

# CITY COUNCIL REPORT



Meeting Date: March 21, 2017

General Plan Element: *Cost of Development*

General Plan Goal: *Use fiscal impact modeling for budgeting public service operations*

## ACTION

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City of Scottsdale, Arizona - Underground Utility Facilities Improvement District No. I-6002.

1. Adopt Resolution No. 10756 declaring the official canvass of votes cast in an all-mail ballot election held on March 2, 2017, regarding the formation of City of Scottsdale, Arizona, Underground Utility Facilities Improvement District No. I-6002 (District); declaring the District formed; and authorizing and ordering the recording of the election results.
2. Adopt Resolution No. 10757 ordering the work as described in the Resolution of Intention and approving the form of agreement between the City and the coordinating utility (APS); and ratifying other actions taken in furtherance of the District.
3. Adopt Resolution No. 10758 approving the levying of an assessment and assessment diagram; setting a date for an assessment hearing; and ratifying other actions taken in furtherance of the District.

## BACKGROUND

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The purpose of this action is to:

- canvass the results of the March 2, 2017 all-mail election,
- order the construction work for the installation of the underground utility,
- approve the form of financing agreement between the City and APS, the coordinating utility,
- approve levying an assessment against the properties within the District boundaries,
- approve the assessment diagram, and
- set a public hearing date regarding the assessment for the District.

### **Project and Background**

APS, in an effort to improve electric system reliability and provide additional capacity for electric consumption in north Scottsdale, is constructing a new 69kV power line to connect the Raintree Substation, located north of Raintree Drive and 90<sup>th</sup> Street, with the East End Substation, located at approximately 91<sup>st</sup> Street, a half-mile north of Bell Road. The new power line is being constructed on steel poles approximately 65 feet tall.

Pursuant to Arizona Revised Statutes § 48-620, owners representing 51% of real property within the proposed District boundary based on acreage or square footage along the north end of the APS project submitted petitions to the City Clerk in support of forming the District to construct a portion of the power line underground instead of overhead. A deposit of \$50,000 was also submitted to the City to be used toward initial formation costs incurred by the City. If formed, the District will distribute design and construction costs of undergrounding power lines (including a recovery of the City's cost to form the District) to members of the District based on an approved assessment methodology.

APS supports the District formation if it can be completed by March 31<sup>st</sup>, allowing construction to begin in April. Construction of the underground portion is expected to take approximately three months. APS has prepared final construction documents for this undergrounding effort. If the District cannot be formed by March 31<sup>st</sup>, APS will need to move forward with construction of that portion of the line overhead.

Upon District formation, APS will be solely responsible for construction and initially responsible for paying construction costs; however, District members will be required to reimburse APS for the difference in cost for constructing the line underground. District members will have the option of paying their share of the costs either up front or financing over 15 years at APS' cost of capital by contract (per State statute). The City will be responsible for the semi-annual assessment process and for billing District members who choose the financing option and forwarding those funds to APS.

### **Prior Council Action**

The Resolution of Intention, adopted by Council on December 2, 2016 and representing the first action required by State law, set forth the proposed District boundaries and items of work to be constructed in the District. The City completed both the required on-site postings along the lines of the proposed improvements and the required publication of the Resolution of Intention by December 7, 2016. The residents and owners of property within the District were provided until January 6, 2017, to file written protests or objections. No objections were filed with the City within that 30-day period.

On January 17, 2017, a public hearing was conducted regarding the formation of the District. On that same date, Council adopted Resolution No. 10696 ordering an election and approving the form of ballot (i) regarding the formation of District and (ii) regarding the assessment to be levied in the District to finance the work.

Subsequently and as required by State law, an all-mail election was held using a simplified ballot card with both the formation and assessment questions. The City of Scottsdale mailed the ballots to property owners within the proposed District boundaries on January 31, 2017. Property owners had

until March 2, 2017, to return their voted ballots.

**Current Proposed Council Actions**

A majority of the ballots voted in the election approved the District’s formation and assessment levies. Resolution No. 10756 canvasses the results of the election.

As part of the next steps regarding the District, staff recommends that the City Council adopt Resolution No. 10757, which approves the final plans and orders the work to be done as described in the Resolution of Intention. It also approves the form of agreement with APS (Contract No. 2017-049-COS), which allows APS to begin construction and provides for reimbursement through property assessments. The form of the financing agreement, Contract No. 2017-049-COS is on file with the City Clerk.

Staff also recommends that the City Council adopt Resolution No. 10758, which approves the levy of an assessment in an aggregate amount not to exceed \$3,089,000.00, approves the assessment diagram (Attachment #5), and sets a public hearing on the assessment for April 25, 2017. The estimated maximum assessment amounts (hereinafter “Maximum Assessments”) are shown in Attachment #6.

**Next Steps**

- 1) Upon Council approval of Resolution No. 10758, City staff will record the assessment and warrant and will provide the required notice for the proposed April 25<sup>th</sup> public hearing.
- 2) The proposed public hearing on April 25<sup>th</sup> provides an opportunity for District property owners to comment on the assessment methodology.
- 3) APS will complete the work.
- 4) If, within one year of the date of the notice of completion, a member of the City Council or any owner within the District files a written notice with the Clerk stating that the work has not been performed substantially in accordance with the Resolution of Intention, the plans and specifications and the estimate then a public hearing will be scheduled for a future Council meeting. If the Council determines that the work was completed in conformance with the aforementioned documents, Council will be requested to adopt a Resolution of Final Assessment to complete the process.

**ANALYSIS & ASSESSMENT**

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**Recent Staff Action**

Outside special counsel for the City, Gust Rosenfeld P.L.C., was retained and is providing legal advice on the District’s formation and the assessment. Gust Rosenfeld has prepared resolution numbers 10756, 10757 and 10758 and concurs with this staff recommendation.

**Policy Implications**

Constructing this section of the 69kV power line underground will eliminate unsightly overhead power lines.

**Community Involvement**

Petitions of interest for forming the District, representing 51% of real property owners within the proposed District boundary based on acreage or square footage, were filed with the Clerk's office. Persons interested in the District also were provided an opportunity to file written objections with the City, but none were received. Pursuant to Resolution No. 10696 and State law, the City administered an all-mail election where all property owners within the District had the opportunity to approve or disapprove the formation of the District and the assessment to be levied.

## **RESOURCE IMPACTS**

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### **Available funding**

APS initially will be responsible for the cost of constructing the line underground rather than overhead. District members will reimburse APS for these costs including the City's costs to form the District (plus any carrying costs).

### **Staffing, Workload Impact**

Christopher Perkins, Superintendent of Streets, Public Works Division, will be the City's primary point of contact. The City Treasurer's office and the City Attorney's office will provide support to the Superintendent of Streets.

### **Cost Recovery Options**

Upon assessment, District members will be given the choice of either:

- 1) Paying their assessment up front with no carrying costs, or
- 2) Paying their assessment over 15 years, including a carrying cost at APS' cost of capital (currently 12.27%) and a servicing fee by the City.

## **OPTIONS & STAFF RECOMMENDATION**

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### **Recommended Approach:**

1. Adopt Resolution No. 10756 declaring the official canvass of votes cast in an all-mail ballot election held on March 2, 2017, regarding the formation of the District; declaring the District formed; and authorizing and ordering the recording of the election results.
2. Adopt Resolution No. 10757 ordering the work as described in the Resolution of Intention and approving the form of agreement between the City and the coordinating utility; and ratifying other actions taken in furtherance of the District.
3. Adopt Resolution No. 10758 approving the levying of an assessment and assessment diagram; setting a date for an assessment hearing; and ratifying other actions taken in furtherance of the District.

**RESPONSIBLE DEPARTMENT(S)**

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Public Works Division, Capital Project Management

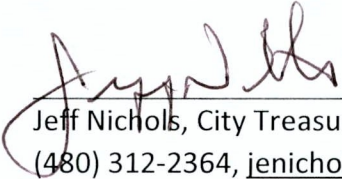
**STAFF CONTACT (S)**

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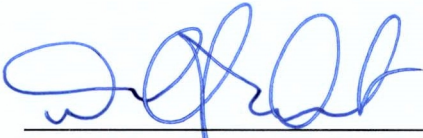
Christopher Perkins, Superintendent of Streets, [cperkins@scottsdaleaz.gov](mailto:cperkins@scottsdaleaz.gov) (480) 312-7845

**APPROVED BY**

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\_\_\_\_\_  
Jeff Nichols, City Treasurer  
(480) 312-2364, [jenichols@scottsdaleaz.gov](mailto:jenichols@scottsdaleaz.gov)

3/14/17  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Daniel J. Worth, Public Works Director  
(480) 312-5555, [dworth@scottsdaleaz.gov](mailto:dworth@scottsdaleaz.gov)

3-14-17  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Jim Thompson, City Manager  
(480) 312-2811, [jthompson@scottsdaleaz.gov](mailto:jthompson@scottsdaleaz.gov)

\_\_\_\_\_  
Date

**ATTACHMENTS**

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1. Resolution No. 10756
2. Resolution No. 10757
3. Resolution No. 10758
4. Contract No. 2017-049-COS
5. Assessment Diagram
6. Maximum Assessments

## RESOLUTION NO. 10756

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, ARIZONA, DECLARING THE OFFICIAL CANVASS OF VOTES CAST IN AN ALL MAIL BALLOT ELECTION HELD ON MARCH 2, 2017, REGARDING THE FORMATION OF CITY OF SCOTTSDALE, ARIZONA, UNDERGROUND UTILITY FACILITIES IMPROVEMENT DISTRICT NO. I-6002; DECLARING THE ASSESSMENT DISTRICT FORMED; AND AUTHORIZING AND ORDERING THE RECORDING OF THE ELECTION RESULTS.

WHEREAS, in accordance with Arizona Revised Statutes ("A.R.S.") § 48-620, the Governing Body of the City of Scottsdale, Maricopa County, Arizona (the "*City*") previously passed and adopted Resolution No. 10696 ordering an all mail ballot election (the "*Election*") regarding the formation of the City of Scottsdale, Arizona, Underground Utility Facilities Improvement District No. I-6002 (the "*Assessment District*"); and

WHEREAS, after a finding by the City Council that no registered voters live within the proposed boundaries of the Assessment District, the City mailed ballots to the eligible voters, which are real property owners within the proposed boundaries of the Assessment District; and

WHEREAS, the eligible voters cast votes regarding the formation of the Assessment District and the levy of an assessment (the "*Assessment*") on the real property within the proposed boundaries of the Assessment District; and

WHEREAS, the City Council, having canvassed the returns of the Election find the returns to be as stated in this resolution;

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Scottsdale, Arizona, as follows:

Section 1. Total Votes Cast. The total number of votes cast in this Election was 135.

Section 2. Votes Cast Regarding Formation of the Assessment District (Question 1). The total number of votes cast in favor of formation of the Assessment District was 119. The total number of votes cast in opposition to the Assessment District was 16. Question 1, having received a number of votes that was more than a majority of the votes cast, was approved by the eligible voters.

It is hereby found, determined and declared of record that the majority of the votes cast were in favor of formation of the Assessment District, and the formation of the Assessment District is hereby approved.

Section 3. Assessment District is Formed. The Council hereby declares the Assessment District to be formed and to have the boundaries described in City Resolution No. 10649 passed and adopted by the City Council on December 2, 2016.

Section 4. Votes Cast Regarding Levy of the Assessment (Question 2). The total number of votes cast in favor of the levy of the Assessment was 113. The total number of votes cast in opposition to the Assessment District was 20. Two (2) voters did not cast a vote for Question 2. Question 2, having received a number of votes that was more than a majority of the votes cast, was approved by the eligible voters.

It is hereby found, determined and declared of record that the majority of the votes cast were in favor of the levy of the Assessment, and the levy of the Assessment is hereby approved.

Section 5. Rejected Ballots. One (1) ballot was rejected because it was returned late.

Section 6. Authority; Recording. The Mayor, the City Manager, the City Clerk and the City Attorney are each hereby authorized and directed to take all steps necessary to carry out the purpose and intent of this resolution, including, without limitation, recording this resolution or a certificate of election in the records of the Maricopa County, Arizona, Recorder.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Arizona, this 21st day of March, 2017.

CITY OF SCOTTSDALE, an Arizona  
municipal corporation

ATTEST:

\_\_\_\_\_  
Carolyn Jagger, City Clerk

\_\_\_\_\_  
W. J. "Jim" Lane, Mayor

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Gust Rosenfeld P.L.C., District Counsel

Resolution No. 10756  
March 21, 2017  
Page 3 of 3

**CERTIFICATION**

I, Carolyn Jagger, the duly appointed and acting Clerk of the City of Scottsdale, Arizona, do hereby certify that the above and foregoing Resolution No. 10756 was duly passed by the City Council of the City of Scottsdale, Arizona, at a regular meeting held on March 21, 2017, and the vote was \_\_\_\_ ayes and \_\_\_\_ nays and that the Mayor and \_\_\_\_ City Council Members were present thereat.

DATED: March 21, 2017.

\_\_\_\_\_  
Carolyn Jagger, City Clerk



## RESOLUTION NO. 10757

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, ARIZONA, ORDERING THE WORK AS DESCRIBED IN THE RESOLUTION OF INTENTION AND APPROVING THE FORM OF AGREEMENT BETWEEN THE CITY AND THE COORDINATING UTILITY; AND RATIFYING THE TAKING OF OTHER ACTIONS HERETOFORE OR HEREAFTER TAKEN IN FURTHERANCE OF THE ASSESSMENT DISTRICT.

