in conformance with the General Plan 2030 Land Use Map.
2. The proposed rezoning is in conformance with The BLVD Specific Plan.
3. The proposed rezoning will result in compatible land use relationships.
4. Adequate public infrastructure to support development in The BLVD either presently exists or will be constructed by adjacent developers as properties develop.

STRATEGIC PLAN:

INITIATIVE: Foster sustainable community development

- STRATEGIC GOAL: Encourage build-out in residential housing opportunities that support diverse housing options.

INITIATIVE: Create and support diverse recreation & education opportunities

- STRATEGIC GOAL: Pursue private development of sports, entertainment and hospitality amenities.

INITIATIVE: Encourage and support creative innovation in development and service delivery

- STRATEGIC GOAL: Encourage a flexible environment responsive to market trends.

BUDGET IMPACT:

No budget impacts.

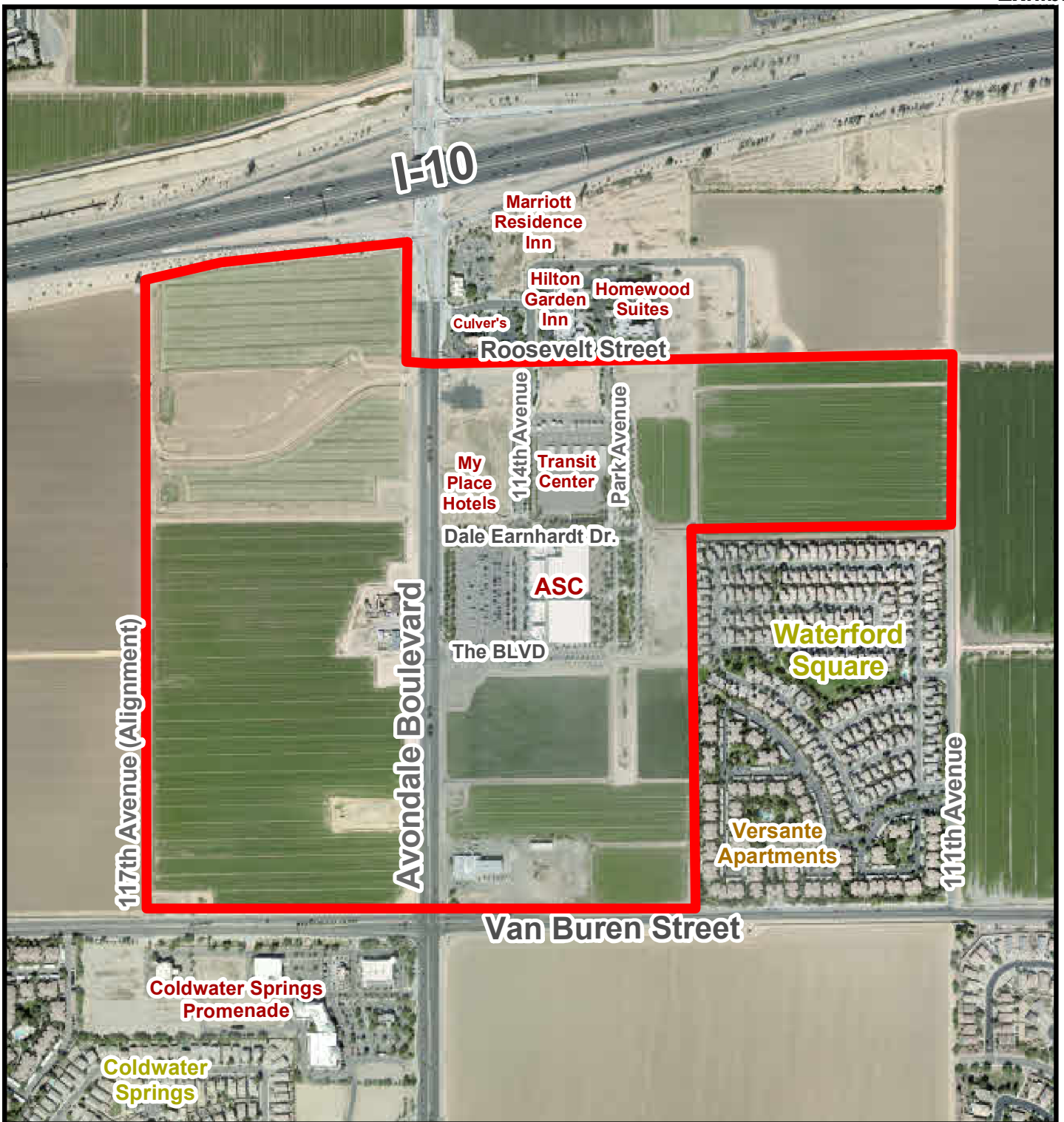
RECOMMENDATION:

City Council will conduct a public hearing and **ADOPT** the Ordinance approving Application PL-19-0307, a

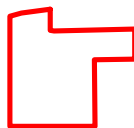
City-initiated request to rezone approximately 191.76 gross acres from City Center District (CCD) and Commerce Park (CP) to The BLVDD (The BLVD District).

PROPOSED MOTION:

I move that City Council accept the findings and **ADOPT** the Ordinance approving Application PL-19-0307, a City-initiated request to rezone approximately 191.76 gross acres from City Center District (CCD) and Commerce Park (CP) to The BLVDD (The BLVD District).

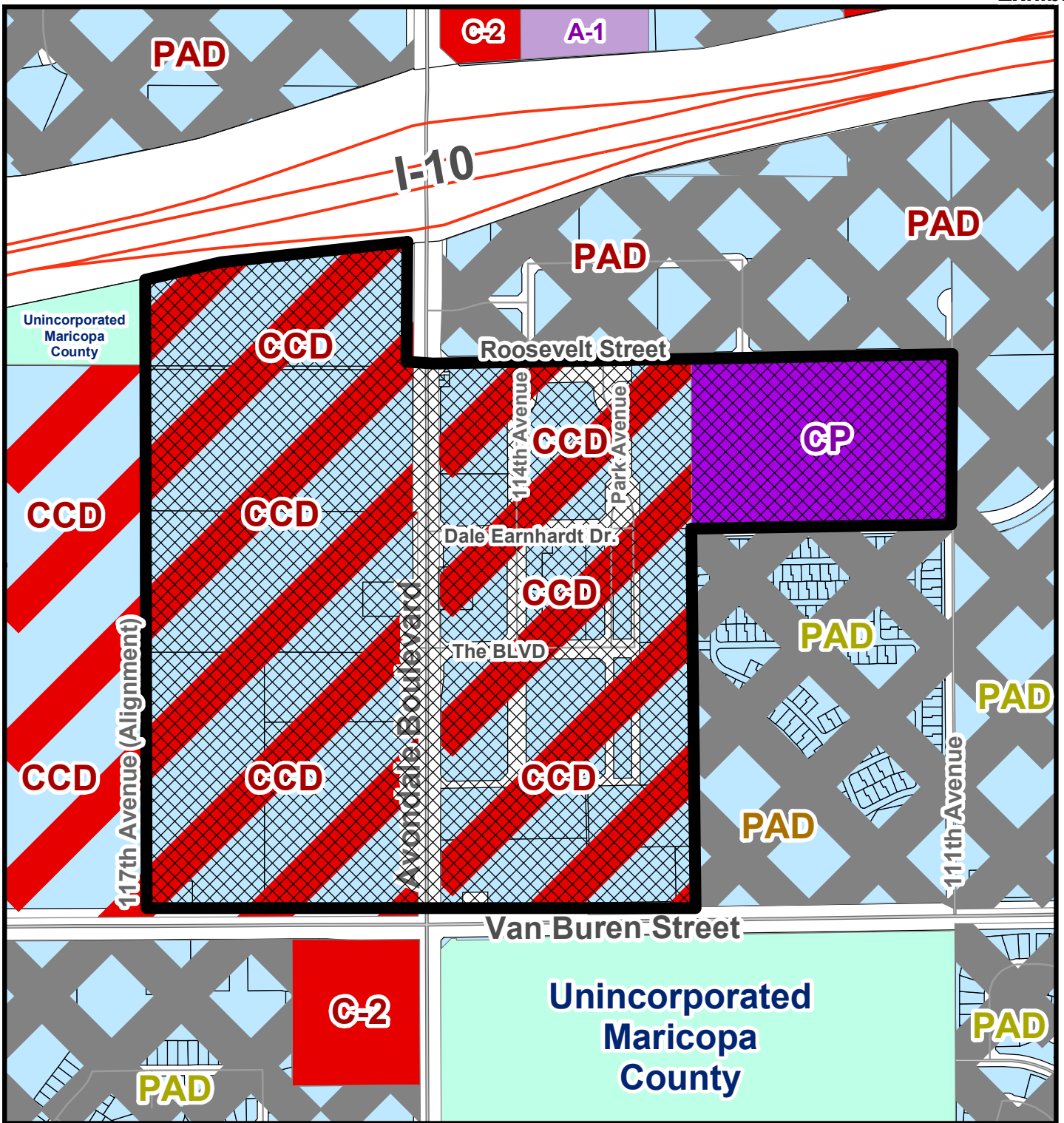


Aerial Photograph

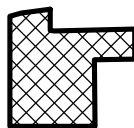


Subject Property



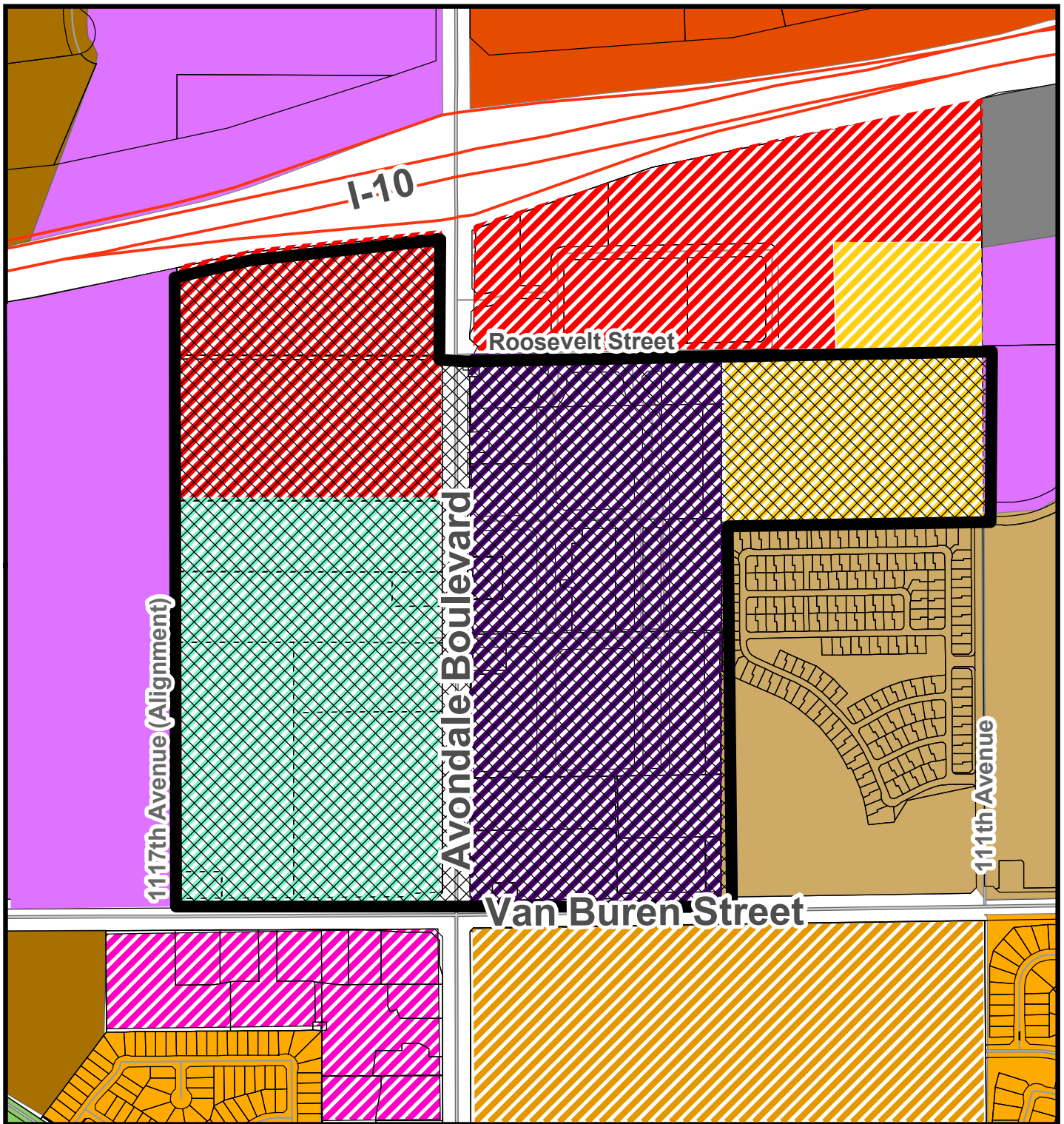


Zoning Vicinity Map



Subject Property



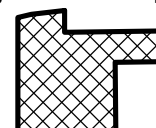


General Plan Land Use Map

- | | |
|---|---|
|  The BLVD Gateway District |  The BLVD Neighborhood District |
|  The BLVD Village District |  The BLVD Residential District |
|  The BLVD Park Avenue District |  The BLVD Promenade District |
|  Mixed Use |  Medium Density Residential |
|  High Intensity Office |  Medium/High Density Residential |
|  Freeway Commercial |  High Density Residential |



Subject Property



*SUMMARY OF RELATED FACTS
APPLICATION PL-19-0307*

<i>THE PROPERTY</i>	
PARCEL SIZE	Approximately 191.76 gross acres
LOCATION	South of I-10, north of Van Buren Street, east of 117 th Avenue, and west of 111 th Avenue
EXISTING LAND USE	Predominantly undeveloped, much of which is being used for agricultural purposes (farming), except for: • 5.34 acres at the northeast corner of 114th Avenue and Dale Earnhardt Drive developed with the Avondale Transit Center, a 350-space City-owned parking lot that serves local commuters and provides overflow parking for the American Sports Center. • 3.04 acres at the southeast corner of 114th Avenue and Dale Earnhardt Drive developed with the American Sports Center (ASC) and inline shops building, both City-owned. • 3.30 acres at the southeast corner of Avondale Boulevard and Dale Earnhardt Drive developed with temporary parking facilities for ASC and inline shops building. • 1.72 acres at the northeast corner of Avondale Boulevard and Dale Earnhardt Drive, upon which the 63-room My Place Hotels extended stay hotel is under construction. 0.88 acres west of Avondale Boulevard, north of The BLVD developed with a single-family home used for residential purposes.
EXISTING ZONING	City Center District (CCD) – 163.36 gross acres Commerce Park (CP) – 28.40 gross acres
ZONING HISTORY	The properties subject to this request were annexed in six separate actions between 1976 and 2009. Properties were given Agricultural (AG) zoning upon annexation. Approximately 75.05 acres east of Avondale Boulevard and approximately 138.08 acres west of Avondale Boulevard, including property west of 117th Avenue that is no longer included in The BLVD and not subject to this request, were rezoned from Agricultural (AG) to City Center District (CCD) in August 2009. The rezoning did not include the 33.96 acres of property located at the southwest corner of I-10 and Avondale Boulevard. Approximately 28.40 gross acres located east of the southeast corner of Avondale Boulevard and Roosevelt Street were rezoned from Rural Residential (RR-43) to Commerce Park in April 2010. This property was not part of the City Center but was included in The BLVD Specific Plan. Approximately 33.96 acres of property located at the southwest corner of I-10 and Avondale Boulevard that was not included in the 2009 rezoning was rezoned from Planned Area Development (PAD) to CCD in February 2011.