WHEREAS, the Governing Body of the City of Scottsdale, Arizona (the "*City*") previously passed and adopted Resolution No. 10649 (the "*Resolution of Intention*"), declaring the intent to form the City of Scottsdale, Arizona, Underground Utility Facilities Improvement District No. I-6002 (the "*Assessment District*") (capitalized terms used but not otherwise defined herein shall have the meanings ascribed in the Resolution of Intention); and

WHEREAS, the Resolution of Intention established the following: declared the intention of the Governing Body to make the Work and the improvements described in the Plans and Specifications; determined that improvement bonds shall not be issued; declared the Work to be of more than local or ordinary public benefit, and that the costs and expenses thereof shall be assessed upon the parcels and lots within the Assessment District; provided that the proposed Work shall be performed under the provisions of Title 48, Chapter 4, Article 2, Arizona Revised Statutes, and all amendments thereto; and such Work and the Assessment District were more fully described in the Resolution of Intention to which reference is hereby made for such description; and

WHEREAS, pursuant to a majority of the votes actually cast by eligible voters in an all mail ballot election held on March 2, 2017 (the "*Election*"), the formation of the Assessment District and the levy of an assessment on certain real property within the boundaries of the Assessment District were authorized; and

WHEREAS, the Governing Body did form the Assessment District in accordance with the results of the Election; and

WHEREAS, prior to the Election the Coordinating Utility filed its actual Plans and Specifications with the City Clerk; and

WHEREAS, the Governing Body has thereby acquired jurisdiction to order the Work and to acquire the property necessary therefor, if any; and

WHEREAS, pursuant to A.R.S. §48-620.G., the Governing Body is not required to call for construction bids but may enter into the Financing Contract (as defined herein) with the Coordinating Utility;

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Scottsdale, Arizona, as follows:

Section 1. Definitions. In this Resolution, capitalized terms used but not otherwise defined herein shall have the meanings ascribed in the Resolution of Intention.

Section 2. Findings. In accordance with A.R.S. Section 48-579 and Resolution No. 10696 passed and adopted by the Governing Body on January 17, 2017, the Governing Body previously found there are no protests against the Work and there are no objections to the extent of the Assessment District.

Section 3. Approving the Final Plans and Ordering the Work. After receipt from the Coordinating Utility, the Superintendent of Streets has caused the completion of final Plans and Specifications and such final Plans and Specifications are hereby approved. Pursuant to A.R.S. §48-620.G., the Superintendent of Streets is not required to invite proposals for the construction of the Work. Notice of the award of the contract to the Coordinating Utility was included in the Resolution of Intention in accordance with A.R.S. §48-620.E.

By virtue of the authority vested in Title 48, Chapter 4, Article 2, Arizona Revised Statutes, and all amendments thereto, the Governing Body hereby orders the Work done as described in the Resolution of Intention, and in accordance with the final Plans and Specifications heretofore approved and adopted by the Governing Body, as such final Plans and Specifications may hereafter be amended.

Section 4. Authorizing Contract with the Coordinating Utility; Approving the Form of Financing Contract. Pursuant to A.R.S. §48-620.G the Governing Body hereby authorizes and directs the execution and delivery of Contract No. 2017-049-COS (the "*Financing Contract*") with the Coordinating Utility, in substantially the form now on file with the Clerk, with such amendments and modifications as approved by the Mayor, any member of the City Council, or the City Treasurer, and the execution by such official or officer shall be deemed conclusive evidence of such approval; provided, however, that the parameters of this Resolution and the Resolution of Intention shall govern the Financing Contract and none of the Mayor, any member of the City Council, or the Chief Financial Officer is authorized to insert in the Financing Contract any terms or conditions which would be contrary to this Resolution, the Resolution of Intention or applicable law. The term of the Financing Contract shall not exceed fifteen (15) years. The Governing Body shall not enter into the Financing Contract with the Coordinating Utility until the Coordinating Utility submits its "final report" as described in A.R.S. §48-620.G. If the amount stated in such final report exceeds the amount stated in the Coordinating Utility's estimate identified in the Resolution of Intention, then the Governing Body shall not enter into the Financing Contract with the Coordinating Utility.

Section 5. Severability. If any section, paragraph, subdivision, sentence, clause or phrase of this Resolution is for any reason held to be illegal, invalid or unenforceable, such decision will not affect the validity of the remaining portions of this Resolution. The Governing Body hereby declares that this Resolution would have been adopted and each and every other section, paragraph, subdivision, sentence, clause or phrase hereof and authorize the Work and the Financing Contract pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Resolution may be held illegal, invalid or unenforceable.

Section 6. Ratification. All actions of the members of the Governing Body, officers, employees and agents of the City and the Assessment District which are in conformity with the purposes and intent of this Resolution, whether heretofore or hereafter taken, shall be and are hereby ratified, confirmed, authorized and approved.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Arizona, this 21st day of March, 2017.

CITY OF SCOTTSDALE, an Arizona  
municipal corporation

ATTEST:

\_\_\_\_\_  
Carolyn Jagger, City Clerk

\_\_\_\_\_  
W.J. "Jim" Lane, Mayor

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Gust Rosenfeld P.L.C., District Counsel

**CERTIFICATION**

I, Carolyn Jagger, the duly appointed and acting Clerk of the City of Scottsdale, Arizona, do hereby certify that the above and foregoing Resolution No. 10757 was duly passed by the City Council of the City of Scottsdale, Arizona, at a regular meeting held on March 21, 2017, and the vote was \_\_\_\_ ayes and \_\_\_\_ nays and that the Mayor and \_\_\_\_ City Council Members were present thereat.

DATED: March 21, 2017.

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Carolyn Jagger, City Clerk

## RESOLUTION NO. 10758

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, ARIZONA, APPROVING THE LEVYING OF AN ASSESSMENT AND ASSESSMENT DIAGRAM; SETTING A DATE FOR AN ASSESSMENT HEARING; AND RATIFYING THE TAKING OF OTHER ACTIONS HERETOFORE OR HEREAFTER TAKEN IN FURTHERANCE OF THE ASSESSMENT DISTRICT.

WHEREAS, the Governing Body of the City of Scottsdale, Arizona (the "*City*") previously passed and adopted Resolution No. 10649 (the "*Resolution of Intention*"), declaring the intent to form the City of Scottsdale, Arizona, Underground Utility Facilities Improvement District No. I-6002 (the "*Assessment District*") (capitalized terms used but not otherwise defined herein shall have the meanings ascribed in the Resolution of Intention); and

WHEREAS, pursuant to the Resolution of Intention, the Governing Body initiated (i) the acquisition of certain public infrastructure improvements and purposes (the "*Work*"), and (ii) the financing of said Work and necessary Incidental Expenses by entering into a financing contract with the Coordinating Utility; and

WHEREAS, pursuant to A.R.S. §48-620.E., public bidding is not required for the Work, the contract was awarded to the Coordinating Utility and notice of such award of contract was provided in the Resolution of Intention; and

WHEREAS, the City acquired jurisdiction to order the Work and the Governing Body passed and adopted Resolution No. 10757 (the "*Resolution Ordering the Work*"); and

WHEREAS, pursuant to the Resolution Ordering the Work, the Governing Body approved the form of contract (the "*Financing Contract*") by and between the Governing Body and the Coordinating Utility; and

WHEREAS, pursuant to a majority of the votes actually cast by eligible voters in an all mail ballot election held on March 2, 2017 (the "*Election*"), the formation of the Assessment District and the levy of an assessment on certain real property within the boundaries of the Assessment District were authorized; and

WHEREAS, prior to the Election the Coordinating Utility filed its actual Plans and Specifications with the Clerk; and

WHEREAS, the Coordinating Utility has prepared and submitted to the District Engineer and Clerk its Estimate of all costs anticipated to be incurred in connection with the

construction, acquisition, installation, equipping and improvement of the Work and the costs of certain Incidental Expenses related thereto; and

WHEREAS, the aggregate assessment levied on the real property within the boundaries of the Assessment District to finance the Work and Incidental Expenses shall not exceed the Estimate;

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Scottsdale, Arizona, as follows:

Section 1. Definitions. In this Resolution, capitalized terms used but not otherwise defined herein shall have the meanings ascribed in the Resolution of Intention.

Section 2. Estimate. The estimate of costs and expenses for the Work and Incidental Expenses is as set forth hereafter, and the Estimate on file with the Clerk is as follows:

<u>Project</u>	<u>Costs</u>
Construction and Acquisition Costs	<u>\$2,939,000.00</u>
TOTAL PROJECT COSTS	<u>\$2,939,000.00</u>
Total Incidental Expenses	\$150,000.00
GRAND TOTAL	<u>\$3,089,000.00</u>

Section 3. Levy of Assessment. The District Engineer and the Superintendent of Streets, subject to the approval of the City Manager, are each hereby authorized and directed to prepare and levy an assessment against certain of the real property in the Assessment District for an amount not greater than the grand total of costs set forth in Section 2 hereof; provided; however, the amount of the assessment may be reduced as actual costs are established and substituted for the estimated costs. The Superintendent of Streets is hereby directed to record the assessment in its offices and record with the Maricopa County Recorder a Notice of Assessment.

Section 4. Assessment Diagram. Those certain duplicate assessment diagrams of the area to be assessed, prepared by the District Engineer and now on file with the Clerk, are hereby approved by the Governing Body and the Clerk is hereby directed to certify the fact of such approval and to deliver a copy of the diagrams to the Superintendent of Streets.

Section 5. Warrant and Cash Demand. The District Engineer and Superintendent of Streets are hereby authorized and directed to draw, execute and record the assessment and warrant as provided by law and make demands for cash payment. All assessments of twenty-five dollars (\$25.00) or more remaining unpaid thirty (30) days after the date of the assessment and warrant shall be paid in installment payments in accordance with the

Resolution No. 10758  
March 21, 2017  
Page 3 of 4

Financing Contract: Such installment payments shall include an interest component in accordance with the Financing Contract.

Section 6. Hearing on the Assessment; Notice. The Governing Body hereby sets the regular meeting of the Governing Body on April 25, 2017, as the date for the public hearing on the assessment, provided such date is not less than twenty (20) days after the assessment and warrant are recorded with the Superintendent of Streets. The Governing Body hereby orders that notice of such public hearing be given as provided by law.

Section 7. Ratification. All actions of the members of the Governing Body, officers, employees and agents of the City and the Assessment District which are in conformity with the purposes and intent of this Resolution, whether heretofore or hereafter taken, shall be and are hereby ratified, confirmed, authorized and approved.

PASSED AND ADOPTED by the City Council of the City of Scottsdale, Arizona, this 21st day of March, 2017.

CITY OF SCOTTSDALE, an Arizona  
municipal corporation

ATTEST:

\_\_\_\_\_  
Carolyn Jagger, City Clerk

\_\_\_\_\_  
W.J. "Jim" Lane, Mayor

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Gust Rosenfeld P.L.C., District Counsel

Resolution No. 10758  
March 21, 2017  
Page 4 of 4

**CERTIFICATION**

I, Carolyn Jagger, the duly appointed and acting Clerk of the City of Scottsdale, Arizona, do hereby certify that the above and foregoing Resolution No. 10758 was duly passed by the City Council of the City of Scottsdale, Arizona, at a regular meeting held on March 21, 2017, and the vote was \_\_\_\_ ayes and \_\_\_\_ nays and that the Mayor and \_\_\_\_ City Council Members were present thereat.

DATED: March 21, 2017.

\_\_\_\_\_  
Carolyn Jagger, City Clerk



Recorded Return to:

Christopher Perkins, P.E., Senior Project Manager  
City of Scottsdale, Arizona  
Capital Project Management  
7447 East Indian School Road, Suite 205  
Scottsdale, Arizona 85251

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Contract No. 2017-049-COS

**DEVELOPMENT AGREEMENT AND FINANCING CONTRACT**

**BETWEEN**

**THE CITY OF SCOTTSDALE, ARIZONA,  
A POLITICAL SUBDIVISION AND MUNICIPAL CORPORATION**

**AND**

**ARIZONA PUBLIC SERVICE COMPANY,  
AN ARIZONA CORPORATION**

**PERTAINING TO  
THE CITY OF SCOTTSDALE, ARIZONA,  
UNDERGROUND UTILITY FACILITIES IMPROVEMENT DISTRICT No. I-6002**

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**ATTACHMENT 4**

**PARTIES:**

This Development Agreement and Financing Contract, dated \_\_\_\_\_, 2017 (this "Agreement") is entered into by the City of Scottsdale, Arizona, a political subdivision and municipal corporation organized and existing under the laws of the State of Arizona (the "City"), and Arizona Public Service Company, an Arizona corporation (the "Coordinating Utility").

**RECITALS:**

A. Arizona Revised Statutes ("A.R.S.") Section 9-500.05 authorizes the City to enter into binding development agreements in order to cause certain Improvements (as defined herein) to be made within public rights-of-way and easements located in the City of Scottsdale, Arizona, Underground Utility Facilities Improvement District No. I-6002 (the "District") and to assess the costs of such Improvements against property within the District in the manner permitted by A.R.S. Title 48, Chapter 4, Article 2. A map of the District's boundaries and a legal description of the same are attached hereto as Exhibit A and Exhibit B, respectively, and are incorporated herein by this reference.

B. A.R.S. Section 48-620 authorizes the City to enter into a contract with the Coordinating Utility in order to facilitate the Coordinating Utility advancing funds for the design, construction, acquisition, installation, equipping and improvement of the Improvements, the City's collection of the Assessments (as defined herein) and payment to the Coordinating Utility over a period not to exceed fifteen (15) years to finance the Improvements.

C. The Coordinating Utility is presently owner and holder of a franchise from the City for the rights to use streets and alleys in the City for utility purposes, and a Certificate of Convenience and Necessity issued by the Arizona Corporation Commission which authorizes the Coordinating Utility, as a public service corporation, to engage in the sale and distribution of electricity for the benefit of the public within the City.

D. Pursuant to A.R.S. Section 48-620, the City desires to enter into this Agreement with the Coordinating Utility to complete the Improvements within the District and provide for the financing thereof.

E. Pursuant to A.R.S. Section 48-620, prior to entering into this Agreement the Coordinating Utility submitted its Final Report (as defined herein) to the City regarding the costs of the Improvements, and the amounts stated in the final report did not exceed the amounts stated in the Preliminary Report (as defined herein) submitted by the Coordinating Utility to the City.

F. This Agreement is consistent with the portions of the City's General Plan applicable to the District property.

**AGREEMENT:**

NOW, THEREFORE, in consideration of the promises and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**ARTICLE I**

**INTRODUCTION AND GENERAL TERMS**

*Section 1.1. Purpose.* The purpose of this Agreement is (i) to facilitate the design, construction, acquisition, installation, equipping and improvement of electric Transmission Facilities (the "*Improvements*"), underground; (ii) to permit the assessment of the costs of the Improvements against certain property located within the District; and (iii) to obligate present owners and subsequent purchasers of property within the District to make payments to the City of the assessment amount together with any interest accruing thereon, as the assessment becomes due and payable.

As used herein, the term "*facilities*" shall mean any works or improvements used or useful in providing electric service, including but not limited to poles, supports, tunnels, manholes, vaults, conduits, pipes, wires, conductors, guys, stubs, platforms, crossarms, braces, transformers, insulators, cutouts, switches, capacitors, meters, communication circuits, appliances, attachments and appurtenances. For purposes of this Agreement, "*Transmission Facilities*" shall mean those certain 69 kilovolt electric transmission lines and related facilities, as more fully set forth in Exhibit C attached hereto and incorporated herein by reference.

*Section 1.2. Cost of Improvements.* Prior to execution of this Agreement, the Coordinating Utility provided to the City a final report of the costs of the Improvements (the "*Final Report*"). The amount stated in the Final Report does not exceed the amount stated in the Preliminary Report (as defined herein) and represents the maximum amount which may be assessed against certain property within the District. Such amount is \$3,089,000 and includes incidental costs of \$150,000. The costs of the Improvements shall be borne by the Coordinating Utility and shall be reimbursed through the levy and collection of Assessments (as defined herein), including interest at the rate of 12.27% (or such lower interest rate acceptable to the Coordinating Utility, in its sole and absolute discretion), over a period of not to exceed fifteen (15) years, pursuant to the payment schedule as reflected in Exhibit D attached hereto and incorporated herein by reference.

*Section 1.3. Funds to be Advanced by the Coordinating Utility.* Pursuant to A.R.S. Section 48-620.J., the Coordinating Utility shall advance or reimburse the City for the costs of forming the District and the cost of printing, advertising and posting incurred or to be incurred by the City. The Coordinating Utility shall bear its own expenses for engineering, design and preparation of reports, plans and specifications related to the Improvements. Upon completion of the Improvements, the Coordinating Utility shall reimburse the City for its reasonable expenses incurred with respect to the District. All

amounts advanced or reimbursed or incurred by the Coordinating Utility shall be included in the costs of the Improvements set forth in Section 1.2 hereof.

*Section 1.4. No Assumption of Liability.* In no event shall the City assume or become liable for any of the obligations or liabilities of Coordinating Utility incurred pursuant to this Agreement.

## ARTICLE II

### FORMATION OF DISTRICT

*Section 2.1. Formation of the District.* The City has caused the District to be formed for the provision of the Improvements in accordance with A.R.S. Section 48-620.

*Section 2.2. Preliminary Report.* Prior to the City's adoption of Resolution No. 10649 on December 2, 2016, regarding the City's intention to form the District, the Coordinating Utility provided a preliminary report of the costs to place the Transmission Facilities underground (the "*Preliminary Report*"). As applicable, the Preliminary Report included some or all of the following: (a) the amount by which the cost of placing the Improvements underground would exceed the costs of placing comparable facilities overhead; (b) the reconstruction costs and net depreciation costs of any existing facilities to be removed; (c) the actual costs of removing such existing facilities, less the salvage value of the facilities removed; (d) the charge to finance amounts for a period not to exceed fifteen (15) years; and (e) a tax reimbursement amount.

## ARTICLE III

### ASSESSMENT AND PAYMENT

*Section 3.1. Assessment of Costs and Payment.* The costs of Improvements as set forth in Section 1.2 hereof shall be assessed upon property within the District following the filing of a notice of completion with the office of the City Clerk as required by law after completion of the Improvements ("*Notice of Completion*"). The amount of each assessment may be determined by any lawful method (individually, an "*Assessment*" and collectively, the "*Assessments*"). Property within the District shall be assessed its proportionate share of such Assessment according to such method. The amount assessed shall include incidental expenses of the City, all fees, charges and costs incurred in order to procure financing of the Assessments over a period not to exceed fifteen (15) years at an interest rate of not to exceed 12.27% per annum and all amounts advanced or reimbursed by the Coordinating Utility pursuant to this Agreement. Payment shall begin after the Assessment is approved by the City and otherwise in accordance with this Section 3.1. Payment of the Assessments shall begin within nine (9) months of the Notice of Completion unless an objection based upon failure by the Coordinating Utility to perform its obligations under this Agreement has been filed with the City Clerk.

*Section 3.2. Limit on City Incidental Expenses.* The City's incidental expenses (which include District formation, administrative and other incidental expenses) eligible for reimbursement shall not exceed \$150,000.00. Upon completion of the Improvements, the City

shall be reimbursed by the Coordinating Utility for the reasonable expenses of formation of the District as described in Section 3.6 hereof. Thereafter, during the term of this Agreement the City shall retain a portion of each Assessment collection for its administrative and incidental expenses; provided, however, that the aggregate amount of incidental expenses shall not exceed \$150,000.00.

*Section 3.3. Prepayment of Assessments.* The Coordinating Utility and the City shall permit prepayment of any Assessment without penalty or additional charge of any nature whatsoever at the option of any property owner within the District, provided that the prepayment of any Assessment shall include the amount of interest which has accrued to and through the date of receipt by the City or the Coordinating Utility of the prepaid amount. The Assessments may be prepaid with accrued interest on any January 1 or July 1, from the proceeds received by the City from: (i) the prepayment of any Assessment by the owner of any assessed real property within the District; or (ii) the proceeds of any foreclosure sale of any assessed real property within the District due to a failure to pay an Assessment installment. If the City elects to transfer such funds for prepayment to the Coordinating Utility after receipt by the City but prior to any January 1 or July 1, such transfer shall be in compliance with this Agreement and in no event shall such transfer decrease the amount of accrued interest due and payable with such prepayment.

*Section 3.4. Delinquent Assessments.* The liability and responsibility for collection and payment of delinquent assessments by City shall be as set forth under A.R.S. Section 48-600, *et seq.*

*Section 3.5. Non-Assessable Property.* City warrants that there is no property included within the District, the legal owner of which on this date is, the United States of America, the State of Arizona, a county, city, school district or any other political subdivision or institution of the State of Arizona or County (public ownership).

*Section 3.6. Coordinating Utility to Reimburse the City for District Formation Expenses; City to Reimburse Property Owners for District Formation Contributions.* Certain property owners within the District contributed \$50,000.00 to initiate the formation of the District. Those property owners and their corresponding reimbursable contributions are listed in Exhibit G attached hereto. In accordance with A.R.S. Section 48-620.J., upon the Coordinating Utility's completion of the Improvements and submittal of the Notice of Completion, the Coordinating Utility shall reimburse the City for its reasonable expenses incurred with respect to formation of the District; provided, however, that such reimbursement shall not exceed \$150,000.00. The City shall then use a portion of that reimbursement to reimburse the property owners listed on Exhibit G attached hereto. In no event will any property owner within the District have its Assessment amount modified or reduced as a credit for any formation contribution described in this Section 3.6.

*Section 3.7. Transfer of Property within the District.* If any parcel within the District is sold, the Assessment shall remain a lien thereon payable pursuant to law unless the Assessment is prepaid in full.

## ARTICLE IV

### DESIGN, CONSTRUCTION AND OWNERSHIP

*Section 4.1. Commencement of Construction.* The Coordinating Utility shall, in accordance with the Final Report submitted to the City, begin construction of the Improvements upon approval of the form of this Agreement by the City and as instructed by the City in accordance with the City's Resolution No. 10757 adopted on March 21, 2017, ordering the Improvements.

*Section 4.2. Access to Construction Sites.* The parties agree to provide one another with reasonable and timely access to construction sites, plans and specifications, a schedule of construction meetings and the results of testing and inspection related to the Improvements. Notice of any proposed changes in the plans and specifications shall be timely given to the City.

*Section 4.3. Change Orders.* The Coordinating Utility agrees to give notice to the City of change orders which are consistent with the Improvements. Change orders are not valid until approved by the City Representative (as defined in Section 11.2 hereof), which approval shall not be unreasonably withheld. Any change order which increases the cost of the Improvements over the amount specified in the Final Report shall be the sole obligation of the Coordinating Utility and all costs arising out of or relating to such change order shall be borne by the Coordinating Utility; provided however, that if such change order is requested by the City or required due to the acts or omissions of the City, all costs arising out of or relating to such change order shall be borne by the City.

*Section 4.4. Schedule of Construction.* The City and the Coordinating Utility shall cooperate to determine the schedule of construction to provide the most expeditious construction without unreasonable disruption and allow day time work Monday through Friday such that Improvements can be completed to keep costs below those stated in the Final Report. However, the Coordinating Utility, at its option, could request the opportunity to perform work on weekends and evenings, if it so chooses. Installation of the Improvements shall be completed no later than September 30, 2017.

*Section 4.5. Reserved.*

*Section 4.6. No Obligation for Restoration.* The Coordinating Utility shall have no liability, obligation or responsibility whatsoever for moving, restoring or replacing native plants, landscaping or vegetation affected by installation of the Improvements.

*Section 4.7. No Liability of the City.* Neither the exercise by the City nor the failure of the City to exercise any of its rights under this Article IV relating to the design and construction of the Improvements, including, without limitation, acceptance of the Improvements, approval of changes in plans and specifications, cooperation in determining

the schedule of work, inspection of the work, review of results of testing and inspection, attendance at and participation in meetings with the Coordinating Utility and the general contractor performing the work, or any other action of the City in connection therewith, shall subject the City to: (a) any claims of liability whatsoever by the general contractor, any subcontractor, supplier or professional person who furnishes labor, professional services, materials, machinery, fixtures and/or tools and design and/or construction of the Improvements, or (b) any claims of liability, obligation or expense made by any person (including, without limitation, any present or future owners of all or any portion of the property within the District) arising out of or in connection with any alleged defects in the design and/or construction of the Improvements. The Coordinating Utility hereby indemnifies and holds harmless the City from and against any and all such claims, demands, suits, actions, proceedings, losses, costs, and damages; provided, however, that this indemnification shall not extend to claims arising from the sole negligence of the City.

*Section 4.8. Ownership of Improvements.* The Coordinating Utility shall have sole ownership of the Improvements.

## ARTICLE V

### RESTRICTIVE COVENANTS

*Section 5.1. Future Construction of Overhead Power Lines within the District Prohibited.* The Coordinating Utility agrees for a period of fifteen (15) years to curtail future construction of 69 kilovolt or greater overhead power lines within the confines of the District as more fully set forth in Exhibit A and Exhibit B attached hereto, with the exception of the following:

(a) Maintenance, repair, or replacement of the transition (dip) pole and the overhead conductors connected to that pole, at 16425 North Pima Road – this pole is the southern terminus of the underground line;

(b) Maintenance, repair, or replacement of the transition (dip) pole and the overhead conductors connected to that pole, at the north side of Bell Road just west of the existing transmission line corridor – this pole is the northern terminus of the underground line; and

(c) Construction, maintenance, repair, or replacement of existing or future power lines within the existing transmission line corridor.

*Section 5.2. Future Construction Within the District.* If the City or a duly authorized entity (including a property developer) wishes to commence future construction within the District boundaries which could impact the completed Improvements, such future construction must be in accordance with Exhibit E and Exhibit F attached hereto.

*Section 5.3. Obligations Upon Completion of the Improvements.* Upon completion of the Improvements, the City and the Coordinating Utility agree to execute and record a Road Utility Corridor Agreement and a Memorandum of Agreement in substantially the forms attached hereto as Exhibit E and Exhibit F, respectively, and by this reference

incorporated herein. The Mayor, or the City Representative, and an authorized representative of the Coordinating Utility, including the Coordinating Utility Representative (as defined in Section 11.1 hereof), are each hereby authorized and directed to execute the agreements and documents described in this Section 5.3.

## ARTICLE VI

### REPRESENTATIONS AND WARRANTIES OF THE CITY

The City represents and warrants to the Coordinating Utility as follows:

*Section 6.1. Authority.* The City is a municipal corporation and political subdivision duly organized, validly existing and in good standing under the laws of the State of Arizona, and has all requisite power to enter into this Agreement and to meet and perform the City's obligations hereunder.

*Section 6.2. Valid Agreement.* This Agreement constitutes a duly authorized, valid and binding obligation of the City and is, and shall be, enforceable against the City in accordance with its terms. The execution, delivery and performance of this Agreement have been duly authorized by the Mayor and City Council of City according to law and, to the best of the undersigned City representative's knowledge, do not and will not conflict with or result in any breach, default or violation of any term, condition or provision of any applicable law or rule, regulation, order, writ or decree of any court or any governmental department, commission, board, bureau, agency or instrumentality or of the charter or code of the City, or of any bonds, indentures, contracts or agreements to which the City is a party or by which the City is bound.

*Section 6.3. Litigation.* The City, to the knowledge of the undersigned City Representative, is unaware of any suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the best of its knowledge, overtly threatened against or affecting City and to its knowledge there is no basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by this Agreement.

*Section 6.4. Future Development Agreements.* Prior to entry into or approval of any contract, development agreement or other instrument affecting the relocation, removal or replacement of the completed Improvements, City shall require insertion of appropriate provisions placing any cost or expense associated with such relocation, removal or replacement on the party having responsibility for the same.

## ARTICLE VII



**REPRESENTATIONS AND WARRANTIES OF THE COORDINATING UTILITY**

The Coordinating Utility represents and warrants to the City as follows:

*Section 7.1. Authority.* The Coordinating Utility is an Arizona corporation duly organized, validly existing and in good standing under the laws of the State of Arizona, and is authorized to transact business in the State of Arizona and to meet and perform its obligations hereunder.

*Section 7.2. No Conflict or Breach.* The performance of this Agreement by the Coordinating Utility and fulfillment of its terms do not, and will not, conflict with or result in any breach, default or violation of any regulation, order or decree of any court or governmental department, commission, board, bureau or agency, or of any indenture, contract, agreement or other instrument to which the Coordinating Utility is a party or is subject.

*Section 7.3. No Violation.* The Coordinating Utility has made a reasonable and diligent investigation and, to the knowledge of the undersigned Coordinating Utility representative, is not in material violation of or in material default with respect to any applicable law or any applicable rules, regulation or order of any court or any governmental department, commission, board, bureau, agency or instrumentality which would prevent or limit the Coordinating Utility from entering into or carrying out its obligations hereunder.