SURROUNDING ZONING AND LAND USE	
NORTH	East of Avondale Boulevard, the subject area abuts the Avondale Gateway Planned Area Development (PAD), which is partially developed with three hotels (Hilton Garden Inn, Homewood Suites, and Marriott Residence Inn) and a drive-through restaurant (Culver's). The Avondale Gateway PAD is located within The BLVD but not subject to this rezoning request. I-10 borders the subject area west of Avondale Boulevard.
EAST	Two separate residential communities abut the subject area to the east. Versante, a fully-developed 336-unit multi-family apartment community, is located at the northwest corner of 111 th Avenue and Van Buren Street. Waterford Square, a fully-developed 217-lot single-family residential subdivision, is located immediately north of Versante. Both communities are zoned Waterford Square Planned Area Development (PAD).
SOUTH	East of Avondale Boulevard, south of Van Buren Street, is a 78.91-acre parcel located in Maricopa County jurisdiction, zoned Rural-43 (RU-43) that is used for agricultural/farming purposes. This parcel is located within The BLVD Neighborhood District but is not included in the rezoning request as it is not yet in the City's municipal boundary. West of Avondale Boulevard, south of Van Buren Street, is the Coldwater Springs Promenade shopping center, which includes a variety of retail, service, and restaurant tenants including Planet Fitness, CVS, Jack in the Box, Panda Express, and Banner Urgent Care. The Coldwater Springs Promenade shopping center is partially zoned Community Commercial (C-2) with the remainder zoned Planned Area Development (PAD). This property is located within The BLVD Promenade District but is not included in the rezoning request.
WEST	A 76.71-acre parcel, zoned City Center District (CCD), that is being used for agricultural/farming purposes. This property had been included within the City Center Specific Plan area but was excluded from The BLVD Specific Plan area and assigned a Mixed Use General Plan 2030 Land Use designation in September 2019. In addition, immediately south of I-10, there is a 10.85-acre parcel located in Maricopa County jurisdiction, zoned Intermediate Commercial (C-2), upon which two billboard signs are constructed.

GENERAL PLAN
The General Plan 2030 Land Use Map was amended in September 2019 to reflect the adopted The BLVD Specific Plan land use categories. Properties subject to the request feature multiple General Plan 2030 Land Use designations, as follows: Properties east of Avondale Boulevard, north of Roosevelt Street, and west of Avondale Boulevard, north of (approximately) the Dale Earnhardt Drive alignment, are designated The BLVD Gateway District. This category is intended to accommodate development of commercial uses that will act as catalysts and spur demand for development in the remainder of The BLVD area. Commercial uses that would typically be classified as development catalysts include, but may not be limited to, post-secondary education campuses, medical campuses and/or hospitals, resort hotels, or 4-story or greater class-A corporate headquarters. In addition to catalyst type uses, large urban form residential

developments (target density of a minimum 22 dwelling units per acre) that serve to increase population in The BLVD area, 2 to 4-story mid-rise offices, and urban form retail and restaurant uses are appropriate in this land use.

- Properties west of Avondale Boulevard, from Van Buren Street to (approximately) the Dale Earnhardt Drive alignment, are designated **The BLVD Village District**. This category is intended to accommodate more conventional retail, restaurant, office, employment, and urban-form multi-family residential uses (target density of a minimum 18 dwelling units per acre), all with a strong pedestrian-oriented emphasis and contemporary urban design that interfaces with and creates a presence on adjacent streets. Development in the Village District will generate a diversity of activity to attract people to the area and support The BLVD as a whole. Convenience uses that cater more to automobiles than pedestrians, for example drive-through restaurants, are limited in this land use.
- Properties east of Avondale Boulevard from Van Buren Street to Roosevelt Street, west of the 113th Avenue alignment, are designated **The BLVD Park Avenue District**. This category will accommodate development of The BLVD area's core, centered around a large gathering area to accommodate and function as the place for local casual or formal events and activities that will bring people to The BLVD, create a vibrant, active street scene, and in turn, support local business. Land uses within the Park Avenue District are to include a mix of hotel, retail, restaurant, sports, entertainment, theater, cultural, multi-family residential (target density of a minimum 22 dwelling units per acre), studio, office, and education, all designed to interface with adjacent streets in an urban manner and feature modern, contemporary design. Retail and restaurant uses should be designed immediately adjacent to well-connected open spaces to create an active destination. Convenience uses such as drive-through restaurants are to be limited in this land use.
- Properties south of Roosevelt Street, west of 111th Avenue, east of 113th Avenue alignment, are designated **The BLVD Residential District**. This category is intended to accommodate development of higher density, urban form housing in proximity the Park Avenue District, The BLVD's core. Development within this district can include a broad range of housing types including attached single-family (e.g. townhomes), apartments, and condominiums. Housing should take the form of both for-ownership and for-rent product types to appeal to various lifestyle choices. "Garden apartments" and other inwardly focused residential types are discouraged in favor of urban rowhomes, townhomes, and other residential types that strongly interface with adjacent streets and contribute to the overall sense of community within The BLVD area. The target density is a minimum of 18 dwelling units per acre, though product types under 18 DU/acre can be supported if they are part of a larger development that, overall, meets the minimum target density. Adjacent to existing single-family residential areas, residential uses in this land use should provide a transition of density and scale.

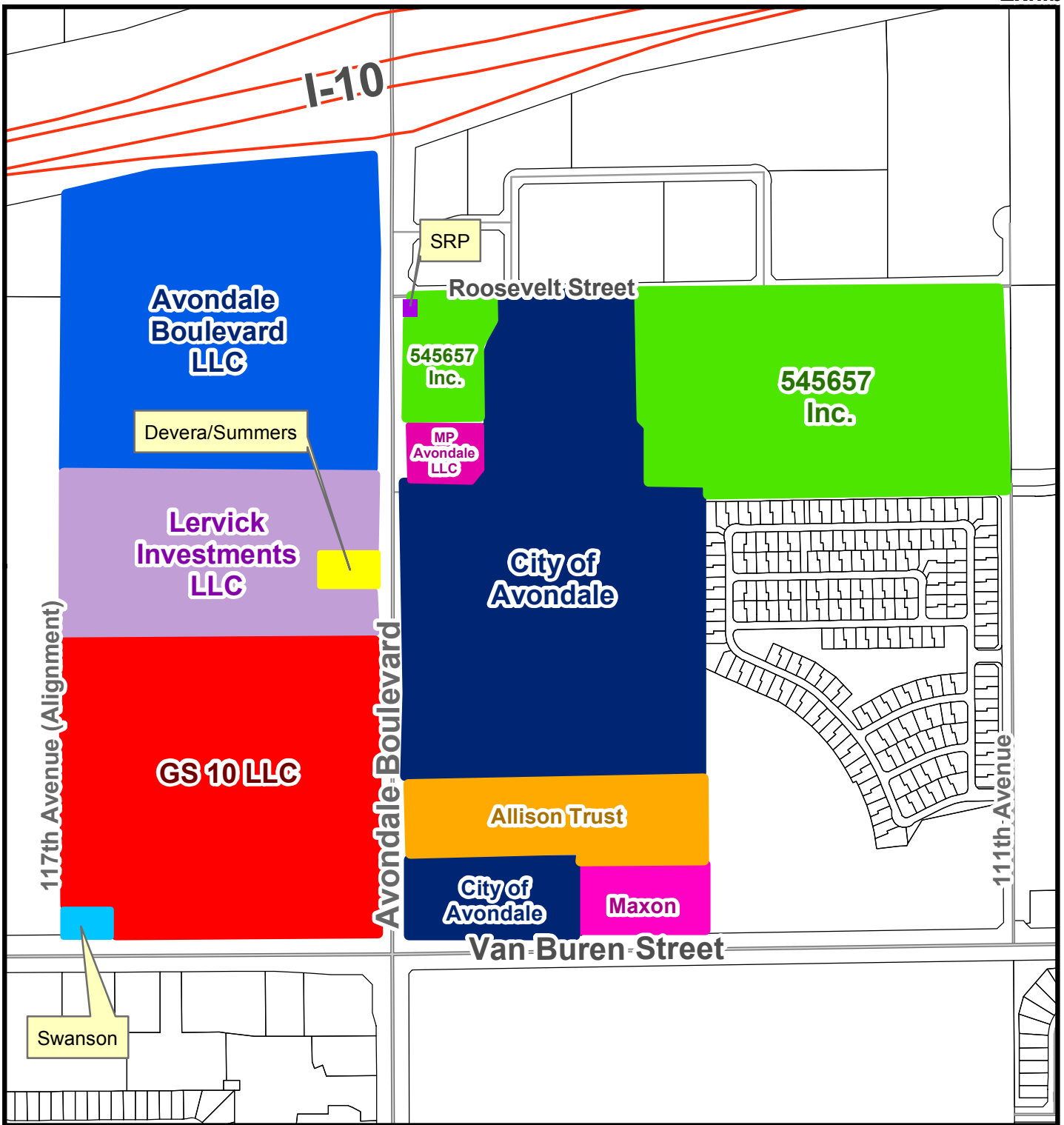
<i>PUBLIC SCHOOLS</i>	
SCHOOL DISTRICT(S)	Littleton Elementary School District; Tolleson Union High School District
ELEMENTARY SCHOOL	Student's choice (No defined school). The closest district school is Collier Elementary School located at the southwest corner of Coldwater Springs Boulevard and 114 th Avenue

	within the Coldwater Springs community.
HIGH SCHOOL	Students living west of Avondale Boulevard: La Joya Community High School, located at the southwest corner of Avondale Boulevard and Durango Street. Students living east of Avondale Boulevard: Tolleson Union High School, located on Van Buren Street east of 99th Avenue in the City of Tolleson

STREETS	
Avondale Boulevard	
Classification	Major Arterial
Existing half-street ROW	Varies by location
Standard half-street ROW	65 feet
Existing half-street improvements	Varies by location
Standard half-street improvements	Three travel lanes, landscaped median, bike lane, curb, gutter, detached sidewalk, street lights, and landscaping.
Van Buren Street	
Classification	Major Arterial
Existing half-street ROW	Varies by location
Standard half-street ROW	65 feet
Existing half-street improvements	Varies by location
Standard half-street improvements	Three travel lanes, landscaped median, bike lane, curb, gutter, detached sidewalk, street lights, and landscaping.
Roosevelt Street	
Classification	The BLVD Custom Major Collector
Existing half-street ROW	Varies by location
Standard half-street ROW	40-45 feet (varies by location)
Existing half-street improvements	Varies by location
Standard half-street improvements	One travel lane, ½ center turn lane, bike lane, parallel on-street parking (east of Avondale Boulevard only), curb, gutter, detached sidewalk, street lights, and landscaping.
The BLVD (formerly City Center Drive)	
Classification	The BLVD Custom Local
Existing half-street ROW	Varies by location
Standard half-street ROW	30-40 feet (varies by location)
Existing half-street improvements	Varies by location
Standard half-street improvements	One travel lane, ½ center median or turn lane, curb and gutter, sidewalk (attached/detached varies by location), bike lane (west of Avondale Boulevard only), street lights and landscaping.
Park Avenue	
Classification	The BLVD Custom Major Collector
Existing half-street ROW	Varies by location
Standard half-street ROW	72 feet
Existing half-street improvements	Varies by location

Standard half-street improvements	One travel lane, bike lane, on-street parking lane, median linear park, curb, gutter, detached sidewalk, street lights, and landscaping.
Dale Earnhardt Drive	
Classification	The BLVD Custom Local
Existing half-street ROW	Varies by location
Standard half-street ROW	30-40 feet (varies by location)
Existing half-street improvements	Varies by location
Standard half-street improvements	One travel lane, center median, curb and gutter, detached sidewalk, street lights and landscaping.
117th Avenue	
Classification	Minor Collector
Existing half-street ROW	None
Standard half-street ROW	40 feet
Existing half-street improvements	None
Standard half-street improvements	One travel lane, ½ center turn lane, bike lane, curb and gutter, detached sidewalk, street lights and landscaping.
114th Avenue	
Classification	The BLVD Custom Local
Existing half-street ROW	Varies by location
Standard half-street ROW	44 feet
Existing half-street improvements	Varies by location
Standard half-street improvements	1 travel lane, angled on-street parking, curb, gutter, detached sidewalk, street lights and landscaping.
111th Avenue	
Classification	Minor Collector
Existing half-street ROW	Varies by location
Standard half-street ROW	40 feet
Existing half-street improvements	Varies by location
Standard half-street improvements	One travel lane, ½ center turn lane, bike lane, curb and gutter, detached sidewalk, street lights and landscaping.

UTILITIES	
Existing water lines within The BLVD area include 16" to 36" mains (size varies by location) in Van Buren Street, a 16" main in Avondale Boulevard, a 16" line in Dale Earnhardt Drive, a 12" line in Roosevelt Street, an 8" line in The BLVD, an 8" to 12" line in Park Avenue (size varies by location), a 12" line in 111 th Avenue, and an 8" line in 114 th Avenue.	
Existing sewer lines within The BLVD area include a 30" trunk line in Avondale Boulevard, 12" to 18" lines in Van Buren Street (size varies by location), a 12" line in Dale Earnhardt Drive, an 8" line in 114 th Avenue, an 8" line in The BLVD, an 8" line in Roosevelt Street, and an 8" line in Park Avenue.	
SRP provides electrical service in this portion of Avondale.	



Ownership Map



Exhibit F

The BLVD District Zoning Regulations

Zoning Ordinance Section 501

SECTION 5 SPECIAL DISTRICTS; OVERLAYS

501 The BLVD District

A. Purpose

The BLVD Specific Plan (“The BSP”) was created to implement the City Council’s vision of creating a vibrant, urban, mixed use environment that will become a premier destination for shopping, dining, entertainment, employment and various types of residential uses for the area of Avondale located between the Avondale Civic Center and Interstate Highway 10. The BLVD Zoning District (The BLVD District, or “The BLVDD”) is intended to complete the vision expressed in The BSP by prescribing building form, site design and architectural standards for The BLVD area.

The BLVDD consists of two (2) components approved by the City Council: (A) a legislatively approved base zone, the boundaries of which are consistent with Figure 2-1 of The BSP, containing the basic performance standards and regulations for the respective Sub-Districts shown on Figure 2-1 of The BSP and (B) an administratively approved (by the City Council), individualized Development Plan that selects the land uses from those allowed in the applicable Sub-District and organizes such uses into a form-based Development Plan specific to a site. Accordingly, the Sub-District categories set forth in Section 501.C below are intended to directly relate to and implement the provisions set forth in Section 2.0 of The BSP for the corresponding Sub-District category. The BLVDD is intended to be flexible to allow for a parcel of land to be entitled in a single step by combining the Development Plan with the base zone approval, much like a typical PAD rezoning, or to allow for the base zone to precede the Development Plan.

B. Applicability

1. Only properties within The BSP boundary will be permitted to rezone to The BLVDD.
2. The development regulations related to each Sub-District and the boundaries thereof shall correspond to the descriptions of the Sub-Districts Categories of the same name in Section 2.0 of The BSP and the boundaries and locations of the Sub-Districts as shown on Figure 2-1 of The BSP.

C. Sub-Districts

The BSP is divided into six (6) Sub-Districts. Properties within each Sub-District shall comply with the Land Uses and Development Standards set forth in this Section in accordance with the standards in The BSP for each such Sub-District. The six (6) Sub-Districts are described below:

1. Gateway District.

The Gateway District, which features direct frontage on I-10 and offers significant visibility, is designed to accommodate development of commercial uses that will act as catalysts and spur demand for development in the remainder of The BLVD area. Commercial uses that would typically be classified as development catalysts include, but may not be limited to, post-secondary education campuses, medical campuses and/or hospital(s), resort hotels, and/or 4-story or greater Class-A corporate headquarters. In addition to catalyst type uses, dense urban

form residential developments (minimum 22 dwelling units per acre), 2-3 story mid-rise office, and urban form retail/restaurant uses are appropriate. Industrial uses, such as manufacturing and warehousing, are inappropriate in this District. All uses may be served by surface and/or structured parking. Building heights shall not exceed ten (10) stories. However, a building may be built up to sixteen (16) stories with City Council approval as part of the Development Plan process.

2. Village District.

The Village District, located west of Avondale Boulevard and north of Van Buren Street, is designed to accommodate more conventional retail, restaurant, office, employment, and urban-form multi-family uses (minimum 18 dwelling units per acre), all with a strong emphasis on pedestrian-orientation and contemporary, urban design that interfaces with and creates a presence on adjacent streets. Developments within the Village District should generate a diversity of activity to attract people to the area and support The BLVD area as a whole. Convenience uses that cater to automobiles, for example drive-through restaurants, are restricted in regards to quantity and feature design requirements intended to ensure they do not hinder walkability. Building heights shall not exceed ten (10) stories. However, a building may be built up to sixteen (16) stories as part of the Development Plan process.

3. Park Avenue District.

The Park Avenue District, located east of Avondale Boulevard, north of Van Buren Street, is the planned core of The BLVD. Development within this District will be centered around a public gathering area that will accommodate events and activities that bring people into The BLVD, creating a vibrant, active street scene and, in turn, support local businesses. Permitted uses within the Park Avenue District include a mix of hotel, retail, restaurants, sports, entertainment, theater, cultural, multi-family residential (minimum 22 dwelling units per acre), studios, offices, and post-secondary education, all of which must be designed to interface with adjacent streets in an urban manner and feature modern, contemporary design. Uses must also be designed immediately adjacent to usable open spaces, such as plazas, outdoor dining areas, and the like, with the intent of creating an active outdoor environment. Convenience uses that cater to automobiles, for example drive-through restaurants, are restricted in regards to quantity and feature design requirements intended to ensure they do not hinder walkability. Building heights shall not exceed ten (10) stories. However, a building may be built up to sixteen (16) stories as part of the Development Plan process.

4. Residential District.

The Residential District, located in the northwest quadrant of The BLVD, is designed to accommodate development of high-density housing in close proximity to the Park Avenue District core. A broad range of residential uses are permitted in this District to appeal to various lifestyle choices, including attached single-family, apartments, townhomes, and condominiums. In addition, small lot, single-family detached homes may be appropriate as a transitional use where the Residential District abuts existing single-family residential. All residential development will provide highly-amenitized luxury living in an urban form. Development standards for this District are designed to prevent development of “garden apartments” and other inwardly focused, suburban residential types and encourage

development of urban rowhomes, townhomes, or other residential types that are more outwardly focused, strongly interfaced with adjacent streets, and that contribute to an overall sense of community within The BLVD at-large. The minimum required density in this District is 18 dwelling units per acre, though product types under the minimum density may occur as part of a master residential development that, as a whole, meets the minimum density requirement. Limited commercial uses are permitted if located on the ground floor of a multi-story building with residential uses above. Building heights shall not exceed six (6) stories; within 300 feet of single-family residential uses, building heights shall not exceed three (3) stories.

5. Neighborhood District.

The Neighborhood District, located east of Avondale Boulevard, south of Van Buren Street and north of the Civic Center complex, is designed to accommodate development of detached single-family residential homes and/or attached townhomes with a density between 4 and 12 dwelling units per acre. Urban form development is not required, but is encouraged, in the Neighborhood District. Building heights shall not exceed two (2) stories or 30 feet.

6. Promenade District.

The Promenade District, located south of Van Buren Street west of Avondale Boulevard, allows for a variety of retail, restaurant, service and office uses which will support the daily needs for goods and services of residents of The BLVD and surrounding neighborhoods. The character and form of development in the Promenade District will be noticeably more suburban than in other portions of The BLVD, though pedestrian-orientation is still a priority. Auto-oriented uses that are heavily restricted in other Districts, such as drive-throughs, are appropriate in the Promenade District. Building heights shall not exceed two (2) stories or 30 feet.

D. Administration

1. Establishment.

The BLVDD zoning may be established on property within The BLVD area, as defined by The BSP Figure 2-1, according to the procedures outlined in Section 110 of this Zoning Ordinance.

2. Opt-In.

Owners of property located within the boundaries of The BSP will retain the existing City Center District (CCD) as the active zoning district until such time as the property owner chooses to Opt-In to The BLVDD. All requirements of the existing CCD zoning (See Section 501.K) remain in effect until a property owner elects to Opt-In to The BLVDD.

- a. A property owner may Opt-In to The BLVDD by signing, before a notary public a “The BLVDD Opt-In” form prepared by the Zoning Administrator:
- b. Such form shall state, at a minimum, that:

- i. The BLVDD standards are in effect for the identified parcel(s) as of the signature date of the Opt-In form; and
 - ii. The requirements of the previous CCD are no longer applicable for that site; and
 - iii. Any future development shall adhere to the requirements of The BLVDD, including submittal of a Development Plan to be approved by the City Council.
 - c. Once an Opt-In form is signed and notarized, in no case may any subsequent development on the site be based upon the standards of the existing CCD, nor may the site be developed using a mixed set of standards of both the former CCD zone and The BLVDD zone at the same time.
 - d. Once signed, the City shall maintain an official record of the agreement in the files of the Planning Division and shall update the Official Zoning Map of the City to reflect the change to the property's zoning district from CCD to The BLVDD.
3. Required Development Plan

In addition to the approved The BLVD base zoning, a City Council approved Development Plan is required prior to the application for a development permit within The BLVD.

- a. Development Plans may be filed for all or part of the property zoned or to be zoned The BLVDD. Development Plans shall be submitted in accordance with Section 106, Site Plan and Design Review; provided, however that the Planning Commission shall review, and City Council shall review and approve, all Development Plans for properties zoned The BLVDD.
 - b. The ordinance approving the rezoning of a property to The BLVDD shall indicate, both by narrative text and a map, the location and boundaries of the Sub-Districts that are included in the area to be rezoned.
4. Amendment.

The Zoning Administrator or designee shall determine whether a proposed amendment to an approved Development Plan is a Major or Minor Amendment. Major Amendments shall require City Council approval with a recommendation of the Planning Commission. Minor Amendments shall require administrative approval by the Zoning Administrator or designee only.

- a. Major Amendment: Any one (1) of the following shall be considered a Major Amendment of a Development Plan:
 - i. A significant change in boundary lines of the development. Minor and technical adjustments to the boundary lines within the Development Plan are permitted without a Major Amendment so long as (i) the area affected by the boundary change does not exceed fifteen (15) percent of the total area subject to the Development Plan, (ii) the adjustments do not significantly alter the traffic or pedestrian circulation system for the Development Plan and (iii) in the reasonable opinion of the Zoning

Administrator, the overall character of the Development Plan, if modified, will remain in substantial conformance with the BSP and the Development Plan as originally approved. Any expansion or relocation of a boundary line not within the scope of this exception shall be considered a major amendment of the Development Plan. Such boundary line changes may also require an amendment to the BSP prior to any City Council consideration of the change to the Development Plan.

- ii. Any change that could have significant negative impact on uses adjoining the development.
 - iii. Any change that could have a significant impact on roadways adjacent or external to the development.
 - iv. Any change that could have a significant negative impact on the amount of parking required or provided by the development.
 - v. Any change to a phasing plan that could have a significant negative impact on adjacent or surrounding developments.
- b. Minor Amendment: All amendments to a Development Plan not determined by the Zoning Administrator to be Major Amendments according to the criteria set forth in subsection (a) above shall be Minor Amendments.

E. Land Uses

Land uses for each Sub-District shall comply with the Land Use Matrix set forth below. Uses not listed as a permitted, permitted with conditions, or conditional use shall be prohibited from the applicable zoning district. In the event a particular use is not listed in this Section and such use is not otherwise prohibited by law, the Zoning Administrator or designee shall determine whether such use is analogous to other listed uses; the determination shall be made pursuant to Section 105 of this Ordinance.

G = Gateway District
PA = Park Avenue District
N = Neighborhood District

V = Village District
R = Residential District
P = Promenade District

P = Permitted
C = Conditional Use
PC = Permitted with Conditions

A = Accessory
FF = First Floor w/ Residential Above
- = Not Allowed

LAND USE	THE BLVD SUB-DISTRICTS					
	G	V	PA	R	N	P
Amusement parks, outdoor	C	-	-	-	-	-
Antique Store	P	P	P	FF	-	P
Aquarium	C	-	C	-	-	-
Art gallery	P	P	P	FF	-	P
Art studio	P	P	P	FF	-	P
Automobile rental facility with no on-site storage	P	P	P	-	-	P

LAND USE	THE BLVD SUB-DISTRICTS					
	G	V	PA	R	N	P
Banks and financial institutions without drive-through, excluding non-chartered financial institutions	P	P	P	FF	-	P
Bar	PC	PC	PC	FF	-	PC
Barber/Beauty shop	P	P	P	FF	-	P
Bowling alley	P	P	P	-	-	-
Brewery, ancillary to a bar or restaurant	P	P	P	FF	-	P
Bus terminals	-	-	P	-	-	-
Business Support Services	P	P	P	FF	-	P
Child care center	C	C	C	-	-	C
Child care, in-home, as an accessory use to the primary residential use of the dwelling	PC	PC	PC	PC	PC	-
Cigar Bar or tobacco lounge	P	P	P	FF	-	P
Clothing alteration, custom dressmaking or tailor shop	P	P	P	FF	-	P
College or university	P	P	P	-	-	P
Commercial sporting complexes	C	-	C	-	-	-
Concert facilities, outdoor	C	-	C	-	-	-
Consignment shops	P	P	P	FF	-	P
Convention centers and exhibition halls	C	-	C	-	-	-
Dance studio	P	P	P	FF	-	P
Drive-through uses, including restaurants and financial institutions	PC	PC	PC	-	-	PC
Dry cleaning and laundry establishment, pick-up and drop-off only	P	P	P	FF	-	-
Emergency medical care facility	P	P	P	-	-	P
Employment agencies excluding day labor	P	P	P	-	-	P
Extended stay hotel	PC	PC	PC	-	-	-
Farming	PC	PC	PC	PC	PC	PC
Gas station (allowed only as an accessory use to a grocery store)	-	C	-	-	-	C
Grocery stores up to 36,000 square feet in floor area	P	P	P	FF	-	P
Grocery stores exceeding 36,000 square feet in floor area	-	C	-	-	-	C
Health and exercise center	P	P	P	A	-	-
Home occupation, as an accessory to the primary residential use of a dwelling	PC	PC	PC	PC	PC	-
Hospitals	P	P	P	-	-	-
Hotel, excluding extended stay hotel	P	P	P	-	-	P
Ice skating rink, indoor	P	-	P	-	-	-
Indoor commercial recreation/entertainment uses not otherwise listed	P	P	P	-	-	P
Laboratory for bio-science, dental, medical and research & development	P	P	P	-	-	P
Libraries	P	P	P	P	P	P

LAND USE	THE BLVD SUB-DISTRICTS					
	G	V	PA	R	N	P
Liquor stores	C	C	C	-	-	C
Massage therapy (medical)	P	P	P	Ff	-	P
Massage or day spa	P	P	P	FF	-	P
Medical, dental or health offices, clinics and laboratories, excluding plasma centers	P	P	P	FF	-	P
Museum and cultural centers	P	P	P	-	-	-
Movie theater, indoor	P	P	P	-	-	-
Music studio	P	P	P	FF	-	P
Nail salon	P	P	P	FF	-	P
Night Club	PC	PC	PC	-	-	-
Outdoor Dining, ancillary to a restaurant	A	A	A	A	-	A
Parking Lot, surface	A	A	A	A	A	A
Parking Structure	A	A	A	A	-	A
Pet boarding and day care facility	-	PC	-	-	-	PC
Places of worship	P	P	P	P	P	P
Pre-schools and similar uses	C	C	C	C/ FF	-	C
Professional offices	P	P	P	FF	-	P
Public uses	P	P	P	P	P	P
Public utility buildings, structures, uses, facilities and equipment	PC	PC	PC	PC	PC	PC
Real Estate office	P	P	P	FF	-	P
Reception centers	P	P	-	-	-	-
Residential, multi-family	PC	PC	PC	PC	-	-
Residential, single-family attached	PC	PC	PC	PC	PC	-
Residential, single-family detached	-	-	-	PC	PC	-
Resorts	P	P	-	-	-	-
Restaurants, without drive-through	P	P	P	FF	-	-
Retail sales of new merchandise within enclosed buildings, up to 50,000 square feet in floor area, excluding liquor stores, discount stores, and grocery stores	P	P	P	FF	-	P
Retail sales of new merchandise within enclosed buildings, exceeding 50,000 square feet in floor area, excluding liquor stores, discount stores, and grocery stores.	P	C	C	-	-	C
Roller rink, indoor	-	-	P	-	-	-
Sidewalk Café	P	P	P	FF	-	P
Social/private clubs	P	P	P	FF	-	P
Specialty retail/sales, indoor, (excluding liquor stores, thrift stores and surplus stores	P	P	P	FF	-	P

LAND USE	THE BLVD SUB-DISTRICTS					
	G	V	PA	R	N	P
Specialty services	P	P	P	FF	-	P
Stadiums	C	-	C	-	-	-
Tanning salon	P	P	P	FF	-	P
Theater, excluding movie theaters	P	P	P	-	-	P
Ticket and travel agency	P	P	P	FF	-	P
Veterinary hospital, offices and clinics, excluding animal boarding	PC	PC	PC	-	-	PC
Video arcade or game room	P	P	P	FF	-	P
Wine Bar	P	P	P	FF	-	P

F. Use-Specific Conditions.

Land uses listed in the land use matrix above as Permitted with Conditions are permitted by right only if the conditions listed below for the individual uses are met. Land uses listed as Conditional Uses require City Council approval of a Conditional Use Permit in accordance with Section 108 of this Ordinance. Based on Development Plan review, staff may add additional conditions of approval deemed necessary to protect the health, safety and public welfare.

- a. Bars are allowed in the Gateway, Village, Park Avenue, Residential (first-floor below residential only), and Promenade Sub-Districts; provided, however, that (1) the exterior building wall of a bar shall not be located within one thousand three hundred twenty (1,320) feet of the exterior property lines of a public or private school, or church and (2) closing time for dance floors or other accessory uses to a bar shall coincide with the closing time for the bar.
- b. In-home child care is permitted as an accessory use to the primary residential use of a dwelling in the Gateway, Village, Park Avenue, Residential, and Neighborhood Sub-Districts. The in-home child care shall not provide care for five (5) or more children not related to the residents at any point in time.
- c. Drive-through uses, including restaurants and financial institutions, are allowed in Gateway, Village, Park Avenue and Promenade Sub-Districts subject to the following limitations:
 - a. Within the Gateway Sub-District, no stand-alone drive-through uses shall be permitted
 - b. Within the Park Avenue Sub-District, a maximum of one (1) stand-alone drive-through, limited to a coffee shop only, shall be permitted, set back at least 200 feet east of Avondale Boulevard.
 - c. Within the Village Sub-District, a maximum of two (2) stand-alone drive-through uses shall be permitted, limited to one (1) coffee shop and one (1) restaurant, set back at least 200 feet west of Avondale Boulevard.
 - d. Within the Promenade Sub-District, there shall be no limitation on the maximum number of drive-through uses permitted.