*Section 7.4. Litigation.* The Coordinating Utility, after reasonable and diligent investigation and, to the knowledge of the undersigned Coordinating Utility Representative, is unaware of any action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the best of its knowledge, overtly threatened against or affecting the Coordinating Utility and to its knowledge there is no basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by this Agreement.

**ARTICLE VIII**

**RESERVED**

**ARTICLE IX**

**TERMINATION, AMENDMENTS, WAIVER AND ASSIGNMENT**

*Section 9.1. Termination.* This Agreement may only be terminated by mutual agreement of the parties hereto and only if all Assessments paid to finance the Improvements have been repaid or the repayment therefor has otherwise been provided for as required herein or by law. If the Coordinating Utility and the City agree to terminate this Agreement, the City and the Coordinating Utility shall cooperate in good faith to execute and record an appropriate document terminating this Agreement as a matter of record. Pursuant to this Section 9.1, this Agreement shall not automatically terminate upon repayment in full of the Assessments, but shall require an affirmative action of the parties hereto to effectuate the termination.

*Section 9.2. Effect of Termination.* In the event of termination of this Agreement pursuant to Section 9.1 hereof, there shall be no liability on the part of any party to the other; provided, however, that this Section 9.2 shall not preclude liability attaching to a party who has caused the termination hereof by willful act or willful failure to act in violation of the terms and provisions of this Agreement.

*Section 9.3. Amendment.* This Agreement incorporates the full and complete understanding by and between the parties, and supersedes all prior understandings, representations, conditions, warranties and covenants between them. This Agreement may not be amended, released, discharged, changed or modified except by an instrument in writing signed by an authorized representative of each party hereto.

*Section 9.4. No Waiver.* The failure of any party at any time or times to require performance of any provision hereof shall in no manner affect such party's right at a later time to enforce the same. No waiver by any party of a condition or of the breach of any item, covenant, representation or warranty contained in this Agreement, whether by conduct or otherwise, in any one or more instances shall be deemed to be or construed as a further or continuing waiver of any such condition or breach or a waiver of any other condition or of the breach of any other term, covenant, representation or warranty of this Agreement.

*Section 9.5. Assignment.* The benefits or obligations set forth in this Agreement may only be assigned by the City or the Coordinating Utility with the written consent of the other party, and any attempted assignment without such written consent shall be null, void and without legal effect.

## ARTICLE X

### REMEDIES

*Section 10.1. Enforcement of Obligations.* The obligations and covenants herein of the Coordinating Utility and its assigns may be enforced by the City through any remedy available at law or in equity, including, but not limited to, recovery of damages, specific performance and injunction. The obligations and covenants of the City herein may be enforced by the Coordinating Utility by a suit or suits in equity or at law, either for the specific performance of any covenant or agreement contained herein (including by issuance of a writ of mandamus), or in aid of the execution of any power granted herein for the enforcement of any other appropriate legal or equitable remedy.

## ARTICLE XI

### MISCELLANEOUS

*Section 11.1. Coordinating Utility Representative.* Mr. D. Brad Larsen, P.E., Senior Siting Consultant, Transmissions & Facility Siting, and any designee, shall serve as "*Coordinating Utility Representative*", to provide all consents, approvals, make protests and objections, receive all notices and act for the Coordinating Utility in carrying out the purposes of this Agreement.

*Section 11.2 City Representative.* Mr. Christopher Perkins, P.E., Senior Project Manager for the City's Capital Project Management Department, and any designee, shall serve as "*City Representative*", to provide all consents, approvals, make protests and objections, receive all notices and act for the City in carrying out the purposes of this Agreement.

*Section 11.3 Notices.* Any notices and other communications provided for or inferred herein shall be validly given, made or served, in writing and delivered personally, by facsimile or sent by registered or certified mail, postage prepaid, to:

City: Capital Project Management  
City of Scottsdale  
7447 East Indian School Road  
Suite 205  
Scottsdale, Arizona 85251  
Telephone: (480) 312-7250  
Facsimile: (480) 312-7971  
Attn: Christopher Perkins, P.E., Superintendent  
of Streets

Copy to: Gust Rosenfeld P.L.C.  
One East Washington Street  
Suite 1600  
Phoenix, Arizona 85004  
Telephone: (602) 257-7422  
Facsimile: (602) 254-4878

Coordinating Utility: D. Brad Larsen, P.E.  
Arizona Public Service Company  
P. O. Box 53999, Station 3293  
Phoenix, Arizona 85072-3999  
Telephone: (602) 493-4338  
Facsimile: (602) 371-7084

Copy to: Bruce A. Gardner, Esq.  
Arizona Public Service Company  
Law Department  
P. O. Box 53999, Station 8695  
Phoenix, Arizona 85072-3999  
Telephone: (602) 250-3630  
Facsimile: (602) 250-3393

or to such other addresses as the parties may designate in writing. Notice given by mail, as set out above, shall be deemed delivered at the time and on the date the same as postmarked.

*Section 11.4. Entire Agreement.* This Agreement (a) constitutes the entire agreement between the parties and supersedes all other prior agreements and undertakings, both written

and oral, between the parties, with respect to the subject matter hereof and (b) is not intended to confer upon any other person or entity any rights or remedies hereunder.

*Section 11.5. Governing Law and Forum.* If legal action is brought relative to the rights and obligations under this Agreement, such action shall only be brought in a court of competent jurisdiction within, and shall be governed in all respects, including validity, interpretation and effect, exclusively under the laws of the State of Arizona as applied without regard to conflict of laws principles.

*Section 11.6. Binding Effect.* The provisions of this Agreement shall inure to the benefit of and shall be binding upon the respective designees, trustees, heirs, personal representatives, successors and assigns of the parties.

*Section 11.7. Additional Documents.* Each party agrees to execute such further or additional documents as may be reasonably necessary or appropriate in good faith to fully implement and carry out the intent and purpose of this Agreement.

*Section 11.8. Headings.* Article headings and section headings as contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

*Section 11.9. Counterparts.* This Agreement may be executed in counterparts which together shall constitute a single agreement.

*Section 11.10. Illegality.* If any one or more sections, clauses, sentences and/or parts of this Agreement shall be judged unconstitutional or invalid by a court of competent jurisdiction, such judgment shall not affect, impair or invalidate the remaining provisions hereof, but shall be confined to the specific sections, clauses, sentences and parts so determined.

*Section 11.11. Cancellation.* Notice is hereby given that this Agreement is subject to cancellation by the City in accordance with the provisions of A.R.S. Section 38-511, as amended.

*Section 11.12. Recordation.* This Agreement and any amendment or cancellation hereof shall be recorded in the official records of Maricopa County by the City within the period required by A.R.S. Section 9-500.05.

*Section 11.13 No Boycott of Israel.* Pursuant to A.R.S. Section 35-393 et seq., the Coordinating Utility hereby certifies it is not currently engaged in, and for the duration of this Agreement will not engage in, a boycott of Israel. The term "boycott" has the meaning set forth in A.R.S. Section 35-393.

IN WITNESS WHEREOF, the undersigned have duly affixed their signatures, all as of the \_\_\_\_ day of \_\_\_\_\_, 2017.

CITY OF SCOTTSDALE, ARIZONA, a political subdivision and municipal corporation

\_\_\_\_\_  
W.J. "Jim" Lane  
Mayor

ATTEST:

\_\_\_\_\_  
Carolyn Jagger  
City Clerk

Approved as to form:

\_\_\_\_\_  
Gust Rosenfeld P.L.C.

STATE OF ARIZONA        )  
                                          ) ss.  
COUNTY OF MARICOPA    )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2017, by W.J. "Jim" Lane, Mayor of the City of Scottsdale, an Arizona political subdivision and municipal corporation, on behalf of the City of Scottsdale.

\_\_\_\_\_  
Notary Public

(Seal and Expiration Date)

ARIZONA PUBLIC SERVICE COMPANY, an  
Arizona corporation

By \_\_\_\_\_  
\_\_\_\_\_ [Name]  
\_\_\_\_\_ [Title]

STATE OF ARIZONA     )  
                                          ) ss.  
COUNTY OF MARICOPA )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2017, by \_\_\_\_\_ the \_\_\_\_\_ of Arizona Public Service Company, an Arizona corporation, on behalf of the corporation.

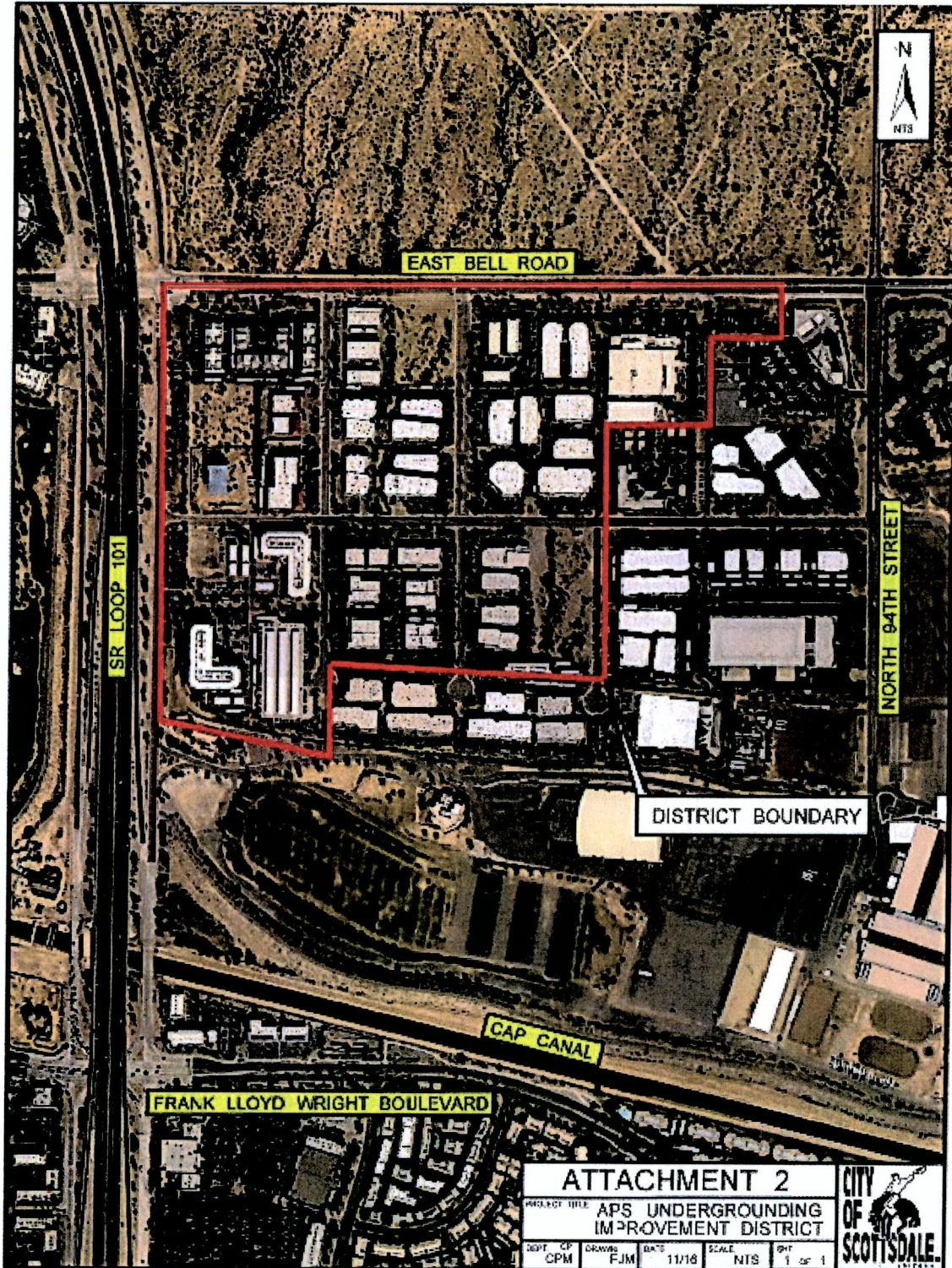
(Seal and Expiration Date)

\_\_\_\_\_  
Notary Public



EXHIBIT A

MAP OF THE DISTRICT



**EXHIBIT B**

**LEGAL DESCRIPTION OF THE DISTRICT**

**DISTRICT LEGAL DESCRIPTION**

A PORTION OF THE NORTH HALF OF SECTION 6, TOWNSHIP 3 NORTH, RANGE 5 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA; FURTHER DESCRIBED AS A PORTION OF GENERAL LAND OFFICE (GLO) LOT 5; A PORTION OF THE WEST HALF OF GLO LOT 2; AND ALL OF GLO LOTS 8, 9, 10, 11, 12, 15, 16, 17, 18, 19, 20, 21, 22, 23 AND 24 AS FILED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT, MARCH 14, 1952.

EXCEPT ANY PORTION THEREOF LYING WITHIN THE DEDICATED PUBLIC RIGHT-OF-WAY OF BELL ROAD, BAHIA DRIVE, 90<sup>TH</sup> STREET, 91<sup>ST</sup> STREET AND 92<sup>ND</sup> STREET.

NOTE: THE PARCELS SHOWN ABOVE ARE A COMPILATION OF THE EXISTING RECORD INFORMATION FOR THE PROPERTIES AND DOES NOT REPRESENT A FIELD BOUNDARY SURVEY.





**EXHIBIT C**

**DESCRIPTION OF TRANSMISSION FACILITIES**

Transmission Facilities are 69kV (69 kilovolt) power lines and appurtenances to be constructed underground, instead of overhead, as described below and will include a “dip” pole on each end where the power line changes from an overhead to an underground configuration.

The Transmission Facilities will be installed overhead to a transition (dip) pole where it will then be installed underground on private property adjacent to the Commercial Office Building, 16425 North Pima Road, Scottsdale, Arizona, just north of WestWorld. The underground line will proceed north along the east side of the SR 101 frontage road within private easements to Bahia Road. At Bahia Road the underground line will go east within road right-of-way to 91<sup>st</sup> Street, then turn north staying within the 91<sup>st</sup> Street Road right-of-way to just south of Bell Road. Just south of Bell Road the line will angle to the northeast crossing a corner of private land within an already acquired private easement, then continue east within the Bell Road right-of-way where it will angle to the north side of Bell Road adjacent to the existing transmission line corridor where the underground power line will then transition on a dip pole and proceed overhead from there, all as more particularly described in the Preliminary Plans in the December 2, 2016, Council Action Report on file with the City Clerk.