- e. The limitations set forth in subsections 501(F)(1)(a), (b) and (c) above shall not apply to drive-through uses incorporated into the design of multi-tenant inline shop buildings.
- d. Extended stay hotels are allowed in the Gateway, Village, and Park Avenue Sub-Districts only pursuant to a Development Agreement approved by the City Council in its sole and absolute discretion.
- e. Farming is allowed in all Sub-Districts for a period not to exceed five (5) years from the date of rezoning; provided, however, that farming is limited to the cultivation and harvesting of crops and that no agricultural uses which utilize livestock (i.e. dairy farming), plant nurseries, or greenhouses shall be allowed. Farming and agricultural uses legally occurring on the property prior to rezoning to The BLVDD shall not be subject to this provision. After the initial time five (5) year time period has elapsed, such use may only continue under a Conditional Use Permit.
- f. Gas stations are allowed in the Village and Promenade Sub-Districts subject to approval of a Conditional Use Permit if and only if the gas station is an accessory to a grocery use. A maximum of one (1) such gas station shall be permitted subject to CUP approval in each Sub-District. Any such gas station must front onto Van Buren Street and may not front on Avondale Boulevard or Corporate Drive.
- g. Grocery stores exceeding 36,000 square feet in floor area are allowed in the Village and Promenade Sub Districts subject to approval of a Conditional Use Permit, provided they include all of the following components:
 - a. Indoor eateries
 - b. Specialty beverage staff (such as a sommelier or cicerone) and/or a wine and/or craft beer bar
 - c. Juice bar and/or coffee shop
 - d. Specialty food counters, such as imported cheeses, a sushi bar, a salad bar, or similar products
- h. Home occupations are permitted as an accessory use to the primary residential use of a dwelling in the Gateway, Village, Park Avenue, Residential, and Neighborhood Sub-Districts, subject to the requirements and restrictions listed in Section 203 (G) of this Ordinance.
- i. Liquor stores are allowed in the Gateway, Village, Park Avenue, and Promenade Sub-Districts subject to approval of a Conditional Use Permit, provided that there are no other liquor stores located within one thousand three hundred twenty (1,320) feet of another liquor store, measured in a straight line from the nearest property line of each property.
- j. Night clubs are allowed in Gateway, Village, and Park Avenue Sub-Districts; provided, however, that (a) the exterior building wall of a night club shall not be located within one thousand three hundred twenty (1,320) feet of the exterior property lines of a public or private school, or church, (2) closing time for dance floors or other accessory uses to a night club

shall coincide with the closing time for the night club and (3) with respect to the Gateway and Village Sub-Districts only, exits and entrances to a night club shall not be located within three hundred (300) feet of a residence, excluding residences on upper floors above ground floor commercial.

- k. Pet boarding and day care facilities are allowed in Village and Promenade Sub Districts subject to the requirements and restrictions listed in Section 304 of this Ordinance.
- l. Public utility buildings, structures, uses, facilities and equipment are permitted in all Sub-Districts subject to the requirements and restrictions listed in Section 304 of this Ordinance.
- m. Single-Family attached residences, such as townhomes and condominiums, are allowed in the Gateway, Village, Park Avenue, Residential, and Neighborhood Sub-Districts subject to the following:
 - a. Within the Gateway and Park Avenue Sub-Districts, a minimum density of 22 dwelling units per acre must be provided.
 - b. Within the Village and Residential Sub-Districts, a minimum density of 18 dwelling units per acre must be provided. Within the Residential Sub-District only, densities under 18 dwelling units per acre may be provided if the attached residences are part of a multi-faceted residential development that, as a whole, achieves a minimum density of 18 dwelling units per acre.
 - c. Within the Neighborhood Sub-District, density shall be within a range of four (4) to twelve (12) dwelling units per acre.
 - d. Developments shall provide usable open space in the amount of 15 percent of the net site area. Indoor spaces for use by residents, such as clubhouses, gyms, movie theaters, and the like, shall be considered usable open space.
- n. Single-Family detached residences are allowed in the Residential and Neighborhood Sub-Districts subject to the following:
 - a. Within the Residential Sub-Districts, a minimum density of 18 dwelling units per acre must be provided, however, densities under 18 dwelling units per acre may be provided if the detached residences are part of a multi-faceted residential development that, as a whole, achieves a minimum density of 18 dwelling units per acre.
 - b. Within the Neighborhood Sub-District, density shall be within a range of four (4) to twelve (12) dwelling units per acre.
 - c. Developments shall provide usable open space in the amount of 15 percent of the net site area. Indoor spaces for use by residents, such as clubhouses, gyms, movie theaters, and the like, shall be considered usable open space.
- o. Multi-family residences are allowed in the Gateway, Village, Park Avenue, and Residential Sub-Districts subject to the following:

- a. Within the Gateway and Park Avenue Sub-Districts, a minimum density of 22 dwelling units per acre must be provided.
- b. Within the Village and Residential Sub-Districts, a minimum density of 18 dwelling units per acre must be provided. Within the Residential Sub-District only, densities under 18 dwelling units per acre may be provided if the multi-family residences are part of a multi-faceted residential development that, as a whole, achieves a minimum density of 18 dwelling units per acre.
- c. Developments shall provide usable open space in the amount of 15 percent of the net site area. Indoor spaces for use by residents, such as clubhouses, gyms, movie theaters, and the like, shall be considered usable open space.
- p. Veterinary hospitals, offices and clinics, excluding animal boarding, is allowed in the Gateway, Village, Park Avenue and Promenade Sub-Districts subject to the requirements and restrictions listed in Section 304 of this Ordinance.

G. Development Standards.

The following development standards shall apply to all development within The BLVDD.

- 1. Outdoor storage of goods and materials is prohibited.
- 2. Warehousing or indoor storage of goods or material beyond that normally incidental to permitted uses is prohibited.
- 3. Front porches, stoops, balconies, and bay windows may extend into required street setbacks in the Gateway, Village, Park Avenue, Residential and Promenade Sub-Districts.
- 4. The following table outlines the minimum development standards within each Sub-District. Standards in excess of these minimums may be required in accordance with the conditions required of Conditional Use Permits or uses permitted with conditions.

	Gateway	Village	Park Avenue	Residential	Neighborhood	Promenade
Minimum Lot Width	None					
Minimum Lot Depth	None					
Maximum Lot Coverage	None					
Maximum Building Height	10 stories/ 110 feet (a)			6 stories/ 70 feet (b)	2 stories/30 feet	
Minimum Building Setbacks						
from Avondale Boulevard	15'			Not Applicable	15'	
from Van Buren Street	Not Applicable	15'		Not Applicable	15'	
from Collector streets	15'					

from Local streets	None			18'	None
from side property line	None		0 feet (c)	5 feet (d)	None
from rear property line	None		None (e)	15'	None
from adjacent non-BLVDD single-family residential property lines	Not Applicable		30'	15' (f)	30'
Minimum Parking Setbacks					
from Avondale Boulevard	40'		Not Applicable	40'	
from Van Buren Street	Not Applicable	30'	Not Applicable	30'	
from Collector streets	30'				
from Local streets	15'				
Maximum Building Setbacks					
from Avondale Boulevard	40'		Not Applicable	40'	
from Van Buren Street	Not Applicable	30'	Not Applicable	30'	
from Collector streets	20'				
from Local streets	None		15'	None	
Minimum percentage of linear site frontage with buildings located at or inside of maximum setback:					
Avondale Boulevard frontage	50%	60%	70%	Not Applicable	None
Van Buren Street frontage	Not Applicable	30%	35%	Not Applicable	None
Collector street frontage	50%	60%	70%		None
Local street frontage	None		70%	None	
Minimum Usable Open Space (Residential), percent of net site area	15%				Not Applicable
Minimum Plaza/Gathering/Outdoor Dining Area (Non-Residential), percent of net site area	10%	15%	Not Applicable		5%
(a) 11 to 16 stores (maximum 170 feet) may be permitted by the City Council through the Development Plan approval process (b) Height may not exceed 3 stories or 40' within 300 feet of single-family residential property located outside of the BSP boundary (c) A 5' side setback is required for detached single-family residential product					

types

(d) 0' side setback is permitted for attached single-family residential product

types

(e) A 15' rear setback is required for detached single-family residential

product types

(f) A minimum 30' rear setback is for attached single-family residential

product types

H. Design

1. All developments shall comply with the Development Form Design Guidelines listed in Section 2.1 of The BSP. Any design issues not addressed in The BSP or in this Zoning Ordinance shall be subject to the design guidelines listed in the Single Family Residential Design Manual, Multi-Family Residential Design Manual, or Commercial and Industrial Design Manual, whichever Manual applies to the type of use proposed. While specific architectural themes, color palettes, and material palettes are not dictated by The BSP or this Zoning Ordinance, individual buildings shall feature contemporary design and be designed to complement, but not match, other buildings within The BLVD area.
2. All developments shall comply with the applicable street sections within The BSP (Figures 2-1 through 2-8, inclusive).
3. Exceptions and departures to the Design Form guidelines (The BSP Section 2.1) or street sections (The BSP Figures 2-1 through 2-8, inclusive) within a Development Plan may be forwarded to the Planning Commission for review and recommendation, and approved by the City Council, which approval may be granted only if the City Council finds in its sole and absolute discretion, that the project still achieves the overall intent, objectives, and guidelines of The BSP and the project design meets the basic requirements for traffic circulation, pedestrian orientation, shade, and design continuity.

I. Parking

Parking for each land use shall be provided by a combination of on-street parking, off-street surface parking and parking structures. The amount of required parking, parking dimensions, and other parking lot design requirements shall be governed by Section 8 of this Ordinance, except that:

1. The amount of required parking may be reduced by up to fifty (50) percent where it can be determined that the peak requirements of the several occupancies occur at different times and where a shared parking operations plan, approved by the Zoning Administrator or designee, shows that this reduction in parking will not cause conflicts among nearby uses. Such a shared parking analysis may be based on:
 - a. Intermittent non-conflicting uses. When required parking reductions are predicted as a result of sharing between intermittent uses with non-conflicting parking demands (e.g. a nightclub and a bank), then the reduction can be considered.
 - b. Parking occupancy rates. When the parking reduction has been shown to be feasible

by using the demand calculations as determined by an analysis of typical local parking demand.

- c. Existing parking surveys. When a study of existing parking shows parking occupancy rates of morning, afternoon and evening peaks on all seven (7) days of the week. The seven (7) days of observation may take place over the span of two (2) consecutive, typical weeks. A combination of similar circumstances may be necessary to cover all the proposed land uses. The approximate square footages of the various land uses of the specimen projects shall be compared to the proposed project to allow the ratios of uses to be rated accordingly.
2. On-street parking and/or City-owned and operated off-street surface parking lots and/or parking structures counted towards the required parking must be located within four hundred (400) feet of the use, measured from the exterior wall of the use to the closest perimeter of the on-street parking, surface parking, or parking structure.

J. Necessary Amendments

In the event that any of the provisions of The BSP referred to herein are amended, the Zoning Administrator shall concurrently give notice of and process an amendment to this Section 5, in accordance with the procedures outlined in Section 109 of this Zoning Ordinance.

K. City Center District

The City Center District (CCD) and the City Center Specific Plan (CCSP) were the precursors to The BLVDD and The BSP, respectively. Until all property owners within The BLVD Opt-In to The BLVDD District in accordance with the procedures outlined in 501.D.2 of this Ordinance, the CCD regulations must be maintained. No new rezonings to CCD shall be considered. At such time that there are no properties zoned CCD, this Subsection K will be deleted from the Ordinance in accordance with the procedures outlined in Section 109 of this Zoning Ordinance.

1. Purpose

The Avondale City Center Specific Plan, as amended (the “CCSP”) was created to implement the City Council’s vision of creating a high-density, mixed use environment that will become a premier destination for shopping, dining, entertainment, employment and various types of residential uses for the area of Avondale located between the Avondale Civic Center and Interstate Highway 10, commonly referred to as the City Center. The City Center Zoning District (the “CCD”) is intended to complete the vision expressed in the CCSP by prescribing building form, site design and architectural standards for the City Center. The CCD consists of two (2) components approved by the City Council: (A) a legislatively approved base zone, the boundaries of which are consistent with Figure 3-1 of the CCSP, containing the basic performance standards and regulations for the respective Sub-Districts shown on Figure 3-1 of the CCSP and (B) an administratively approved (by the City Council), individualized Development Plan that selects the land uses from those allowed in the base zone sub districts and organizes such uses into a form-based Development Plan specific to a site. Accordingly, the Sub-District categories set forth in

Section 501.K.3 below are intended to directly relate to and implement the provisions set forth in Section 3.2 of the CCSP for the corresponding Sub-District category. The CCD is intended to be flexible to allow for a parcel of land to be entitled in a single step by combining the Development Plan with the base zone approval, much like a typical PAD rezoning, or to allow for the base zone to precede the Development Plan

2. Applicability

- a. Only properties within the City Center boundary will be permitted to rezone to the CCD
- b. The development regulations related to each Sub-District and the boundaries thereof shall correspond to the descriptions of the Land Use Categories of the same name in Section 3.2 of the CCSP and the boundaries and locations of the Land Use Categories as shown on Figure 3-1 of the CCSP

3. Sub-Districts

The CCD is divided into six (6) Sub-Districts. Properties within each Sub-District shall comply with the Land Uses and Development Standards set forth in this Section in accordance with the standards in the CCSP for each such Sub-District. The six (6) Sub-Districts are described below:

a. Gateway Employment.

The Gateway Employment (GE) Sub-District is designed to place primary land uses close to the freeway, to maximize opportunities for business exposure to the freeway and to ensure that residential uses are not located within six hundred (600) feet of freeway traffic. Primary uses in Gateway Employment Sub-District include retail, office, and hotel. In this Sub-District, residential, industrial, manufacturing, and warehouse uses are not permitted. Uses may be served by surface and/or structured parking. Building heights shall not exceed ten (10) stories. However, a building may be built up to sixteen (16) stories with City Council approval as part of the Development Plan process. A variety of Mid-rise and high-rise office, pedestrian-oriented retail, large floor plate uses and big box uses are permitted in the Gateway Employment Sub-District, subject to an appropriate Development Plan.

b. Employment Mixed-Use.

The Employment Mixed-Use (EMU) Sub-District is designed to emphasize employment uses, including retail, professional office, hotel, and personal service uses. Residential units may be built on upper floors throughout the Employment Mixed-Use Sub-District if built in conjunction with employment uses; provided, however, that residential units fronting on and/or adjacent to Park Avenue or 117th Avenue may be built on the ground floor. The minimum ratio is one (1) square foot of employment use for every two (2) square feet of residential development, except for those properties fronting Park Avenue or 117th Avenue south of Corporate Drive, which may be exclusively residential. The mix of uses may be provided horizontally or vertically, and may be distributed across multiple properties, subject to Development Plan approval. Residential units may be incorporated throughout the first floor when it can be shown that such units support and heighten the purpose of the district.

The Employment Mixed-Use Sub-District is intended to include mid-rise and high-rise buildings of three (3) to ten (10) stories, predominantly served by structured parking. For a development project east of Avondale Boulevard, containing multiple buildings, the minimum average height shall be two (2) stories and the minimum floor area ratio shall be 0.5 at build out of all uses approved as part of the Development Plan, provided that the target floor area ratio should be 0.75 – 1.0. For a development project west of Avondale Boulevard containing multiple buildings, the average height shall be two (2) stories measured across multiple properties within a Development Plan, and the minimum floor area ratio shall be 0.25 at build out of all uses approved as part of the Development Plan, unless otherwise approved by the City Council. Building heights shall not exceed ten (10) stories. However, a building may be built up to sixteen (16) stories along Avondale Boulevard north of Van Buren Street with City Council approval as part of the Development Plan process.

c. Pedestrian Retail.

The Pedestrian Retail (PR) Sub-District includes all properties with frontage along pedestrian retail streets, as shown on Figure 3-1 of the CCSP. The land uses on the ground floor of buildings in the Pedestrian Retail Sub-District shall be restricted to those types of active uses that create a lively street environment. Professional offices and residential uses are not permitted in these ground floor locations, but are permitted on upper floors; provided, however, that residential uses fronting Park Avenue are permitted on the ground floor.

The form of development shall be compact building footprints, with small street setbacks and wide sidewalks designed to facilitate pedestrian activity. Buildings with first floor restaurants shall include outdoor seating areas that do not conflict with pedestrian areas. For a development project containing multiple buildings, the minimum average height shall be two (2) stories and the minimum floor area ratio shall be 0.5 at build out of all uses approved as part of the Development Plan, provided that the target floor area ratio should be 0.75 – 1.0.

d. Neighborhood Commercial.

The Neighborhood Commercial (NC) Sub-District is designed to allow for a suburban-type of development on the fringe of the City Center area, while still contributing to the intent of the look and feel of the City Center. Buildings along arterial streets shall conform to specific setbacks to provide the intended streetscape for the City Center area, while buildings at the interior of a site may have larger street setbacks. Uses allowed in the Neighborhood Commercial Sub-District are retail, restaurant, office, and personal service. Residential is appropriate on upper floors of multi-story buildings and may be approved as part of a development project containing multiple buildings.

e. Residential Mixed-Use.