**EXHIBIT D**

**SCHEDULE OF PAYMENTS DUE FROM THE CITY TO THE COORDINATING UTILITY**

Once the Improvements have been constructed, the exact amount to be reimbursed to the Coordinating Utility has been established, and the demand cash process has been completed, the City will start the billing process. That process will incorporate semi-annual billing of the property owners with semi-annual interest payments and one annual principal payment. The mid-year billing for interest will be mailed to the property owners in the first week of April with a payment date to the City of June 1 and with payment to the Coordinating Utility due on July 1. The end-of-year billing for remaining interest and total principal for the year will be mailed to property owners in the first week of October with a payment date to the City of December 1 and with a payment to the Coordinating Utility due on January 1 of the following year. Payments will be made based on the above schedule for a period of fifteen (15) years or prior prepayment of all Assessments outstanding. The City, in its sole and absolute discretion, may transfer moneys derived from Assessment collections or Assessment lien foreclosure proceeds to the Coordinating Utility prior to any January 1 or July 1 payment due date, but such transfer completed prior to the payment due date shall not decrease the accrued interest due and payable on such payment due date.

The following table provides greater detail on the aggregate amount of Assessments to be collected by the City and paid to the Coordinating Utility. Such table shall be recalculated by the City and confirmed by the Coordinating Utility upon the prepayment of Assessments. Such table shall be recalculated by the Coordinating Utility and confirmed by the City upon the Coordinating Utility's decision to accept a lower rate of interest.

<u>Payment From</u> <u>City to APS Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Payment</u>
07/01/2017	\$	\$	\$
01/01/2018			
07/01/2018			
01/01/2019			
07/01/2019			
01/01/2020			
07/01/2020			
01/01/2021			
07/01/2021			
01/01/2022			
07/01/2022			
01/01/2023			
07/01/2023			
01/01/2024			
07/01/2024			
01/01/2025			
07/01/2025			
01/01/2026			

<u>Payment From</u> <u>City to APS Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Payment</u>
07/01/2026			
01/01/2027			
07/01/2027			
01/01/2028			
07/01/2028			
01/01/2029			
07/01/2029			
01/01/2030			
07/01/2030			
01/01/2031			
07/01/2031			
01/01/2032			
Total	\$	\$	\$

**EXHIBIT E**

When recorded, return to:  
Arizona Public Service Company  
Land Services Department  
PO Box 53933, M.S. 3286  
Phoenix, AZ 85072-3933

City of Scottsdale Agreement No. \_\_\_\_\_

**ROAD UTILITY CORRIDOR AGREEMENT**

This *Road Utility Corridor Agreement* (Agreement) is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2017, by and between Arizona Public Service Company, an Arizona corporation (APS), and City of Scottsdale, a municipal corporation organized and existing under the laws of the State of Arizona, acting by and through its Engineering Department (City).

**Recitals**

1. City has established an Underground Utility Facilities Improvement District No. I-6002 (the "*District*"), wherein APS has agreed to install a new 69kV transmission line underground instead of overhead ("Underground Line"). APS will be reimbursed by the District for the additional costs of installing the line underground as opposed to overhead.
2. For efficiency purposes and as a cost savings measure, APS has agreed to install a large portion of the Underground Line in the road right-of-way rather than in private easements.

**Utility Corridor**

3. In consideration of APS agreeing to utilize the public right-of-way rather than requiring the acquisition of private easements, City has agreed to establish a protected electric utility corridor (Electric Utility Corridor) that extends 10 feet on each side of the centerline of the conduit carrying the Underground Line within the road right-of-way. The Electric Utility Corridor is located within the existing public right-of-way, as depicted in "*Schedule A*" to this Agreement incorporated herein by this reference.
4. APS agrees to maintain the Underground Line within the Electric Utility Corridor after the initial installation, and will repair and/or replace it as needed.
5. City agrees that APS's right to the use of the Electric Utility Corridor shall continue for a period of not less than twenty-five (25) years from the date of this

Agreement and shall automatically continue from year-to-year thereafter as long as APS maintains the Underground Line in a functioning condition.

6. City does not guarantee that the Electric Utility Corridor is free of (and shall not pay for the relocation of) any utility lines existing as of the date of this Agreement that conflict with the Electric Utility Corridor. If any of these conflicting lines require future maintenance, City agrees to notify APS in advance of any proposed excavation within the Electric Utility Corridor. APS agrees that maintenance of these existing lines will not necessarily cause them to be relocated to eliminate a conflict with the Electric Utility Corridor.
7. City will use its best efforts to ensure that all future utility lines or facilities constructed in the vicinity of the Electric Utility Corridor shall not encroach upon the Electric Utility Corridor and shall notify APS of any requests for construction of utility lines or facilities within the Electric Utility Corridor by City or by other public utility companies.
8. APS may reasonably refuse to permit such utility lines or facilities to be constructed parallel to the Underground Line within the Electric Utility Corridor if APS believes that such lines or facilities would be detrimental to, or interfere with, the operation or maintenance of the Underground Line.
9. If APS and City cannot agree as to whether any future utility lines or facilities within the Electric Utility Corridor are likely to be detrimental to, or interfere with, the Underground Line, City shall have final authority to decide whether such future utility lines or facilities shall be permitted. However, if future lines or facilities are permitted without APS' agreement, City agrees to require the owner of the utility lines or facilities that were allowed to be placed within the Electric Utility Corridor to immediately remove or relocate said utility lines or facilities (at the expense of the owner of the utility lines or facilities to be relocated) if and when, in APS's opinion, an actual conflict or interference with APS's operation or maintenance of the Underground Line arises.
10. APS and City agree that perpendicular utility line crossings over or under the Underground Line shall be allowed within the Electric Utility Corridor provided such crossings maintain a minimum of 18 inches vertical clearance between the new lines and the Underground Line. In addition, City agrees to use its best efforts to provide APS with advance notification of any excavation within the Electric Utility Corridor associated with such installations.
11. APS reserves the right to review any plans for planting vegetation within ten feet of the conduit location to ensure the reliability of the Underground Line.
12. The parties recognize and agree that a substantial benefit is afforded to the City by APS's commitment to underground its electric power lines as provided for in this Agreement; that in recognition and consideration of such benefit, the City shall in good faith and utilizing its best efforts refrain from implementing public

works projects within the Electric Utility Corridor that would cause APS to relocate its electric power lines once they are undergrounded if there exist reasonable and feasible alternatives available to the City in lieu of relocation; and that the parties shall endeavor to work with one another in good faith to facilitate the implementation of the City's public works projects in such a manner as to mitigate, as much as is reasonably possible, the impact thereof upon the location and operation of APSs electric power lines in the Electric Utility Corridor designated by this Agreement. If, however, the City has no reasonable and feasible alternative but to cause APS to adjust or relocate any segment of its undergrounded electric power lines, the City shall use good faith best efforts to mitigate the economic and operational effects of such adjustment or relocation.

13. If at any time City decides to have any portion of the Underground Line replaced with an overhead 69kV line, City agrees to permit the installation and operation of an equivalent line within City right-of-way located adjacent to the Electric Utility Corridor upon submission of appropriate plans from APS.
14. Prior to entry into, or approval of, any contract, development agreement, or other instrument with any third party that would require the relocation, removal, extension, or replacement of all, or any portion, of the Underground Line, City shall require insertion of appropriate provisions in any such contract, agreement, or other instrument, requiring any expense associated with such relocation to be borne by the third party.
15. This Agreement is subject to cancellation pursuant to A.R.S. §38-511.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

ARIZONA PUBLIC SERVICE COMPANY, an Arizona corporation:

By \_\_\_\_\_  
Terry Yoakum, Director T & D Construction

CITY OF SCOTTSDALE, an Arizona municipal corporation

By \_\_\_\_\_  
W.J. "Jim" Lane, Mayor

ATTEST:

---

Carolyn Jagger, City Clerk

APPROVED AS TO FORM:

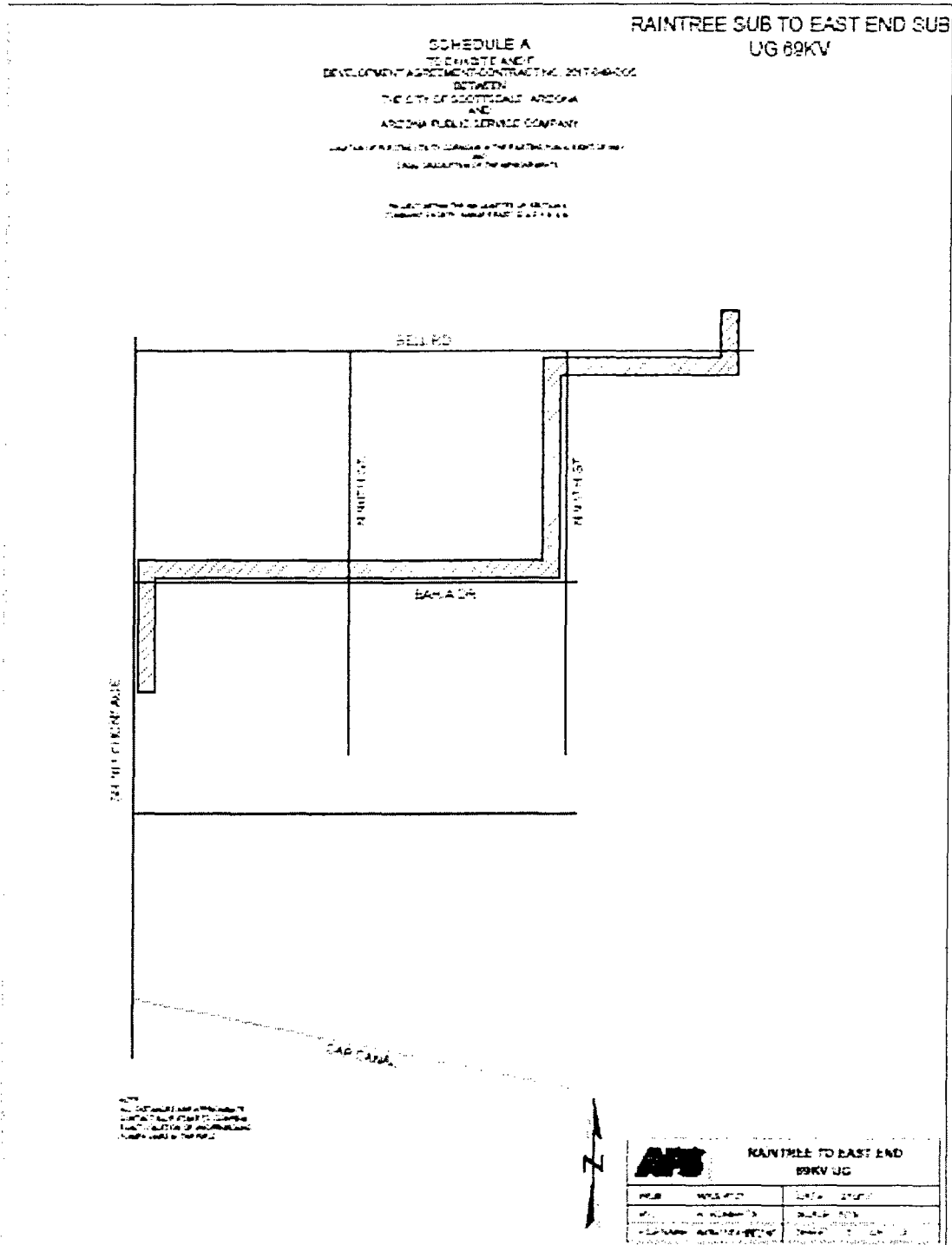
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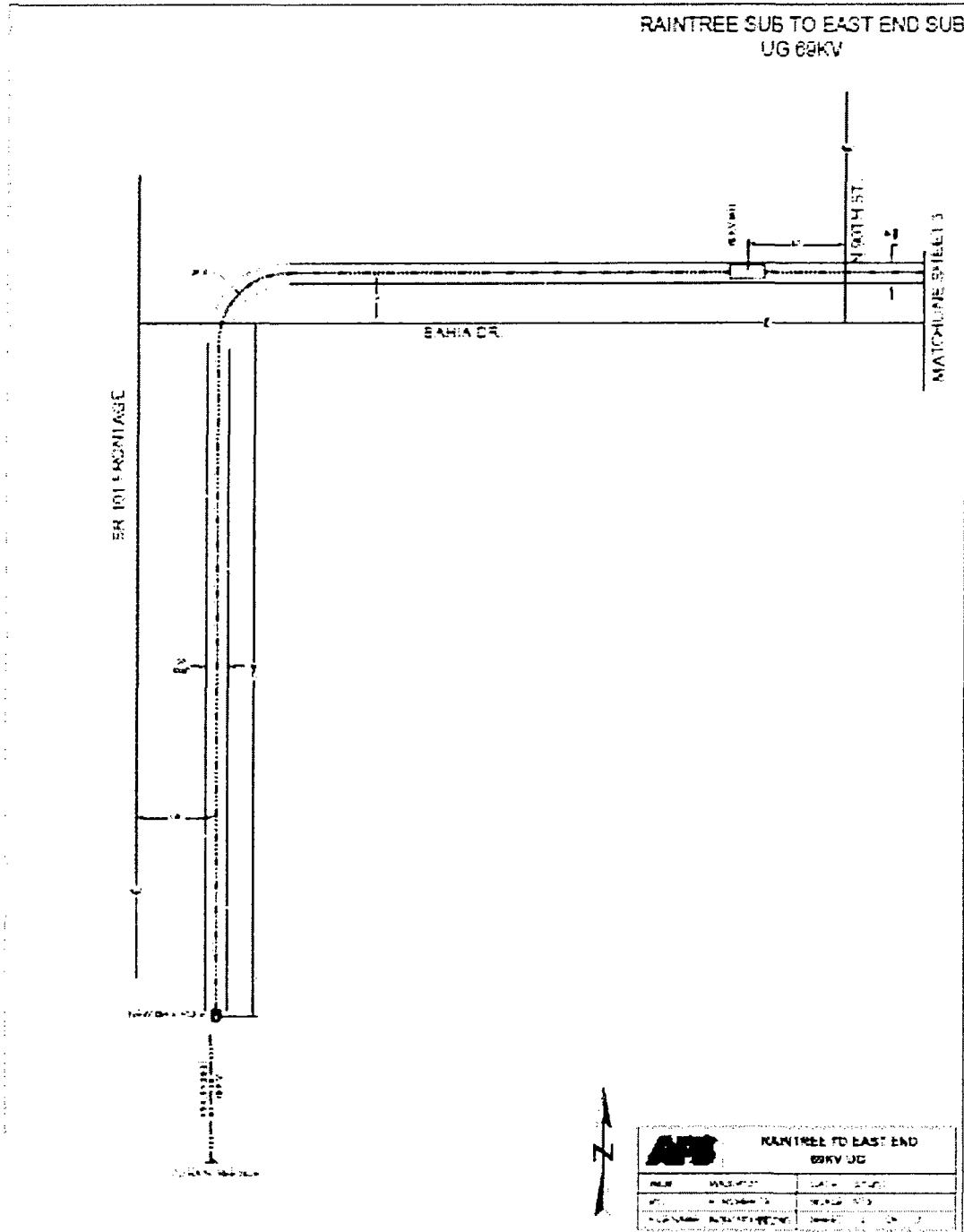
GUST ROSENFELD P.L.C.