The Residential Mixed-Use (RMU) Sub-District is designed to provide a transition between the Employment Mixed Use areas and residential neighborhoods. While residential is the primary land use, small office, retail, and personal service uses may be located on the ground floor of multi-story buildings. Non-residential uses such as small office buildings or boutique hotels may be permitted. Such non-residential uses shall be compatible in scale with nearby residential development and shall not adversely impact the quiet enjoyment of residential uses.

Parking shall be located underneath or behind the units. Residential uses shall be developed at a minimum of fifteen (15) units per acre, and a maximum of forty-five (45) units per acre. Building heights shall range from two (2) to five (5) stories.

f. Townhouse Residential.

The Townhouse Residential (TR) Sub-District is designed to provide a transition between the Residential Mixed-Use Sub-District and neighboring Single-Family Residential development. Townhouse residential units shall be attached units with separate individual entrances fronting a public street and private open space attached to the individual unit in the form of patios or balconies. Parking shall be either attached or located on the same lot. Townhouse residential development may include interlocking units, but may not include buildings with common stairways serving multiple units. The minimum density shall be twelve (12) units per acre and the maximum density shall not exceed twenty (20) units per acre. Building heights are two (2) to three (3) stories.

4. Administration

a. Establishment.

CCD base zoning may be established on property within the City Center according to the procedures outlined in Section 111 of this Zoning Ordinance. In addition to the approved CCD base zoning, a City Council-approved Development Plan is required prior to any application for a development permit within the City Center area.

- 1 Development Plans may be filed for all or part of the property zoned or to be zoned CCD. Development Plans shall be submitted in accordance with Section 106, Site Plan and Design Review; provided, however that the Planning Commission shall review, and the City Council shall review and approve, all Development Plans for properties zoned CCD.
- 2 The ordinance approving the rezoning of a property to CCD shall indicate, both by narrative text and a map, the location and boundaries of the Sub-Districts that are included in the area to be rezoned.

b. Amendment.

The Zoning Administrator or designee shall determine whether a proposed amendment to an approved Development Plan is a Major or Minor Amendment. Major Amendments shall require City Council approval with a recommendation of the Planning Commission. Minor Amendments shall require administrative approval by the Zoning Administrator or designee only.

1. Major Amendment: Any one (1) of the following shall be considered a Major Amendment of a Development Plan:
 - i. A significant change in boundary lines of the development. Minor and technical adjustments to the boundary lines within the Development Plan are permitted without a Major Amendment so long as (i) the adjustments do not divide zoning Sub-

Districts, (ii) the area affected by the boundary change does not exceed fifteen (15) percent of the total area subject to the Development Plan, (iii) the adjustments do not significantly alter the traffic or pedestrian circulation system for the Development Plan and (iv) in the reasonable opinion of the Zoning Administrator, the overall character of the Development Plan, if modified, will remain in substantial conformance with the CCSP and the Development Plan as originally approved. Any expansion or relocation of a boundary line not within the scope of this exception shall be considered a major amendment of the Development Plan. Such boundary line changes may also require an amendment to the CCSP prior to any City Council consideration of the change to the Development Plan.

- ii. Any change that could have significant negative impact on uses adjoining the development.
 - iii. Any change that could have a significant impact on roadways adjacent or external to the development.
 - iv. Any change that could have a significant negative impact on the amount of parking required or provided by the development.
 - v. Any change to a phasing plan that could have a significant negative impact on adjacent or surrounding developments.
2. Minor Amendment: All amendments to a Development Plan not determined by the Zoning Administrator to be Major Amendments according to the criteria set forth in subsection (a) above shall be Minor Amendments.

5. Land Uses

Land uses for each Sub-District shall comply with the Land Use Matrix set forth below. Uses not listed as a permitted, permitted with conditions, or conditional use shall be prohibited from the applicable zoning district. In the event a particular use is not listed in this Section and such use is not otherwise prohibited by law, the Zoning Administrator or designee shall determine whether such use is analogous to other listed uses; the determination shall be made pursuant to Section 105 of this Ordinance.

P = Permitted

C = Conditional Use

PC = Permitted with Conditions

FF = First Floor Only

A = Accessory

- = Not Allowed

LAND USE	CITY CENTER SUB-DISTRICTS					
	GE	EMU	PR	NC	RMU	TR
Amusement parks, outdoor	C	-	-	-	-	-
Antique Store	P	P	P	P	FF	-
Aquarium	C	-	-	-	-	-
Art gallery	P	P	P	P	FF	-
Art studio	P	P	P	P	FF	-
Automobile rental facility with no on-site storage	P	P	P	P	FF	-

LAND USE	CITY CENTER SUB-DISTRICTS					
	GE	EMU	PR	NC	RMU	TR
Banks and financial institutions without drive-through, excluding non-chartered financial institutions	P	P	P	P	FF	-
Bar	PC	PC	P	-	-	-
Barber/Beauty shop	P	P	P	P	FF	-
Bingo Hall	P	-	-	-	-	-
Bowling alley	P	-	-	-	-	-
Brewery, ancillary to a bar or restaurant	P	P	P	P	FF	-
Bus terminals	P	-	-	-	-	-
Business Support Services	P	P	P	P	FF	-
Business, technical, or vocational school	P	P	P	P	-	-
Caretakers quarters	A	A	A	A	-	-
Child care center	C	C	C	C	C	C
Cigar Bar or tobacco lounge	P	P	P	-	-	-
Clothing alteration, custom dressmaking or tailor shop	P	P	P	P	FF	-
College or university	P	P	P	P	PC	PC
Commercial sporting complexes	C	-	-	-	-	-
Concert facilities, outdoor	C	-	-	-	-	-
Consignment shops	P	P	P	P	-	-
Convention centers and exhibition halls	P	-	-	-	-	-
Dance studio	P	P	P	P	FF	-
Drive-through uses, including restaurants and financial institutions	P	PC	-	P	-	-
Dry cleaning and laundry establishment, pick-up and drop-off only	P	P	P	P	FF	-
Emergency medical care facility	P	P	P	P	FF	-
Employment agencies excluding day labor	P	P	P	P	FF	-
Extended stay hotel	PC	PC	PC	PC	-	-
Farming	PC	PC	PC	PC	PC	PC
Funeral Home	P	-	-	-	-	-
Gas station (allowed only as an accessory use to a grocery store)	-	PC	-	PC	-	-
Grocery stores up to 36,000 square feet in floor area	P	P	P	P	FF	-
Grocery stores exceeding 36,000 square feet in floor area	C	C	-	C	C	-
Health and exercise center	P	P	P	P	FF	-
Hospitals	P	-	-	-	-	-
Hotel, excluding extended stay hotel	P	P	P	P	PC	PC
Ice skating rink, indoor	P	-	-	-	-	-
Indoor commercial recreation/entertainment uses not otherwise listed	P	P	P	P	-	-
Laboratory for bio-science, dental, medical and research & development	P	P	P	P	-	-
Libraries	P	P	P	P	FF	-

LAND USE	CITY CENTER SUB-DISTRICTS					
	GE	EMU	PR	NC	RMU	TR
Liquor stores	C	C	C	C	-	-
Massage therapy (medical)	P	P	P	P	FF	-
Massage or day spa	P	P	P	P	FF	-
Medical, dental or health offices, clinics and laboratories, excluding plasma centers	P	P	P	P	PC	-
Museum and cultural centers	P	P	P	P	FF	-
Movie theater, indoor	P	P	P	P	-	-
Music studio	P	P	P	P	FF	-
Nail salon	P	P	P	P	FF	-
Night Club	PC	PC	P	-	-	-
Outdoor Dining, ancillary to a restaurant	A	A	A	A	A	-
Parking Lot, surface	A	A	A	A	A	A
Parking Structure	A	A	A	A	A	A
Pet boarding and day care facility	PC	PC	PC	PC	-	-
Places of worship	P	P	P	P	P	P
Pre-schools and similar uses	C	C	C	C	C	C
Professional offices	P	P	P	P	PC	-
Public uses	P	P	P	P	P	P
Public utility buildings, structures, uses, facilities and equipment	PC	PC	PC	PC	PC	PC
Real Estate office	P	P	P	P	FF	-
Reception centers	P	-	-	-	-	-
Residential	-	PC	PC	-	P	P
Resorts	P	P	-	-	-	-
Restaurants, without drive-through	P	P	P	P	FF	-
Retail sales of new merchandise within enclosed buildings, up to 50,000 square feet in floor area, excluding liquor stores, discount stores, and grocery stores	P	P	P	P	FF	-
Retail sales of new merchandise within enclosed buildings, exceeding 50,000 square feet in floor area, excluding liquor stores, discount stores, and grocery stores.						
Roller rink, indoor	P	-	-	-	-	-
Sidewalk Café	P	P	P	P	FF	-
Social/private clubs	P	P	P	P	FF	-
Specialty retail, indoor, excluding liquor stores	P	P	P	P	FF	-
Specialty sales (e.g. used books or used records, excluding thrift stores and surplus stores)	P	P	P	P	FF	-
Specialty services	P	P	P	P	FF	-
Stadiums	C	-	-	-	-	-

LAND USE	CITY CENTER SUB-DISTRICTS					
	GE	EMU	PR	NC	RMU	TR
Swimming club, outdoor	C	-	-	-	-	-
Tanning salon	P	P	P	P	FF	-
Telecommunication Tower	PC	PC	PC	PC	PC	PC
Theater, excluding movie theaters	P	P	P	P	-	-
Ticket and travel agency	P	P	P	P	FF	-
Veterinary hospital, offices and clinics, excluding animal boarding	PC	PC	PC	PC	-	-
Video arcade or game room	P	P	P	P	FF	-
Wine Bar	P	P	P	P	FF	-
Zoo	C	-	-	-	-	-

6. Land uses listed in the land use matrix above as Permitted with Conditions are permitted by right only if the conditions listed below for the individual uses are met. Based on Development Plan review, staff may add additional conditions of approval deemed necessary to protect the health, safety and public welfare.

- a. A college or university is allowed in all CCD Sub-Districts provided that, in RMU and TR Sub-Districts, colleges and universities shall only be permitted if the buildings (1) are in scale with nearby residential development and (2) do not adversely impact current or future residential uses.
- b. Drive-through uses, including restaurants and financial institutions, are allowed in GE, NC and EMU Sub-Districts. However, in EMU Sub-Districts, drive-through uses are subject to the following limitations:
 - i. East of Avondale Boulevard, a maximum of one (1) stand-alone drive-through coffee shop use shall be permitted, set back at least 200 feet east of Avondale Boulevard.
 - ii. West of Avondale Boulevard, a maximum of two (2) stand-alone drive-through uses shall be permitted, limited to one (1) coffee shop and one (1) restaurant, set back at least 200 feet of Avondale Boulevard and within a Development Plan of 30 acres or more.
 - iii. The limitations set forth in subsections 501(K)(7)(b)(1) and (2) above shall not apply to drive-through uses incorporated into the design of multi-tenant inline shop buildings.
- c. A hotel, other than an extended stay hotel, is allowed in all CCD Sub-Districts; provided, however, that in RMU and TR, hotels shall be limited to a maximum of fifty (50) rooms and shall be constructed so that the buildings are in scale with nearby residential development and do not adversely impact current or future residential uses. An extended stay hotel is allowed in all CCD Sub-Districts only pursuant to a Development Agreement approved by the City Council in its sole and absolute discretion.
- d. Medical, dental or health offices, clinics and laboratories, excluding plasma centers, are allowed in the RMU Sub-District; provided, however, that unless located entirely on the first floor of a mixed use building, medical office buildings shall be constructed so that the

buildings are in scale with nearby residential development and do not adversely impact current or future residential uses.

- e. A professional office is allowed in the RMU Sub-District; provided, however, that unless located entirely on the first floor of a mixed use building, professional office buildings shall be constructed so that the buildings are in scale with nearby residential development and do not adversely impact current or future residential uses.
- f. Bars are allowed in the GE and EMU Sub-Districts; provided, however, that (1) the exterior building wall of a bar shall not be located within one thousand three hundred twenty (1,320) feet of the exterior property lines of a public or private school, church, other bar or night club, (2) closing time for dance floors or other accessory uses to a bar shall coincide with the closing time for the bar and (3) with respect to GE Sub-Districts only, exits and entrances to a bar shall not be located within three hundred (300) feet of a residential district.
- g. Night clubs are allowed in the GE and EMU Sub-Districts; provided, however, that (a) the exterior building wall of a night club shall not be located within one thousand three hundred twenty (1,320) feet of the exterior property lines of a public or private school, church, bar or other night club, (2) closing time for dance floors or other accessory uses to a night club shall coincide with the closing time for the night club and (3) with respect to GE Sub-Districts only, exits and entrances to a night club shall not be located within three hundred (300) feet of a residential district.
- h. Residential Uses are allowed in EMU and PR Sub-Districts as part of a mixed-use development that provides a minimum ratio of one (1) square foot of employment use for every two (2) square feet of residential use; provided, however, that, except for residential uses fronting on and/or adjacent to Park Avenue and 117th Avenue south of Corporate Drive, such residential uses are only permitted on the upper floors. Construction of horizontally-integrated mixed use development does not need to occur in a single phase; vertically-integrated mixed use development must be completed in a single phase.
- i. Farming is allowed in all CCD Sub-Districts for a period not to exceed five (5) years from the date of rezoning; provided, however, that farming is limited to the cultivation and harvesting of crops and that no agricultural uses which utilize livestock (i.e. dairy farming), plant nurseries, or greenhouses shall be allowed. Farming and agricultural uses legally occurring on the property prior to rezoning to CCD shall not be subject to this provision. After the initial time five (5) year time period has elapsed, such use may only continue under a Conditional Use Permit.
- j. Gas stations are permitted by a Conditional Use Permit in the EMU Sub-District west of Avondale Boulevard where they are an accessory to a grocery use; provided, however, that such gas stations must front onto Van Buren Street and may not front on Avondale Boulevard or Corporate Drive.
- k. Grocery stores exceeding 36,000 square feet in floor area are permitted by a conditional use permit in the GE, EMU, NC, and RMU Sub-Districts, provided they include all of the following components:

- i. Indoor eateries
- ii. Specialty beverage staff (such as a sommelier or cicerone) and/or a wine and/or craft beer bar
- iii. Juice bar and/or coffee shop
- iv. Specialty food counters, such as imported cheeses, a sushi bar, a salad bar, or similar products

7. Development Guidelines.

- a. Properties within the Gateway Employment, Employment Mixed-Use, Residential Mixed-Use, and Townhouse Residential Sub-Districts shall comply with the Development Guidelines as listed in Table 5-1 of the CCSP. The Pedestrian Retail Sub-District shall comply with the Development Guidelines as listed for the Employment Mixed-Use Sub-District, except to the extent such guidelines are determined by the Zoning Administrator to be inapplicable.
- b. Properties within the Neighborhood Commercial Sub-District shall comply with the Development Guidelines listed for the Gateway Employment Sub-District, except as follows: (1) maximum building height: five (5) stories; (2) setbacks on Van Buren Street: minimum twenty (20) feet to buildings, thirty (30) feet to parking (maximum forty (40) feet); and (3) setbacks on Avondale Boulevard: minimum thirty (30) feet to building, forty (40) feet to parking (maximum sixty (60) feet).
- c. Properties within the EMU Sub-District west of Avondale Boulevard shall comply with the development guidelines listed in table 5-1 of the CCSP; however, exceptions and departures to the development guidelines within a development plan may be forwarded to the Planning Commission for review and recommendation, and approved by City Council, which approval may be granted only if the City Council finds, in its sole and absolute discretion, that the project still achieves the overall intent, objectives, and guidelines of the CCSP, provides equal or greater design quality and public benefits than would be achieved under the guidelines, and does not cause greater adverse impact on adjoining properties.

8. Design Guidelines

- a. Unless specifically modified herein, all CCD developments shall comply with the Design Guidelines listed in Section 5.4 of the CCSP and the Streetscape Design Guidelines listed in Section 4.2 of the CCSP. Any design issues not addressed in the CCSP or in this Zoning Ordinance shall be subject to the design guidelines listed in the Commercial/Industrial/Multi-Family Design Manual. While specific architectural themes, color palettes, and material palettes are not dictated by the CCSP or this Zoning Ordinance, individual buildings shall be designed to complement other buildings within a block or Sub-District.
- b. Properties within the EMU Sub-District west of Avondale Boulevard shall comply with the Design Guidelines listed in Sections 4.2 and 5.4 of the CCSP; however, exceptions and departures to the Design Guidelines within a Development Plan may be forwarded to the Planning Commission for review and recommendation, and approved by the City Council, which approval may be granted only if the City Council finds in its sole and absolute discretion,

that the project still achieves the overall intent, objectives, and guidelines of the CCSP and the project design meets the basic requirements for traffic circulation, pedestrian orientation, shade, and design continuity.

9. Parking

Parking for each land use shall be provided by a combination of on-street parking, off-street surface parking and parking structures based on the following:

- a. A parking demand analysis prepared by a qualified parking or traffic consultant, a licensed architect, or civil engineer shall be submitted with each Development Plan. The parking demand analysis, as approved by the Zoning Administrator or designee, shall determine the number of parking spaces required for each use within the Development Plan.
- b. The parking demand analysis shall analyze the needs of every proposed use in the Development Plan, using the Required Parking Schedule in Section 8 of the Zoning Ordinance as a starting point.
 1. Provided parking shall not exceed the one hundred ten (110) percent of the number listed in the Parking Schedule.
 2. Provided parking for a single use may be up to twenty (20) percent less than the amount required by the Parking Schedule based on the parking analysis.
- c. The amount of required parking may be reduced by up to fifty (50) percent where it can be determined that the peak requirements of the several occupancies occur at different times and where a shared parking operations plan, approved by the Zoning Administrator or designee, shows that this reduction in parking will not cause conflicts among nearby uses. Such a shared parking analysis may be based on:
 - i. Intermittent non-conflicting uses. When required parking reductions are predicted as a result of sharing between intermittent uses with non-conflicting parking demands (e.g. a nightclub and a bank), then the reduction can be considered.
 - ii. Parking occupancy rates. When the parking reduction has been shown to be feasible by using the demand calculations as determined by an analysis of typical local parking demand.
 - iii. Existing parking surveys. When a study of existing parking shows parking occupancy rates of morning, afternoon and evening peaks on all seven (7) days of the week. The seven (7) days of observation may take place over the span of two (2) consecutive, typical weeks. A combination of similar circumstances may be necessary to cover all the proposed land uses. The approximate square footages of the various land uses of the specimen projects shall be compared to the proposed project to allow the ratios of uses to be rated accordingly.
- d. Off-street surface parking and parking structures counted towards the required parking shall be within four hundred (400) feet of the use, measured from the exterior wall of the use to the closest perimeter of the surface parking or parking structure.

- e. On-street parking counted towards the required parking shall be adjacent to the property for which the parking is intended.
- f. The EMU Sub-District west of Avondale Boulevard may include reduced parking space dimensions with a minimum size of nine and one-half (9.5) x eighteen (18) feet; additionally, a two (2) foot overhang may be counted towards the minimum parking space dimension if the overhang occurs over a landscape area with a depth of at least six (6) feet and if the overhang does not occur over a pedestrian sidewalk.

10. Necessary Amendments

In the event that any of the provisions of the CCSP referred to herein are amended, the Zoning Administrator shall concurrently give notice of and process an amendment to this Section 5, in accordance with the procedures outlined in Section 111 of this Zoning Ordinance.

Exhibit G

Legal Description of Subject Area

THE BLVD
LEGAL DESCRIPTION
FOR REZONING

A PARCEL OF LAND SITUATED IN A PORTION OF THE EAST HALF OF SECTION 1, TOWNSHIP 1 NORTH, RANGE 1 WEST, AND IN THE WEST HALF OF SECTION 6, TOWNSHIP 1 NORTH, RANGE 1 EAST, OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS;

BEGINNING AT THE SOUTHEAST CORNER OF SAID SECTION 1, BEARING SOUTH 00 DEGREES 02 MINUTES 19 SECONDS EAST, A DISTANCE OF 2626.69 FEET FROM THE EAST QUARTER CORNER OF SAID SECTION 6;

THENCE SOUTH 89 DEGREES 40 MINUTES 29 SECONDS WEST, ALONG AND WITH THE SOUTH LINE OF SAID SECTION 1, A DISTANCE OF 1310.40 FEET, TO A POINT ON THE WEST LINE OF THE EAST HALF OF THE EAST HALF OF SAID SECTION 1;

THENCE DEPARTING FROM SAID SOUTH LINE, NORTH 00 DEGREES 00 MINUTES 04 SECONDS WEST, ALONG AND WITH SAID WEST LINE, A DISTANCE OF 2636.78 FEET TO A POINT ON THE EAST-WEST MID SECTION LINE OF SAID SECTION 1;

THENCE DEPARTING FROM SAID WEST LINE, NORTH 89 DEGREES 53 MINUTES 17 SECONDS WEST, ALONG AND WITH SAID MID SECTION LINE, A DISTANCE OF 10.31 FEET;

THENCE DEPARTING FROM SAID MID SECTION LINE, NORTH 00 DEGREES 13 MINUTES 24 SECONDS WEST A DISTANCE OF 408.99 FEET, TO A POINT ON THE SOUTH RIGHT-OF-WAY LINE OF INTERSTATE 17;

THENCE NORTH 78 DEGREES 09 MINUTES 08 SECONDS EAST, ALONG AND WITH SAID RIGHT-OF-WAY LINE, A DISTANCE OF 356.83 FEET;

THENCE CONTINUING ALONG SAID RIGHT-OF-WAY LINE, NORTH 84 DEGREES 23 MINUTES 20 SECONDS EAST, A DISTANCE OF 885.39 FEET, TO A POINT ON THE WESTERLY RIGHT-OF-WAY LINE OF AVONDALE BOULEVARD;

THENCE DEPARTING FROM SAID RIGHT-OF-WAY LINE, NORTH 89 DEGREES 57 MINUTES 25 SECONDS EAST, A DISTANCE OF 89.76 FEET, TO A POINT ON THE EAST LINE OF SAID SECTION 1;

THENCE SOUTH 00 DEGREES 02 MINUTES 35 SECONDS EAST A DISTANCE OF 571.56 FEET TO THE EAST QUARTER CORNER OF SAID SECTION 1;

THENCE NORTH 88 DEGREES 59 MINUTES 16 SECONDS EAST, A DISTANCE OF 2469.75 FEET TO THE CENTER QUARTER CORNER OF SAID SECTION 6;

THENCE SOUTH 00 DEGREES 16 MINUTES 39 SECONDS EAST, ALONG AND WITH THE NORTH-SOUTH MID SECTION LINE OF SAID SECTION 6, A DISTANCE OF 787.84 FEET TO THE SOUTHEAST CORNER OF LOT "C", AVONDALE CITY CENTER PHASE 3, AS RECORDED IN BOOK 63, PAGE 43, OFFICIAL RECORDS OF MARICOPA COUNTY;

THENCE SOUTH 89 DEGREES 03 MINUTES 16 SECONDS WEST ALONG AND WITH THE SOUTH LINE OF SAID LOT "C", A DISTANCE OF 1227.06 FEET TO THE NORTHEAST CORNER OF LOT 5, AVONDALE CITY CENTER PHASE 2, AS RECORDED IN BOOK 1095, PAGE 05, OFFICIAL RECORDS OF MARICOPA COUNTY;

THENCE DEPARTING FROM SAID SOUTH LINE, SOUTH 00 DEGREES 18 MINUTES 41 SECONDS EAST ALONG AND WITH THE EASTERLY LINE OF LOT 5 AND LOT 6, OF SAID AVONDALE CITY CENTER PHASE 2, FOR A DISTANCE OF 718.88 FEET;

THENCE CONTINUING ALONG AND WITH THE EASTERLY LINE OF SAID LOT 6, NORTH 65 DEGREES 36 MINUTES 56 SECONDS WEST, A DISTANCE OF 11.01 FEET;

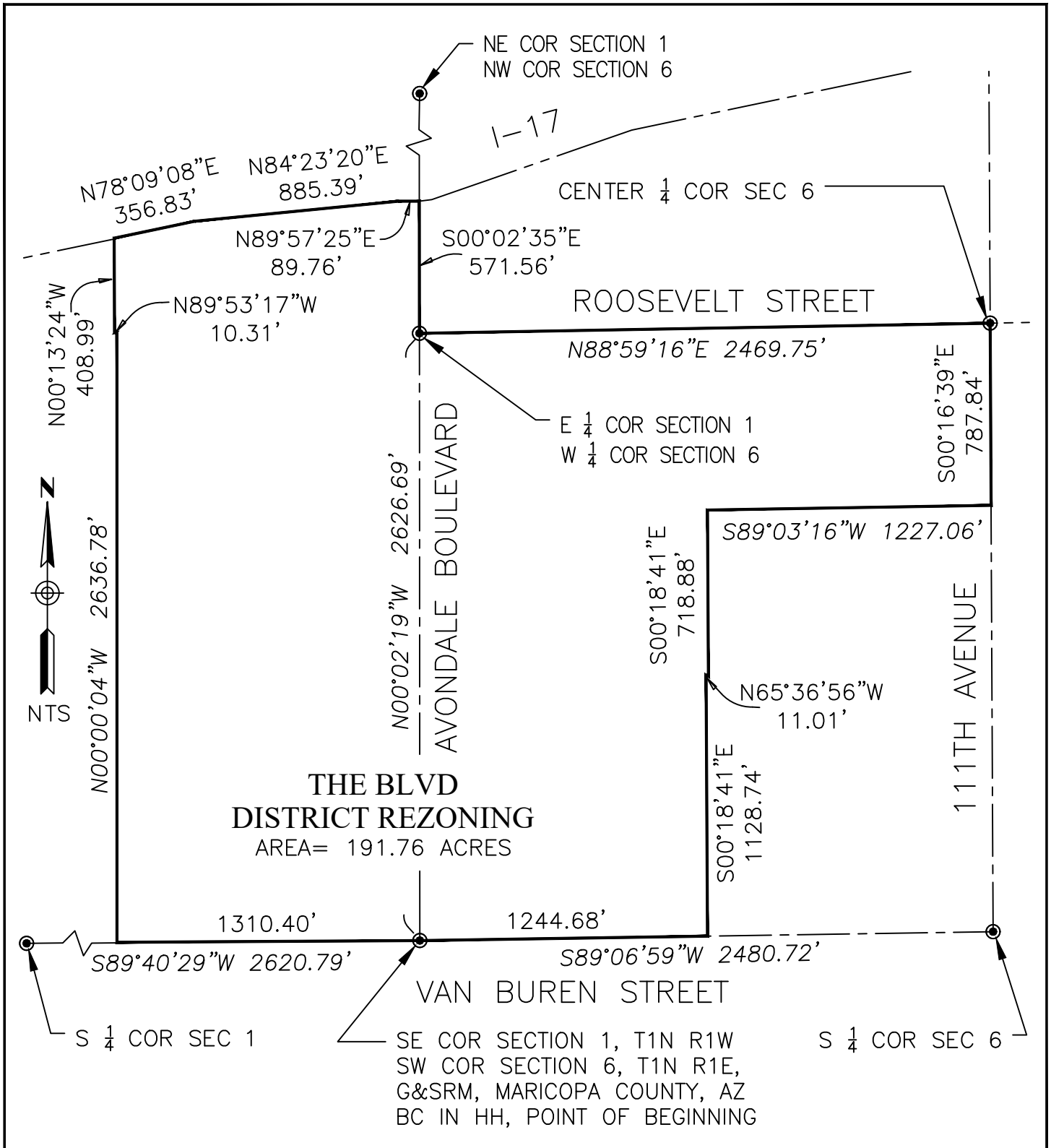
THENCE CONTINUING ALONG SAID EASTERLY LINE, SOUTH 00 DEGREES 18 MINUTES 41 SECONDS EAST A DISTANCE OF 1128.74 FEET TO A POINT ON THE SOUTH LINE OF SAID SECTION 6;

THENCE SOUTH 89 DEGREES 06 MINUTES 59 SECONDS WEST A DISTANCE OF 1244.68 FEET TO THE POINT OF BEGINNING;

SAID PARCEL CONTAINS 191.76 ACRES, MORE OR LESS.

THE ATTACHED EXHIBIT MAP IS TO BE INCLUDED AND MADE PART OF THIS DESCRIPTION.





**Dibble
Engineering**

Dibble Engineering
Project No 1018119



CITY OF AVONDALE | THE BLVD REZONING
SEC 1, T1N, R1W & SEC 6 T1N, R1E G&SRM

EXHIBIT "A"
"THE BLVD" DISTRICT REZONING
VAN BUREN STREET AND
AVONDALE BOULEVARD

DATE: DEC 2019
DRN: LDS CHK:

PAGE 3 OF 3

ORDINANCE NO. 2011-0320

AN ORDINANCE OF THE COUNCIL OF THE CITY OF AVONDALE, ARIZONA, AMENDING THE OFFICIAL ZONING ATLAS OF THE CITY OF AVONDALE FOR APPROXIMATELY 191.76 ACRES GENERALLY LOCATED SOUTH OF INTERSTATE 10, NORTH OF VAN BUREN, EAST OF 117TH AVENUE AND WEST OF 111TH AVENUE, AS SHOWN IN APPLICATION PL-19-0307, REZONING SUCH PROPERTY FROM CITY CENTER DISTRICT (CCD) AND COMMERCE PARK (CP) TO THE BLVD DISTRICT (BLVDD).

WHEREAS, by Resolution No. 3585-919, the Council of the City of Avondale (the “City Council”) updated and renamed the City Center Specific Plan to The Boulevard Specific Plan to provide a more flexible framework and assist in attracting development the City Center Area; and

WHEREAS, by Resolution No. 3586-919, the City Council amend the City of Avondale General Plan (the “General Plan”) to rename the City Center District (CCD) The BLVD District (BLVDD) and change the land-use designations for the BLVDD; and

WHEREAS, to facilitate implementation of the new regulations, the City of Avondale (the “City”) is rezoning some of the properties within the CCD and the CP to BLVDD at no cost to the subject property owners; and

WHEREAS, the subject property owners were presented with the option to retain their existing zoning classification by opting-out of the City initiated rezoning; and

WHEREAS, the City Council desires to amend the City of Avondale Zoning Atlas (the “Zoning Atlas”), pursuant to ARIZ. REV. STAT. § 9-462.04, to change the zoning description for ± 191.76 acres of real property from CCD and CP to BLVDD (the “Zoning Atlas Amendment”); and

WHEREAS, all due and proper notices of the public hearings on the Zoning Atlas Amendment held by the City of Avondale Planning Commission (the “Commission”) and by the City Council were given in the time, form and substance provided by ARIZ. REV. STAT. § 9-462.04; and

WHEREAS, this rezoning action is in harmony with the purpose and intent of the City of Avondale Zoning Ordinance and is consistent with and conforms to the General Plan; and

WHEREAS, on February 19, 2020, the Commission held a public hearing on the Zoning Atlas Amendment, after which hearing the Commission recommended approval; and

WHEREAS, the City Council held an additional public hearing regarding the Zoning Atlas Amendment on March 23, 2020; and

WHEREAS, in accordance with Article II, Sections 1 and 2 of the Arizona Constitution, the City Council has considered the individual property rights and personal liberties of the residents of the City before adopting this Ordinance.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF AVONDALE as follows:

SECTION 1. The recitals above are hereby incorporated as if fully set forth herein.

SECTION 2. The $\pm$ 191.76 acres of real property generally located south of Interstate 10, north of Van Buren, east of 117th Avenue and west of 111th Avenue, as shown in Application PL-19-0307, as more particularly described and depicted on Exhibit A attached hereto and incorporated herein by reference, are hereby rezoned from City Center District (CCD) and Commerce Park (CP) to The BLVD District (BLVDD), subject to the City of Avondale adopted codes, requirements, standards and regulations.