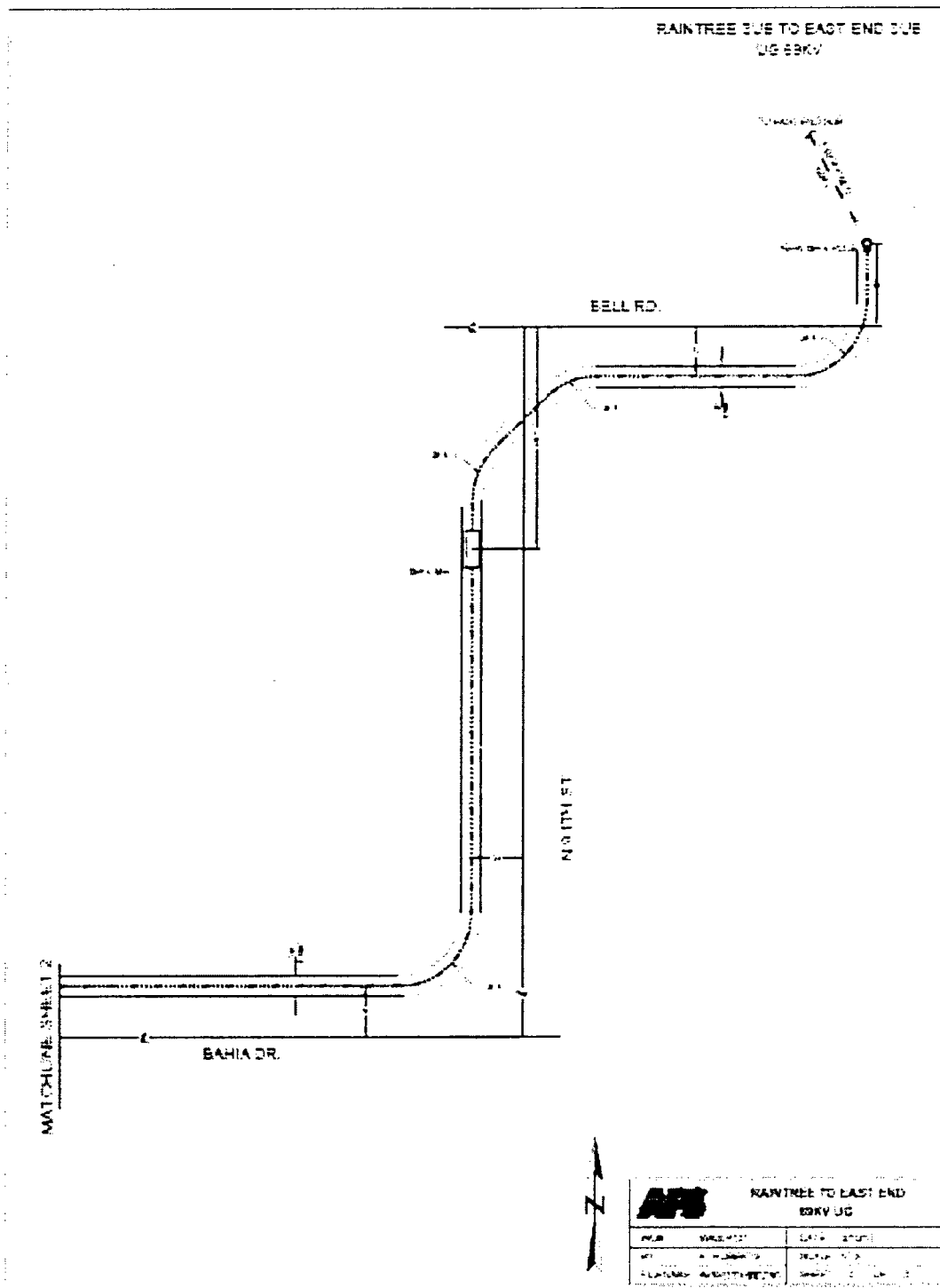
**SCHEDULE A**  
**To Exhibit E**  
**To DEVELOPMENT AGREEMENT AND FINANCING CONTRACT**  
**(CONTRACT NO. 2017-049-COS)**  
**BETWEEN**  
**THE CITY OF SCOTTSDALE, ARIZONA**  
**AND**  
**ARIZONA PUBLIC SERVICE COMPANY**

Location of Electric Utility Corridor in the Existing Public Right-of-Way  
and  
Legal Description of the Improvements









**EXHIBIT F**

When recorded, return to:  
Arizona Public Service Company  
Land Services Department  
P. O. Box 53999, Station 3286  
Phoenix, AZ 85072-3933

**MEMORANDUM OF AGREEMENT**

Notice is hereby given that Arizona Public Service Company, an Arizona corporation ("*APS*"), and the City of Scottsdale, a municipal corporation and political subdivision organized and existing under the laws of the State of Arizona (the "*City*"), have entered into that certain Development Agreement and Financing Contract (Contract No. 2017-049-COS), dated \_\_\_\_\_, 2017 (the "*Agreement*"). Pursuant to Section 5.2 of the Agreement, the City agreed that if the City or any other authorized entity commences construction within the boundaries of the subject City of Scottsdale, Arizona, Underground Utility Facilities Improvement District No. I-6002 requiring that APS relocate the Improvements (as defined in the Agreement), the cost of any relocation, removal, extension or replacement of those Improvements would be borne by the City or authorized entity. A legal description of the location of the Improvements is attached hereto as *Schedule A* and incorporated herein by this reference.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

ARIZONA PUBLIC SERVICE COMPANY,  
an Arizona corporation

CITY OF SCOTTSDALE,  
an Arizona municipal corporation and  
political subdivision

By \_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

Its \_\_\_\_\_

STATE OF ARIZONA        )  
                                          ) ss.  
COUNTY OF MARICOPA    )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by \_\_\_\_\_ the \_\_\_\_\_ of Arizona Public Service Company, an Arizona corporation, on behalf of the corporation.

(Seal and Expiration Date)

\_\_\_\_\_  
Notary Public

STATE OF ARIZONA        )  
                                          ) ss.  
COUNTY OF MARICOPA    )

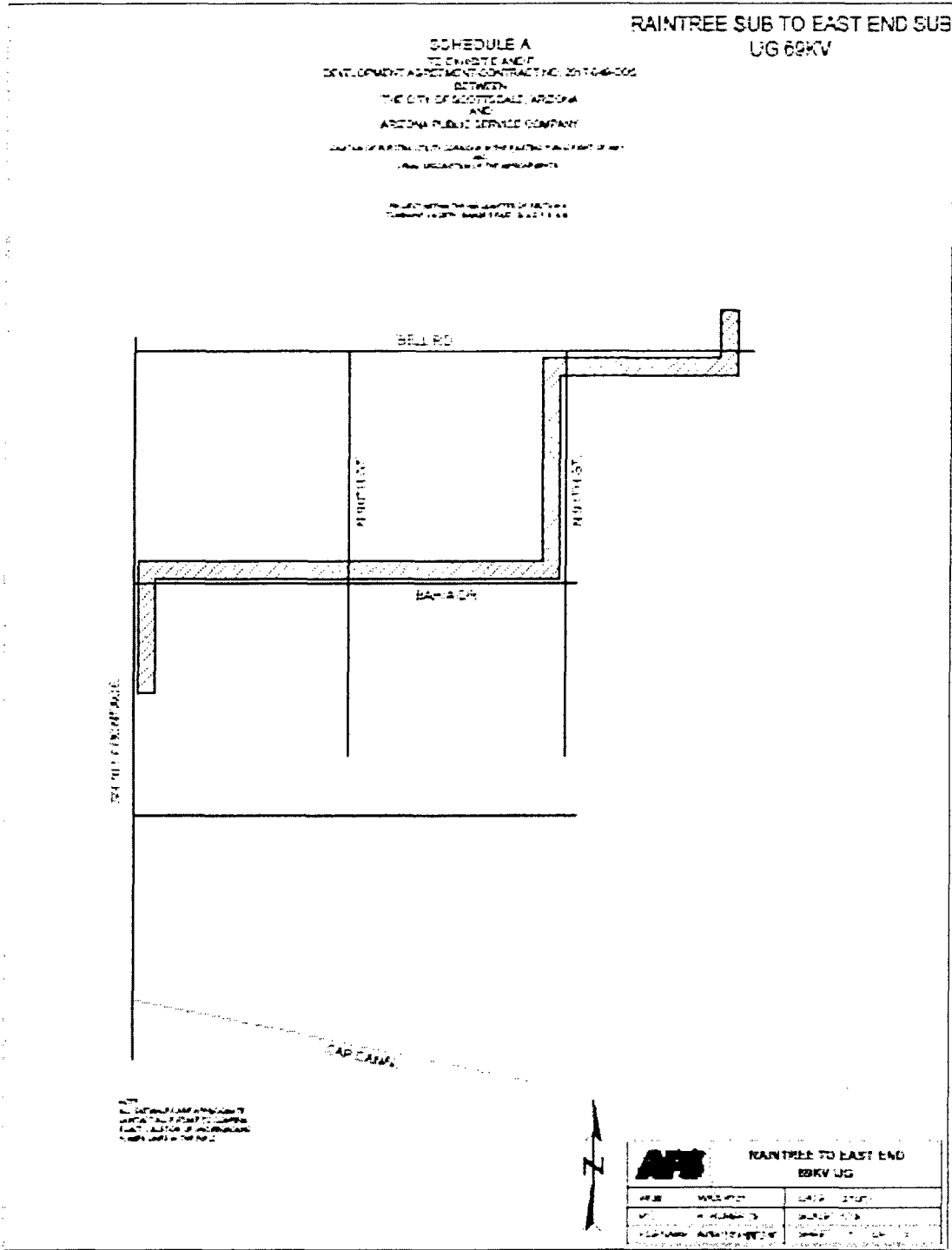
The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by \_\_\_\_\_, the \_\_\_\_\_ of the City of Scottsdale, an Arizona political subdivision and municipal corporation, on behalf of the City of Scottsdale.

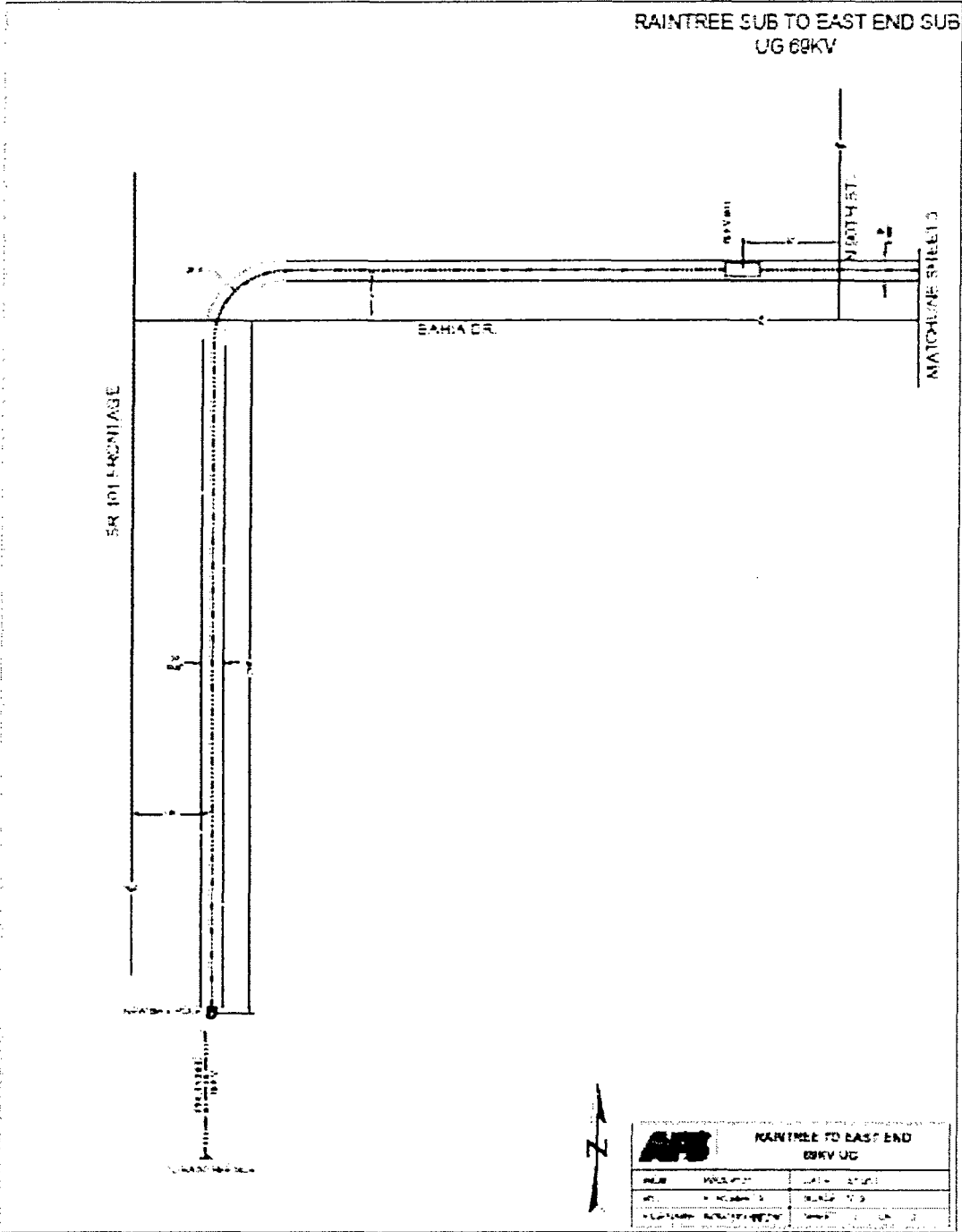
(Seal and Expiration Date)