SECTION 3. If any provision of this Ordinance is for any reason held by any court of competent jurisdiction to be unenforceable, such provision or portion hereof shall be deemed separate, distinct and independent of all other provisions and such holding shall not affect the validity of the remaining portions of this Ordinance.

SECTION 4. The Mayor, the City Manager, the City Clerk and the City Attorney are hereby authorized and directed to execute all documents and take all steps necessary to carry out the purpose and intent of this Ordinance.

[SIGNATURES ON FOLLOWING PAGE]

PASSED AND ADOPTED by the Council of the City of Avondale, Arizona,
March 23, 2020.

Kenneth N. Weise, Mayor

ATTEST:

Marcella Carrillo, City Clerk

APPROVED:

Michael Wawro, City Attorney

EXHIBIT A
TO
ORDINANCE NO. 2011-0320

[Legal Description and Map]

See following pages.

THE BLVD
LEGAL DESCRIPTION
FOR REZONING

A PARCEL OF LAND SITUATED IN A PORTION OF THE EAST HALF OF SECTION 1, TOWNSHIP 1 NORTH, RANGE 1 WEST, AND IN THE WEST HALF OF SECTION 6, TOWNSHIP 1 NORTH, RANGE 1 EAST, OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS;

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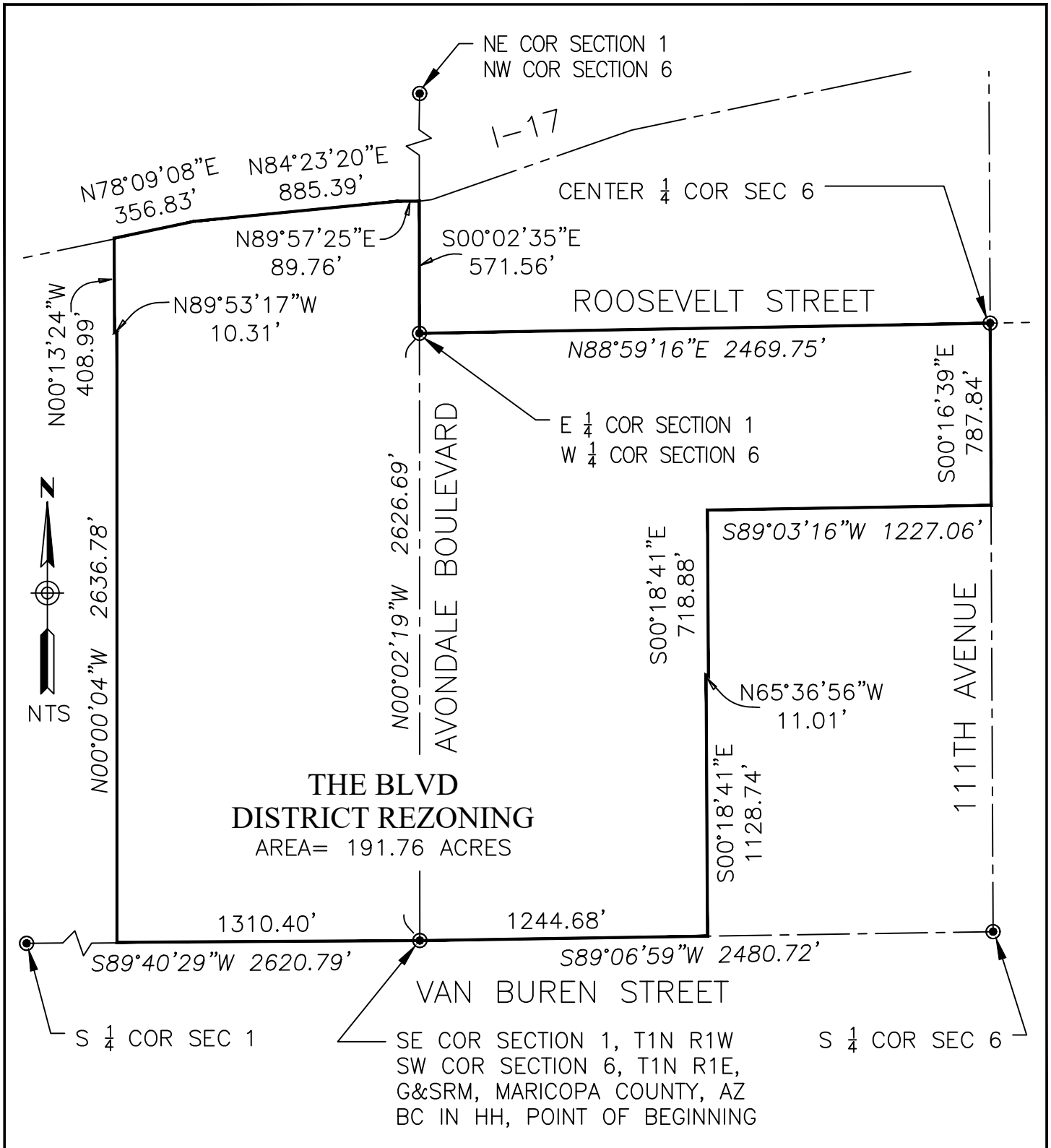
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**Dibble
Engineering**

Dibble Engineering
Project No 1018119



CITY OF AVONDALE | THE BLVD REZONING
SEC 1, T1N, R1W & SEC 6 T1N, R1E G&SRM

EXHIBIT "A"
"THE BLVD" DISTRICT REZONING
VAN BUREN STREET AND
AVONDALE BOULEVARD

DATE: DEC 2019
DRN: LDS CHK:

PAGE 3 OF 3

CITY COUNCIL REPORT

SUBJECT: Shopping Cart Ordinance

MEETING DATE: 3/23/2020

TO: Mayor and Council

FROM: Kevin Murphy, Development & Engineering Services Department Director

THROUGH: Charles A. Montoya, City Manager, (623) 333-1016

PURPOSE:

Staff will present information and request feedback from City Council on a proposed shopping cart ordinance. The ordinance is intended to address abandoned shopping carts by holding businesses accountable to prevent shopping cart removal from premises.

BACKGROUND:

In 2000, the State of Arizona imposed uniform shopping cart regulations prohibiting abandonment and removal of carts by the public, but the regulations did not require business owners within municipalities to implement measures to prevent shopping cart removal from their property. The absence of regulation leaves municipalities to take on abandoned shopping cart issues.

There is an ongoing abandoned shopping cart issue throughout the City. Often these carts are found on sidewalks, vacant lots, and streets far from the place of origin. These shopping carts are a blight on the community and may pose a risk to the health and general welfare of our residents. The Code Compliance Division has implemented measures to assist with abandoned shopping carts. Lift gates were installed on code compliance vehicles to help with the removal of shopping carts including those that are an immediate safety hazard to traffic and pedestrians. Code Staff continuously contact businesses that have contracted cart retrieval services to report abandoned shopping cart locations so they may facilitate retrieval by their service provider. And, the “myAvondale” mobile app includes an option to report abandoned shopping carts.

In July 2019, the City approved a shopping cart retrieval service contract to help retrieve abandoned shopping carts in the City. The shopping cart retrieval service reduced the number of abandoned shopping carts improving both the safety and visual appearance of the City. However, to further reduce the number of abandoned shopping carts, an ordinance is proposed to hold businesses accountable and prevent shopping cart removal from premises.

DISCUSSION:

The proposed shopping cart ordinance (Exhibit A) contains a mixture of uniform regulations required by State law and provisions tailored to the needs of the City. The State legislature has imposed uniform regulations regarding impoundment, thus any local ordinance on the same subject must be consistent with State law. As such, there is language in the ordinance that mirrors the impoundment procedures laid out by the State.

A major requirement for businesses in the proposed ordinance is the requirement of restrictive devices on shopping carts. Every new and existing business that provides shopping carts to the public must install a

restrictive device to their shopping carts after the ordinance is implemented. An alternative to the restrictive device requirement is that a business owner may elect to contract with a shopping cart retrieval service to remove any carts in the City from their store. However, if they fail to pick up shopping carts, the City would still have Code Compliance staff impound them; therefore, the City will require a designated annual certification fee if the business elects to contract with a shopping cart retrieval service. The certification fee covers administrative costs for shopping carts retrieved by the City and/or its contractor. Code Compliance and Finance and Budget Staff worked together to determine the fees for the certification and shopping cart impoundment.

Staff has developed proposed fees based on cost recovery of administering the program. There are two fees; an impoundment fee and a certification fee. Information related to the time, tasks, duties, processing steps, number of staff involved, and the like is used in a calculation to determine the fees. The retrieval/impoundment fee of \$45.00 per cart is based on staff estimates between retrieving abandoned shopping carts, travel to the City's Public Works yard for storage, unloading of shopping carts, and return of shopping carts to owners; City Staff estimates one-hour of staff time per shopping cart. The administrative fee of \$50.00 is based on the time necessary for the Code Compliance Manager to process the application plus time to reach out and educate businesses on the program. Staff estimates one-hour of staff time on average per application. The proposed fees and means of calculating will be posted on the City's website at least 60 days before Council action.

An additional requirement when contracting with a shopping cart retrieval service is that a business owner must adhere to the public notice and identification requirements which needs to include the following elements:

- Each shopping cart must contain identifying business owner information, name, address, and phone number.
- Posted public notices in English and Spanish notifying customers that removal of shopping carts is a violation of the law.

The proposed ordinance declares abandoned and removed carts a public nuisance and authorizes City Staff to impound carts and hold business owners responsible for failure to comply with the law. The requirement of restrictive devices would mitigate an increase of abandoned carts. The proposed ordinance is meant to be a comprehensive set of regulations, designed to empower City Staff to impound carts, hold persons liable for violations, and compel business owners within the City to adopt preventative measures.

Public Participation

City staff held a public meeting to discuss the proposed shopping cart ordinance on February 11, 2020. The meeting was held in the City of Avondale's Sonoran conference room at 6 p.m. Notice of the meeting was mailed via postcard on January 21, 2020 to thirty (30) Avondale businesses who provide shopping carts to their customers. There were three (3) attendees at the meeting who conveyed the following. A meeting summary is attached as Exhibit B.

- Food City on Main Street: This store allows their customers to take shopping carts home. According to Food City personnel, this practice assists families with no other means to carry their groceries home. The store's customers call Food City to have the carts picked up. Food City is concerned that their customers will be at a disadvantage if restrictive devices are required.
- Costco: The store's shopping carts are oversized and challenging to have installed restrictive devices. Through experience at a different store location, customers have found methods to bypass barriers at the property line and remove the cart from the premises.

- Fry's on Dysart Road: Restrictive devices are implemented at the existing Fry's store. The system requires an employee and/or security guard to check the locks at the doorway. It has worked well to stop shoplifters from taking products from the store. There have been issues with people replacing or tampering with batteries in the carts. When the cart is at the doorway boundary it locks. Representatives from the Fry's on MC 85 and Avondale Boulevard were not in attendance.

There was one comment posted on the City's aVOICE digital forum stating, "I think it's a great Idea because not everyone has time to chase everywhere for a cart including but limited to those that work at that business and the people that shop there always have a cart to use to shop with."

The Code Compliance Division has not received any additional calls or emails from citizens or businesses regarding the proposed shopping cart ordinance.

BUDGET IMPACT:

This presentation is for informational purposes only. If the program is implemented as proposed, the anticipated fees will generate \$1,500.00 based on an estimated thirty (30) certification applications.

RECOMMENDATION:

The shopping cart ordinance is provided to City Council for information, feedback, and direction.

Exhibit A

Proposed Shopping Cart Ordinance

ORDINANCE NO. _____

AN ORDINANCE OF THE COUNCIL OF THE CITY OF AVONDALE, ARIZONA, AMENDING CHAPTER 15 OF THE AVONDALE CITY CODE BY ENACTING A NEW ARTICLE V PERTAINING TO SHOPPING CARTS; AND PROVIDING FOR SEVERABILITY AND FOR AN EFFECTIVE DATE.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF AVONDALE as follows:

SECTION 1. Chapter 15 of the Avondale City Code, Licenses, Taxation and Miscellaneous Business Regulations, is amended by enacting a new Article V pertaining to Shopping Carts which shall read as follows:

ARTICLE V – SHOPPING CARTS

15-34 –Purpose.

To the extent not preempted by State statutes, the purpose of this Article is to complement or supplement State law by adopting local regulations to ensure that measures are taken by cart owners and businesses to prevent the removal of Shopping Carts from store premises, and deter potential public safety hazards by facilitating the removal of lost, abandoned or stolen Shopping Carts from public and private property.

15-35 –Applicability.

This Article applies to:

- (a) Each business owner in the City if the business provides Shopping Carts for customer use at any business location; and
- (b) Any person in possession of an off-site Shopping Cart.

15-36 – Definitions.

In this Article, unless the context otherwise requires:

- (a) Actual Notice is defined as oral or written notice delivered to the owner of the Shopping Cart or retailer at the address on their business license on file with the City by any of the following means:

- (1) Personal service upon the location of the owner of the Shopping Cart or retailer. Personal service upon an employee of suitable age and discretion at such location is sufficient.
- (2) Service by first class U.S. Mail or any recognized express delivery

- service upon the owner of the Shopping Cart or the retailer.
- (3) Service by Facsimile to the Fax number of the owner of the Shopping Cart or the retailer.
- (4) Service by Electronic Mail to the E-mail address of the owner of the Shopping Cart or the retailer.
- (5) Service by posting the notice on the premises of the Owner of the Shopping Cart or the retailer.
- (6) It shall be presumed that the address on the sales tax or business licenses on file with the City is the address of the owner of the Shopping Cart or retailer, unless the owner or retailer notifies the City in writing of a different address.

(b) *Business of Shopping Cart retrieval:* Searching for, gathering and restoring possession to the owner or the owner's agent, for compensation or in expectation of compensation, of Shopping Carts located outside the premises of a retail establishment.

(c) *Occurrence:* Failure by an owner to retrieve its abandoned cart(s) within three (3) business days after receiving notice from the City, which includes all Shopping Carts impounded in accordance with this Article in a one-day period.

(d) *Parking area:* A parking lot or other property provided by a retailer for use by a customer for parking any motor vehicle.

(e) *Possession:* Being in physical control of the Shopping Cart at the time of issuance of a citation or to permit the Shopping Cart to be located on property that the individual is the lawful owner, lessee, or possessor of.

(f) *Premises:* The designated premises of a retailer as set forth on the approved site plan on file with the City, together with parking areas as defined in this chapter.

(g) *Restrictive Device:* Some form of electronic device, locking mechanism, mechanical device or other device that interferes with operation and/or removal of the shopping cart from the designated premises of the retailer.

(h) *Shopping Cart:* A basket that is mounted on wheels or a similar device that is generally used in a retail establishment by a customer for the purpose of transporting goods of any kind.

15-37 – Restrictive devices required; violations; penalties.

(a) New retail establishments. On or after July 31, 2020, any person, partnership, corporation or other legal entity commencing operation of a retail establishment on any premises within the City shall have all Shopping Carts, owned, leased or which they are in lawful possession of, continuously equipped with a Restrictive Device that prevents their removal from the premises. The City shall not issue a business license, nor will the Development and Engineering Services Director or their designee shall issue a Certificate of Occupancy for the premises without a certification from the owner that all Shopping Carts owned, leased or

which they are in lawful possession of are so equipped. The City shall charge a fee for the certification as provided in this code.

(b) Existing retail establishments. On or after July 31, 2020, any person, partnership, corporation or other legal entity operating a retail establishment on any premises within the City shall have all Shopping Carts, owned, leased or which they are in lawful possession of, continuously equipped with a Restrictive Device that prevents their removal from the premises. Each person, partnership, corporation or other legal entity operating a retail establishment on July 31, 2022, shall file a certification with the Development and Engineering Services Director or their designee that all Shopping Carts owned, leased or which they are in lawful possession of are so equipped. The City shall charge a fee for the certification as provided in this code.