\_\_\_\_\_  
Notary Public

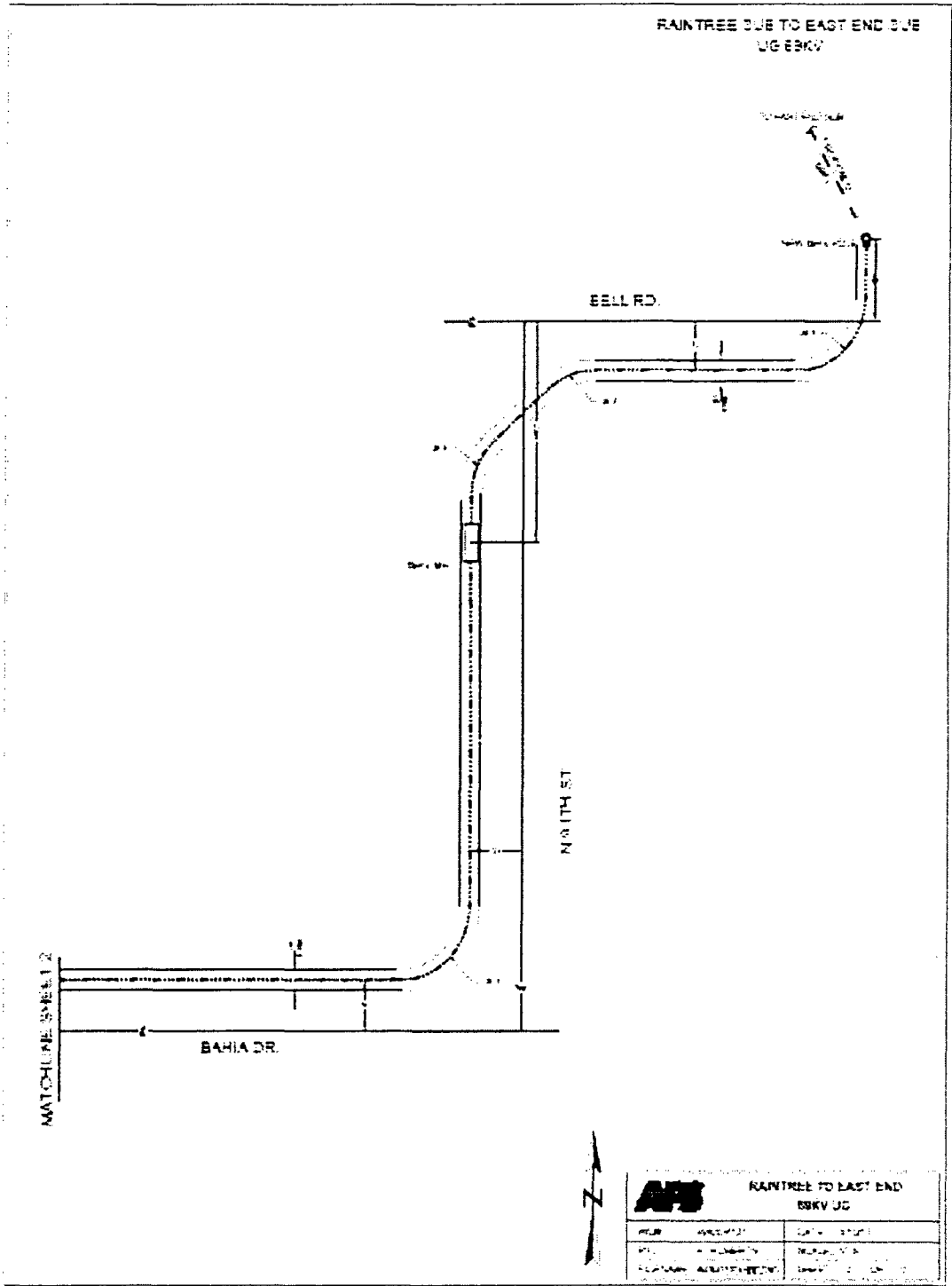
**SCHEDULE A**  
**To Exhibit F**  
**To DEVELOPMENT AGREEMENT AND FINANCING CONTRACT**  
**(CONTRACT NO. 2017-049-COS)**  
**BETWEEN**  
**THE CITY OF SCOTTSDALE, ARIZONA**  
**AND**  
**ARIZONA PUBLIC SERVICE COMPANY**

Location of Electric Utility Corridor in the Existing Public Right-of-Way  
and  
Legal Description of the Improvements









**EXHIBIT G**

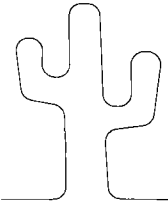
**LIST OF PROPERTY OWNERS AND REIMBURSEABLE FINANCIAL  
CONTRIBUTIONS FOR DISTRICT FORMATION**

<u>Property Owner Name</u>	<u>Address for Payment</u>	<u>Contribution Eligible for Reimbursement</u>
		\$
		<u>\$50,000.00</u>



# CITY OF SCOTTSDALE

## PUBLIC IMPROVEMENTS



### CITY OF SCOTTSDALE, ARIZONA, UNDERGROUND UTILITY FACILITIES IMPROVEMENT DISTRICT NO. I6002

**CERTIFICATION**

I, \_\_\_\_\_, CITY CLERK OF THE CITY OF SCOTTSDALE, ARIZONA DO HEREBY CERTIFY THAT THE ASSESSMENT DIAGRAM SHOWN ON THESE PLANS FOR THE UNDERGROUND UTILITY FACILITIES IMPROVEMENT DISTRICT NO. I6002 IS CORRECT TO THE BEST OF MY KNOWLEDGE, APPROVED BY THE MAYOR AND COUNCIL OF THE CITY OF SCOTTSDALE AT A MEETING HELD ON THE \_\_\_\_\_ DAY OF \_\_\_\_\_ 2017, AND THAT A QUARUM WAS PRESENT.

BY \_\_\_\_\_ FILED BY \_\_\_\_\_  
CITY CLERK SUPERINTENDENT OF STREETS DATE

ASSESSMENT DIAGRAM SUBMITTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2017

SUBMITTED BY \_\_\_\_\_ DATE \_\_\_\_\_  
DISTRICT ENGINEER

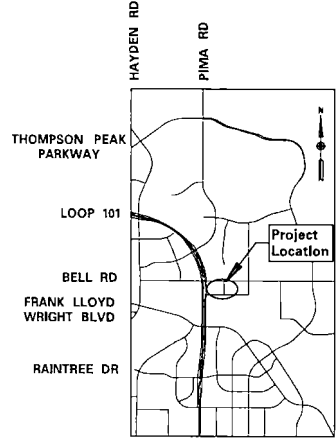
SUBMITTED BY \_\_\_\_\_ DATE \_\_\_\_\_  
SUPERINTENDENT OF STREETS

**APPROVAL**

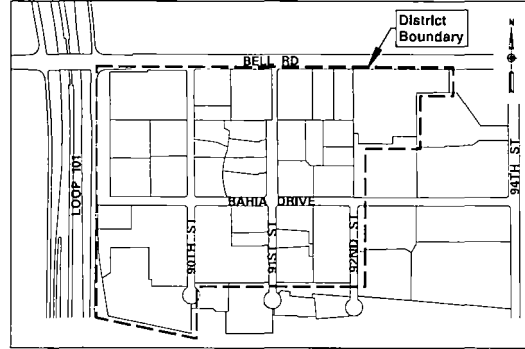
APPROVED BY RESOLUTION NO. \_\_\_\_\_ AT A MEETING OF THE COUNCIL OF THE CITY OF SCOTTSDALE, ARIZONA HELD THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ 2017.

BY \_\_\_\_\_  
MAYOR

ATTEST \_\_\_\_\_  
CITY CLERK



**Location Map**  
N.T.S.



**Vicinity Map**  
N.T.S.

**SHEET INDEX**

Sht. No.	Description
1	COVER SHEET
2	ASSESSMENT DIAGRAM
3	ASSESSMENT TABLE

## ATTACHMENT 5



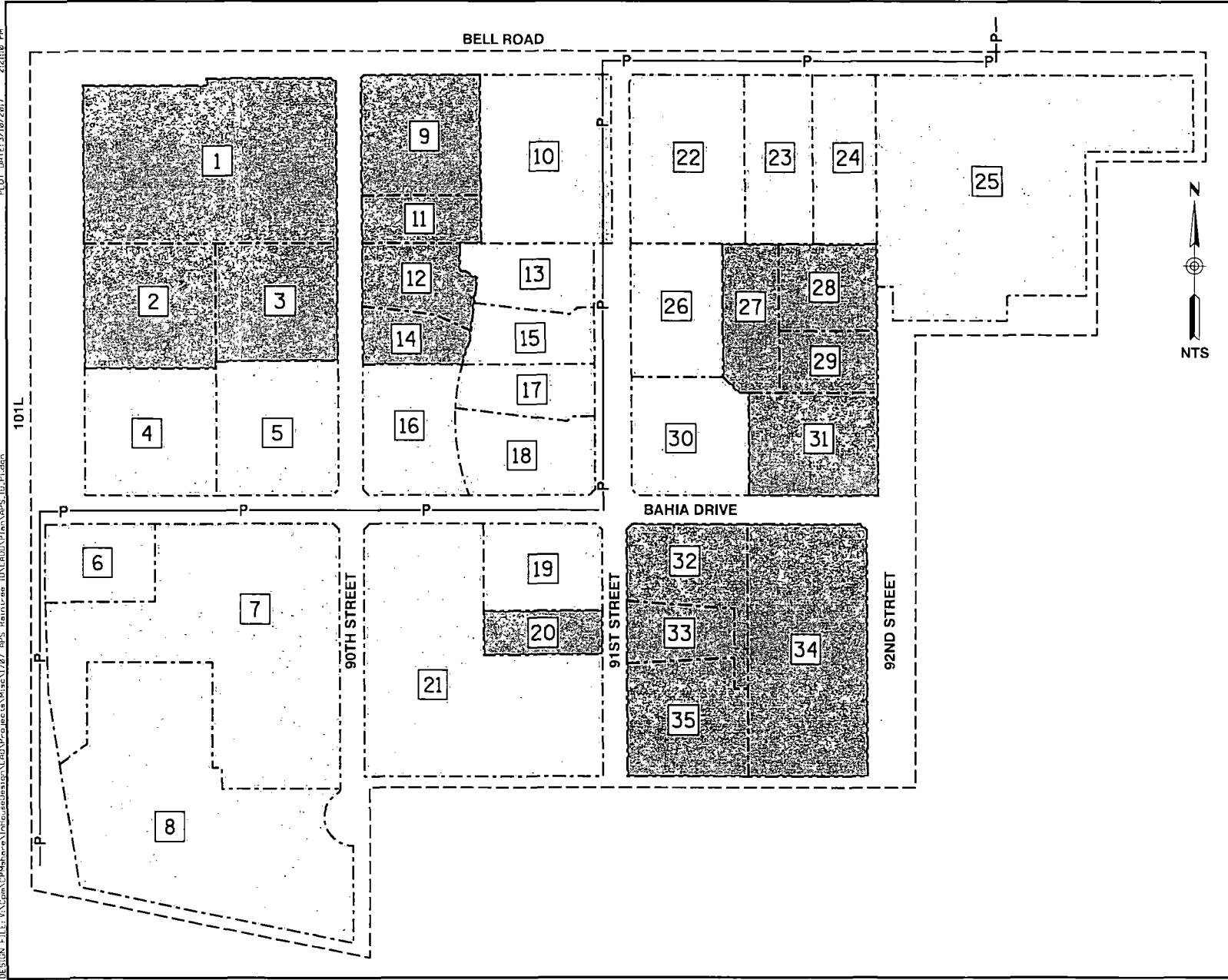
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3/18/2017 2:28:17 PM K:\Gm\CPM\Perkins\Underground\Design\CD\Project\sheet\1707\_005\_Raintree.dgn (D:\CADD\1707\1707\_005\_Cover.dgn)







PL.01 DATE: 3/19/2017 2:21:18 PM



101L

DESIGN FILE: \\s:\dgon\c\p\m\share\unfiled\design\cadd\projects\misc\1787\_rps\_RainLine\_ID\_CADD\Plan\APRS\_ID\_P1.dwg



**LEGEND:**

-  ZONE 1 AREA
-  ZONE 2 AREA
-  ASSESSMENT GROUP NO.
-  PLAT BOUNDARY
-  DISTRICT BOUNDARY
-  UNDERGROUND ROUTE

DATE	REVISION	BY
 		
<b>PUBLIC WORKS</b> <b>CAPITAL PROJECT</b> <b>MANAGEMENT</b>		
<small>7447 E. INDIAN SCHOOL RD.        SCOTTSDALE, ARIZONA 85251</small>		
EXPIRES: 3/20/17 SHEET TITLE:		
<b>ASSESSMENT DIAGRAM</b>		
PROJECT TITLE: CITY OF SCOTTSDALE, ARIZONA, UNDERGROUND UTILITY FACILITY IMPROVEMENT DISTRICT NO. 16002		
SCALE	DESIGNED	SHEET
N/A	605	2
DATE	DRAWN	PROJECT NO.
03/20/17	RAH	16002
VERT. N/A		SHEET
		2 OF 3

XXX-XX

ASSESSMENT TABLE

Table with 16 columns: Assessment Group Number, Assessment Number, Assessor's Number, Assessment Area (Square Feet), Assessment Group Number, Assessment Number, Assessor's Number, Assessment Area (Square Feet), Assessment Group Number, Assessment Number, Assessor's Number, Assessment Area (Square Feet), Assessment Group Number, Assessment Number, Assessor's Number, Assessment Area (Square Feet). Includes subtotals for groups 1-15 and a total district area of 3,692,654.