(c) Failure to equip a Shopping Cart with a Restrictive Device or file the associated certification with the City as provided in this section shall be a civil infraction. The Court shall impose a civil sanction for each Shopping Cart that is not equipped with a Restrictive Device. Each failure to equip a Shopping Cart with a Restrictive Device shall be deemed a separate violation of this section. It shall be presumed that all persons, partnerships, corporation of legal entities having control of Shopping Carts are subject to the provisions of this section. The burden of rebutting this presumption by compliance with the alternative contained in subsection (d) of this section shall be on the legal entity having control of Shopping Carts.

(d) As an alternative to subsections (b) and (c) of this section, any person, partnership, corporation or other legal entity operating a retail establishment within the City on or before July 31, 2020, or any entity that begins operating in an existing building or suite shall enter into a contract with a Shopping Cart retrieval service that complies with the provisions of Section 15-41 to recover Shopping Carts unlawfully removed from the premises of the retail establishment. In order to comply with this alternative, the contract shall meet all of the following:

(1) The contract must be in writing. A copy of the Contract shall be filed annually with the City. If the retail establishment terminates an existing contract and enters into a new contract, the new contract must be filed with the City within thirty (30) days following entry into the Contract.

(2) The contract with the Shopping Cart retrieval service must remain continuously in place. If the retail establishment does not have a contract that meets the requirements of this subsection for more than thirty (30) consecutive days, it shall immediately comply with the provisions of subsection (a) of this section if it is an existing retail establishment as of July 31, 2022; or it shall immediately comply with subsection (b) if it is a newly commencing retail establishment on or after July 31, 2020. Failure to maintain a contract with a shopping cart retrieval service for more than thirty (30) consecutive days after July 31, 2020 shall require the retail establishment to

install restrictive devices upon all shopping carts

- (3) The retail establishment shall pay an annual fee as established by a City Council resolution, which shall be used to cover the City's costs in administering this provision and removing any carts under the control of the retail establishment from any place within the City.
- (4) The retailer shall continuously meet the requirements of section 15-38 of this code and have the name and phone number of the cart retrieval service attached to all the carts.
- (5) The retail establishment shall be required to file the annual certificate of compliance with the Development and Engineering Services Director or their designee and shall attach all required documents to indicate compliance with this subsection.
- (6) In the event that one-hundred fifty (150) Shopping Carts, under the control of a retail establishment contracted with a cart retrieval service pursuant to this subsection (d), were logged as being collected, deposited, and impounded with the City within one (1) calendar year within a two (2) consecutive year running period, the Development and Engineering Services Department or designee may prohibit use of this alternative and order the retail establishment to comply with the provisions of the applicable subsections (a) or (b) of this section.

15-38 – Public notice and identifying information requirements; violations.

- (a) Each owner of a Shopping Cart or retailer shall post a notice in English and Spanish in the following format in a location on their premises reasonably accessible to the public as follows:

NOTICE: REMOVAL OF SHOPPING CARTS FROM THE PREMISES AND PARKING LOT OF THIS ESTABLISHMENT IS ILLEGAL AND VIOLATIONS MAY BE CHARGED AS CRIMINAL OFFENSE.

- (b) Each owner of a Shopping Cart or retailer shall place on each Shopping Cart in their control identifying information that contains the following:
 - (1) Name of their business, address and telephone number;
 - (2) Notice to the public that the unauthorized removal of the cart from the premises of the business establishment, or the unauthorized possession of the Shopping Cart, is a violation of state laws and a violation of City ordinance.
- (c) On or after July 31, 2020, an owner of a Shopping Cart or retailer who

certifies to the City that all of their Shopping Carts are equipped with a Restrictive Device to make the carts immobile if removed from the premises shall be exempt from subsections (a) and (b).

- (d) Violation of this subsection (a) of this section shall be enforced by a civil penalty.

15-39 – Prohibitions; activities; applicability; consent; presumption; violations.

- (a) It is unlawful for any person to do any of the following, if a Shopping Cart has permanently affixed identifying information pursuant to Section 15-38(b):

- (1) Remove a Shopping Cart from the premises or parking area of a retail establishment;
- (2) Be in possession of any Shopping Cart that has been removed from the premises or parking area of a retail establishment;
- (3) Be in possession of any Shopping Cart with the serial numbers removed, obliterated or altered;
- (4) Leave or abandon a Shopping Cart at a location other than the premises or parking area of the retail establishment;
- (5) Alter, convert or tamper with a Shopping Cart, remove any part or portion of a Shopping Cart or remove, obliterate or alter serial numbers on a Shopping Cart, or obliterate or alter the name of the owner or remove, obliterate or alter any Restrictive Device that the Shopping Cart is equipped with;
- (6) Be in possession of any shopping cart while that cart is not located on the premises or parking lot of a retail establishment.

- (b) An owner of a shopping cart or retailer shall only give consent in writing to the removal of a shopping cart from the premises or parking lot of their establishment. It shall be presumed as a matter of law that any person not having written consent other than the owner of the cart or the retailer, in possession of a shopping cart located outside the premises of the owner or retailer has temporarily or permanently deprived the owner or retailer of possession of the shopping cart.

- (c) This section does not apply to:

- (1) The owner of a shopping cart or to a retailer or a retailer's agents, or employees.

- (2) A customer of a retail establishment who has written consent from the owner of a shopping cart or a retailer to be in possession of the shopping cart or to remove the shopping cart from the premises or the parking area of the retail establishment.
- (3) An employee of the City designated to retrieve shopping carts.
- (d) Violation of subsection (a) of this section is a class three (3) misdemeanor.

15-40 – Impoundment of Shopping Carts by the City; conditions; emergencies; costs; fines; disposal of unclaimed Shopping Carts; applicability.

- (a) A shopping cart that does not have any identification affixed to in accordance with A.R.S. § 44-1799.32 or Section 15-38 of this code is deemed a public nuisance and may be immediately and summarily abated by impoundment by the City. The City shall publish a notice one (1) time describing such carts in a newspaper of general circulation in the City. A shopping cart that is not reclaimed from the City within fifteen days (15) following publication of the notice of impound may be sold or otherwise disposed of by the City in the City's sole discretion.
- (b) A shopping cart that has a sign affixed to it in accordance with A.R.S. § 44-1799.32 or Section 15-38 of this code may be impounded by the City provided all of the following conditions are met:
 - (1) The shopping cart is located outside the premises or parking area of a retail establishment. The parking area of a retail establishment located in a multi-store complex or shopping center includes the parking area used by the complex or center.
 - (2) The shopping cart is not retrieved within three (3) business days after the date the owner of the shopping cart, or the owner's agent, receives actual notice from the City of the shopping cart's discovery and location.
- (c) If the location of the shopping cart will impede emergency services, obstruct vehicle traffic or create a safety hazard to the public on a public right-of-way, the City may immediately retrieve the shopping cart from public or private property. It shall be presumed that a shopping cart blocking a sidewalk or bicycle path is a safety hazard to the public.
- (d) The City shall post on its website, the address and telephone number of the location where shopping carts will be impounded by the City and the hours that the location is open for business.
- (e) The owner of a shopping cart or retailer shall retrieve the impounded shopping cart within one (1) business day after receiving notice. The owner of a shopping cart or retailer who has had more than three (3) occurrences

of shopping carts being impounded and failing to retrieve the shopping cart within one (1) business day after receiving notice, within a six (6)-month period shall be charged a civil penalty as set forth in the City Code, in addition to the impound fees. An occurrence includes all shopping carts impounded in accordance with this section in a one (1)-day period.

- (f) The City shall recover its costs for impounding a shopping cart in an amount established by a City Council resolution.
- (g) A shopping cart, with affixed identification in accordance with A.R.S. § 44-1799.32 or Section 15-38 of this code, that is not reclaimed from the City within thirty (30) days after receipt of a notice of the impound by the owner of the shopping cart may be sold or otherwise disposed of by the City in the City's sole discretion.
- (h) Notwithstanding subsection (b), paragraph 2 of this section, the City may impound a shopping cart that otherwise meets the criteria prescribed in subsection (b), paragraph 1 of this section without complying with the three (3)-day advance notice requirement if all of the following apply:
 - (1) The owner of the shopping cart or the owner's agent is provided with actual notice within twenty-four (24) hours after the impound and that notice informs the owner or the owner's agent of the location where the shopping cart may be claimed.
 - (2) The shopping cart is impounded at a location in compliance with subsection (d) of this section.
 - (3) The shopping cart is reclaimed by the owner or the owner's agent within three (3) business days after the date of actual notice as provided in paragraph 1 of this subsection and is released and surrendered to the owner or agent at no charge, including the waiver of any impound and storage fees or fines that would otherwise apply pursuant to subsection (e) or (f) of this section. Any cart reclaimed within the three (3) business day period is not deemed an occurrence for purposes of subsection (e) of this section.
- (i) Any shopping cart not reclaimed by the owner or the owner's agent after three (3) business days after the date of actual notice as provided in subsections (b) and (h) of this section is subject to any applicable fee or fine imposed pursuant to subsection (e) or (f) of this section commencing on the fourth (4th) business day after the date of the notice.
- (j) Any shopping cart not reclaimed by the owner or the owner's agent within thirty (30) days after the date of actual notice as provided by subsection (h), paragraph 1 of this section may be sold or disposed of in accordance with subsection (g) of this section.

- (k) On or after July 31, 2020, any owner of a shopping cart or retailer who has certified to the City that all of their shopping carts are equipped with a restrictive device to prevent removal from the premises of the owner or retailer shall be exempt from being charged any collection or impound fees for any carts collected by the City.

15-41 – Retrieval by the City; Shopping Cart Retrieval Service; records; identification sign.

- (a) Any owner of a shopping cart or retailer located in the City of Avondale, Arizona, is deemed upon having applied for a sales tax or business license with the City to have granted consent to the City to retrieve and be in possession of the shopping carts in accordance with the provisions of this chapter.
- (b) A person, other than the City who engages in the business of shopping cart retrieval shall retain records showing written authorization from the cart's owner, or an agent of the owner, to retrieve the cart and to be in possession of the carts retrieved.
- (c) A copy of the record showing written authorization shall be maintained in each vehicle used for shopping cart retrieval.
- (d) Each vehicle, other than those in the possession of the City used for the retrieval of shopping carts shall display a sign that clearly identifies the retrieval service.

15-42 – Violation; classification; applicability.

- (a) Unless otherwise specified, a person who violates any provision of Sections 15-34 through 15-41 is guilty of a class 3 misdemeanor.
- (b) Sections 15-34 through 15-41 are not intended to preclude the application of any other laws relating to prosecution for a criminal offense.

SECTION 2. If any section, subsection, sentence, clause or phrase 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 of this Ordinance.

SECTION 3. This Ordinance shall become effective in the manner provided by law.

SECTION 4. The Mayor, the City Manager, the City Clerk and the City Attorney are hereby authorized and directed to take all steps and to execute all documents necessary to carry out the purpose and intent of this Ordinance.

PASSED AND ADOPTED by the Council of the City of Avondale, Arizona,
March ____, 2020.

Kenneth N. Weise, Mayor

ATTEST:

Marcella Carrillo,

City Clerk

APPROVED AS TO FORM:

Michael S. Wawro, City Attorney

Exhibit B

Public Meeting Summary and Sign-In Sheet

February 11, 2020 – 6:00 P.M.

Avondale City Hall - Sonoran Conference Room

**Summary of Public Meeting
Proposed Shopping Cart Ordinance
Tuesday, February 11, 2020
Start: 6:00 pm End: 7:00 pm
Sonoran Meeting Room**

Postcards were sent to thirty (30) Avondale stores that supply shopping carts to their customers.

In attendance:

Sam Garcia Jr.- Food City (Dysart and Main Street locations)
Lynette Pal- Fry's Food Store-1575 N. Dysart Road
Karen Petit- Costco on McDowell Road
Brian Craig- Planning Manager
Martha Ortiz- Code Compliance Manager

At approximately 6:00 p.m., Martha opened up the meeting to discuss the proposed ordinance's intention to address abandoned shopping carts that leave the store's premises by customers and left at bus stops, on sidewalks, or become safety hazards. Further, steps have been taken to immediately remove shopping carts by contracting with a retrieval service. In the first six months of the contract, one thousand shopping carts were collected. In addition, city staff received City Council direction to research other organizations to see how abandoned shopping carts were addressed in their municipality. The proposed ordinance is similar to Cities of Peoria and Buckeye. Lastly, she informed that this public meeting was to obtain concerns from Avondale businesses on the proposed ordinance and concerns will be taken to a discussion with City Council.

The following were comments or concerns from the public:

Mr. Garcia- Currently contracts with Arizona Cart Services to retrieve shopping carts for Food City. The Dysart Road location's shopping carts have installed mechanisms, but keep a few without them to allow the customers, like the apartment residents across the street who walk to the store. He prefers to keep some without locking devices to serve the shoppers who walk to the store. Food City has no problem picking them up or having the vendor get them. Mr. Garcia does not like the idea of marking the carts that it's a theft to take. Prefer to let people have them. Their regular customers call them to inform them where to collect the shopping carts from. Bashas (corporate) told him that they are open to contracting two cart retrievals a day would be better than the locking mechanism requirement.

Also, the requirement should be dependent on the area the store is serving, and if surrounded by housing.

Martha – The main issue is not with the ones being picked up immediately by their service, but those carts abandoned on private properties, at bus stops or filled by trash by the homeless population. The bus stops could be a potential hazard that needs to be addressed, where the carts are left in or near the street.

Ms. Petit (Costco) –Inquired, which stores are the biggest offenders? Martha – the variety of stores, grocery, etc. Ms. Petit stated she worked for a Costco in the Christown area, and the restrictive device worked only a little bit. The locking mechanism only works up to the barrier, then they lift them up and

over and continue on their way. Costco has 1200 carts in Avondale, they have an interest in collecting carts and keeping on the premises. The locking devices don't work for them because their carts are oversized. They prefer the company that picks up and charges a small fee. Managers send cart collectors to get carts in the area. The flat carts are kept locked up.

Lynette (Fry's Food) – Worked at a Fry's in Peoria, where restrictive devices were implemented. Avondale's Fry's has a similar system in place. It is a peer check locks at the door, security guards on Fridays and Saturdays. Works well now, with locking device and security has to unlock it at the door. It also works well to stop shoplifters from taking products out of the store unpaid. Management also has unlocking keys. Replacing or tampering with batteries is also an issue. At the door boundary, it locks, and it prevents thefts quite a bit. The dynamics of the area defines the needs of locking vs. retrieval service. Regular carts will send retrieval service to get the cart, but electric handicap cart management will get it.

Fee for repeat offenders? The general sentiment is to be a good neighbor.

In general, the three stores would like to know the number of shopping carts retrieved for their stores. Martha informed she would send reports/summaries to the stores to help them keep track of the good months and bad months and address the problems. Also, all three stores are required to keep a minimum amount of shopping carts on hand for their customers. Carts are expensive to maintain.

Thank you.

Public Meeting-Proposal for Shopping Cart Ordinance

February 11, 2020



NO.	Name	Organization Name	Title	Email Address
1	Lynette Bal	Fry's 1575 N. Dysart	Asst Store Mgr	
2	SAM GARCIA JR	Food City	STORE DIRECTOR	
3	Karen Pettit	Costco	Asst Store Mgr	
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Exhibit C

Proposed Timeline for Shopping Cart Ordinance Adoption

Proposed Shopping Cart Ordinance and Fees Schedule			
Task No.	Task	Due Date	Notes
1	City Council Work Session-Proposed Ordinance and Fees	Monday, March 23, 2020	Before 60-day notice. Review of issue and give CC heads up before publishing 60-day notice. Task by DES
2	Notice of Fee Adjustment	Tuesday, March 24, 2020	Must be published 60 days before council action per ARS 9-500.05. Must include written report. Task by Finance and Budget/City Clerk's Office
3	15 Day notice-publish date and time of meeting on website/social media	Thursday, April 30, 2020	15 days before Council action. Task by Finance and Budget/Marketing
4	City Council Hearing-Proposed Ordinance and Fees	Monday, June 1, 2020	Sixty (60) days prior to implementation. Task by DES
5	Restrictive Devices Required Date	Friday, July 31, 2020	Proposed Implementation Date