See Top of Table To Right for Continuation

Engineering title block containing project information: PROJECT TITLE: CITY OF SCOTTSDALE, ARIZONA, UNDERGROUND UTILITY FACILITY IMPROVEMENT DISTRICT NO. 16002; SCALE: 1/8"=1'-0"; DATE: 03/20/17; PROJECT NO.: 16002.

ESTIMATED "MAXIMUM" ASSESSMENTS (subject to change)

Assessment Group #	Assessment #	Assessor's #	Assessment Area (Square Feet)	Estimated Maximum Assessment
1	1.01	217-13-460	18727	\$ 9,047
	1.02	217-13-461	18784	\$ 9,074
	1.03	217-13-807	9120	\$ 4,406
	1.04	217-13-808	9618	\$ 4,646
	1.05	217-13-463	18784	\$ 9,074
	1.06	217-13-464	11485	\$ 5,548
	1.07	217-13-465	11847	\$ 5,723
	1.08	217-13-466	16750	\$ 8,092
	1.09	217-13-467	17148	\$ 8,284
	1.10	217-13-468	16750	\$ 8,092
	1.11	217-13-469	17148	\$ 8,284
	1.12	217-13-470	11485	\$ 5,548
	1.13	217-13-471	11847	\$ 5,723
	1.14	217-13-472A	9813	\$ 4,740
	1.15	217-13-472B	7033	\$ 3,398
	1.16	217-13-473	9330	\$ 4,507
	1.17	217-13-477	5396	\$ 2,607
	1.18	217-13-474	15397	\$ 7,438
	1.19	217-13-475	14726	\$ 7,114
		Subtotal	251188	
2	2	217-13-007-C	101971	\$ 49,261
3	3.01	217-13-457	38942	\$ 18,813
	3.02	217-13-458	48450	\$ 23,405
		Subtotal	87392	
4	4.01	217-13-961	13694	\$ 14,020
	4.02	217-13-962	9171	\$ 9,389
	4.03	217-13-963	10373	\$ 10,620
	4.04	217-13-964	21795	\$ 22,313
	4.05	217-13-965	11355	\$ 11,625
	4.06	217-13-966	20864	\$ 21,360
	4.07	217-13-967	16965	\$ 17,368
		Subtotal	104217	
5	5	217-13-010B	100244	\$ 102,628
6	6	217-13-032K	59922	\$ 61,347
7	7	217-13-032J	306397	\$ 313,684
8	8	217-13-032E	313040	\$ 320,485
9	9.01	217-13-329	45112	\$ 21,793
	9.02	217-13-330	44464	\$ 21,480
		Subtotal	89576	

ESTIMATED "MAXIMUM" ASSESSMENTS (subject to change)

Assessment Group #	Assessment #	Assessor's #	Assessment Area (Square Feet)	Estimated Maximum Assessment
10	10	217-13-006A	135602	\$ 138,827
11	11	217-13-001D	35502	\$ 17,151
12	12	127-13-789	47393	\$ 22,895
13	13.01	217-13-430	5646	\$ 5,780
	13.02	217-13-431	6600	\$ 6,757
	13.03	217-13-432	9803	\$ 10,037
	13.04	217-13-433	6578	\$ 6,734
	13.05	217-13-434	7977	\$ 8,167
	13.06	217-13-435	7409	\$ 7,585
	13.07	217-13-436	7083	\$ 7,251
		Subtotal	51096	
14	14	217-13-790	32975	\$ 15,930
15	15.01	217-13-447	5973	\$ 6,115
	15.02	217-13-448	5589	\$ 5,722
	15.03	217-13-449	5374	\$ 5,501
	15.04	217-13-450	6068	\$ 6,212
	15.05	217-13-451	5721	\$ 5,857
	15.06	217-13-452	4765	\$ 4,878
	15.07	217-13-453	4630	\$ 4,740
	15.08	217-13-454	5222	\$ 5,346
		Subtotal	43342	
16	16	217-13-418	78078	\$ 79,935
17	17.01	217-13-438	3399	\$ 3,479
	17.02	217-13-439	21741	\$ 22,258
	17.03	217-13-440	3061	\$ 3,134
	17.04	217-13-441	3725	\$ 3,814
	17.05	217-13-442	3911	\$ 4,004
	17.06	217-13-443	3447	\$ 3,529
	17.07	217-13-444	3588	\$ 3,674
	17.08	217-13-445	3736	\$ 3,825
		Subtotal	46609	
18	18.01	217-13-420	7106	\$ 7,275
	18.02	217-13-421	7643	\$ 7,825
	18.03	217-13-422	8298	\$ 8,495
	18.04	217-13-423	8145	\$ 8,339
	18.05	217-13-424	7771	\$ 7,956
	18.06	217-13-425	7515	\$ 7,694
	18.07	217-13-426	7237	\$ 7,409
	18.08	217-13-427	6991	\$ 7,157

ESTIMATED "MAXIMUM" ASSESSMENTS (subject to change)

Assessment Group #	Assessment #	Assessor's #	Assessment Area (Square Feet)	Estimated Maximum Assessment
	18.09	217-13-428	7603	\$ 7,784
		Subtotal	68309	
19	19	217-13-377	64604	\$ 66,140
20	20	217-13-376	32688	\$ 15,791
21	21.01	217-13-385	11923	\$ 12,206
	21.02	217-13-386	12208	\$ 12,499
	21.03	217-13-387	11847	\$ 12,129
	21.04	217-13-388	11206	\$ 11,473
	21.05	217-13-389	26582	\$ 27,214
	21.06	217-13-390	29171	\$ 29,864
	21.07	217-13-391	30045	\$ 30,759
	21.08	217-13-392	41671	\$ 42,662
	21.09	217-13-393	13187	\$ 13,501
	21.10	217-13-394	13256	\$ 13,572
	21.11	217-13-395	36885	\$ 37,762
	21.12	217-13-396	39191	\$ 40,123
		Subtotal	277172	
22	22.01	217-13-296	26753	\$ 27,389
	22.02	217-13-297	15897	\$ 16,275
	22.03	217-13-298	43368	\$ 44,400
	22.04	217-13-299	32856	\$ 33,638
		Subtotal	118875	
23	23	217-13-009D	71694	\$ 73,399
24	24	217-13-009C	66279	\$ 67,855
25	25	217-13-809	351057	\$ 359,406
26	26	217-13-013A	74734	\$ 76,511
27	27.01	217-13-301	14436	\$ 6,974
	27.02	217-13-302	5586	\$ 2,698
	27.03	217-13-303	5817	\$ 2,810
	27.04	217-13-304	5827	\$ 2,815
	27.05	217-13-305	4960	\$ 2,396
	27.06	217-13-306	8943	\$ 4,320
	27.07	217-13-307	6066	\$ 2,930
		Subtotal	51634	
28	28	217-13-014B	52785	\$ 25,500
29	29.01	217-13-309	7151	\$ 3,454
	29.02	217-13-310	6574	\$ 3,176
	29.03	217-13-311	5070	\$ 2,449
	29.04	217-13-312	5065	\$ 2,447



ESTIMATED "MAXIMUM" ASSESSMENTS (subject to change)

Assessment Group #	Assessment #	Assessor's #	Assessment Area (Square Feet)	Estimated Maximum Assessment
	29.05	217-13-313	8389	\$ 4,053
	29.06	217-13-314	5633	\$ 2,721
		Subtotal	37882	
30	30	217-13-013D	82521	\$ 84,484
31	31.01	217-13-332	10201	\$ 4,928
	31.02	217-13-333	4531	\$ 2,189
	31.03	217-13-334	5336	\$ 2,578
	31.04	217-13-335	9539	\$ 4,608
	31.05	217-13-336	13325	\$ 6,437
	31.06	217-13-337	12505	\$ 6,041
	31.07	217-13-338	9174	\$ 4,432
	31.08	217-13-339	4997	\$ 2,414
	31.09	217-13-340	7054	\$ 3,407
	31.10	217-13-341	6493	\$ 3,137
		Subtotal	83153	
32	32	217-13-812	63926	\$ 30,882
33	33	217-13-813	39952	\$ 19,300
	34.01	217-13-896	2299	\$ 1,111
	34.02	217-13-897	2207	\$ 1,066
	34.03	217-13-898	2920	\$ 1,411
	34.04	217-13-899	2920	\$ 1,411
	34.05	217-13-900	2207	\$ 1,066
	34.06	217-13-901	2313	\$ 1,117
	34.07	217-13-902	2299	\$ 1,111
	34.08	217-13-903	2207	\$ 1,066
	34.09	217-13-904	2920	\$ 1,411
	34.10	217-13-905	2920	\$ 1,411
	34.11	217-13-906	2207	\$ 1,066
	34.12	217-13-907	2313	\$ 1,117
	34.13	217-13-908	2299	\$ 1,111
	34.14	217-13-909	2207	\$ 1,066
	34.15	217-13-910	2920	\$ 1,411
	34.16	217-13-911	2920	\$ 1,411
	34.17	217-13-912	2207	\$ 1,066
	34.18	217-13-913	2313	\$ 1,117
	34.19	217-13-914	2299	\$ 1,111
	34.20	217-13-915	2207	\$ 1,066
	34.21	217-13-916	2920	\$ 1,411
	34.22	217-13-917	2920	\$ 1,411

ESTIMATED "MAXIMUM" ASSESSMENTS (subject to change)

Assessment Group #	Assessment #	Assessor's #	Assessment Area (Square Feet)	Estimated Maximum Assessment
34	34.23	217-13-918	2207	\$ 1,066
	34.24	217-13-919	2313	\$ 1,117
	34.25	217-13-920	2299	\$ 1,111
	34.26	217-13-921	2207	\$ 1,066
	34.27	217-13-922	2920	\$ 1,411
	34.28	217-13-923	2920	\$ 1,411
	34.29	217-13-924	2207	\$ 1,066
	34.30	217-13-925	2313	\$ 1,117
	34.31	217-13-926	2299	\$ 1,111
	34.32	217-13-927	2207	\$ 1,066
	34.33	217-13-928	2920	\$ 1,411
	34.34	217-13-929	2920	\$ 1,411
	34.35	217-13-930	2207	\$ 1,066
	34.36	217-13-931	2313	\$ 1,117
	34.37	217-13-932	2299	\$ 1,111
	34.38	217-13-933	2207	\$ 1,066
	34.39	217-13-934	2920	\$ 1,411
	34.40	217-13-935	2920	\$ 1,411
	34.41	217-13-936	2207	\$ 1,066
	34.42	217-13-937	2321	\$ 1,121
	34.43	217-13-938	2318	\$ 1,120
	34.44	217-13-939	2920	\$ 1,411
	34.45	217-13-940	2920	\$ 1,411
	34.46	217-13-941	2307	\$ 1,114
	34.47	217-13-942	2299	\$ 1,111
	34.48	217-13-943	2207	\$ 1,066
	34.49	217-13-944	2920	\$ 1,411
	34.50	217-13-945	2920	\$ 1,411
	34.51	217-13-946	2207	\$ 1,066
	34.52	217-13-947	2313	\$ 1,117
	34.53	217-13-948	2313	\$ 1,117
	34.54	217-13-949	2207	\$ 1,066
	34.55	217-13-950	2920	\$ 1,411
	34.56	217-13-951	2920	\$ 1,411
34.57	217-13-952	2207	\$ 1,066	
34.58	217-13-953	2299	\$ 1,111	
34.59	217-13-954	2313	\$ 1,117	
34.60	217-13-955	2207	\$ 1,066	
34.61	217-13-956	2920	\$ 1,411	

ESTIMATED "MAXIMUM" ASSESSMENTS (subject to change)

Assessment Group #	Assessment #	Assessor's #	Assessment Area (Square Feet)	Estimated Maximum Assessment
	34.62	217-13-957	2920	\$ 1,411
	34.63	217-13-958	2207	\$ 1,066
	34.64	217-13-959	2299	\$ 1,111
	34.65	217-13-881	2302	\$ 1,112
	34.66	217-13-882	899	\$ 434
	34.67	217-13-883	1148	\$ 555
	34.68	217-13-884	1086	\$ 525
	34.69	217-13-885	1178	\$ 569
	34.70	217-13-886	1680	\$ 811
	34.71	217-13-887	1982	\$ 958
	34.72	217-13-888	1982	\$ 958
	34.73	217-13-889	2059	\$ 994
	34.74	217-13-890	1680	\$ 811
	34.75	217-13-891	1982	\$ 958
	34.76	217-13-892	1982	\$ 958
	34.77	217-13-893	2059	\$ 994
	34.78	217-13-894	3310	\$ 1,599
	34.79	217-13-895	2971	\$ 1,435
			Subtotal	187438
35	35.01	217-13-316	5846	\$ 2,824
	35.02	217-13-317	4848	\$ 2,342
	35.03	217-13-318	5223	\$ 2,523
	35.04	217-13-319	5309	\$ 2,565
	35.05	217-13-320	5610	\$ 2,710
	35.06	217-13-321	5819	\$ 2,811
	35.07	217-13-322	6666	\$ 3,220
	35.08	217-13-323	8125	\$ 3,925
	35.09	217-13-324	7609	\$ 3,676
	35.10	217-13-325	12325	\$ 5,954
	35.11	217-13-326	9497	\$ 4,588
	35.12	217-13-327	6528	\$ 3,154
			Subtotal	83406
Total District Area			3692654	\$ 3,089,000

**Raintree 69kV  
Underground  
Improvement District  
No. I-6002**

*City Council  
March 21, 2017*

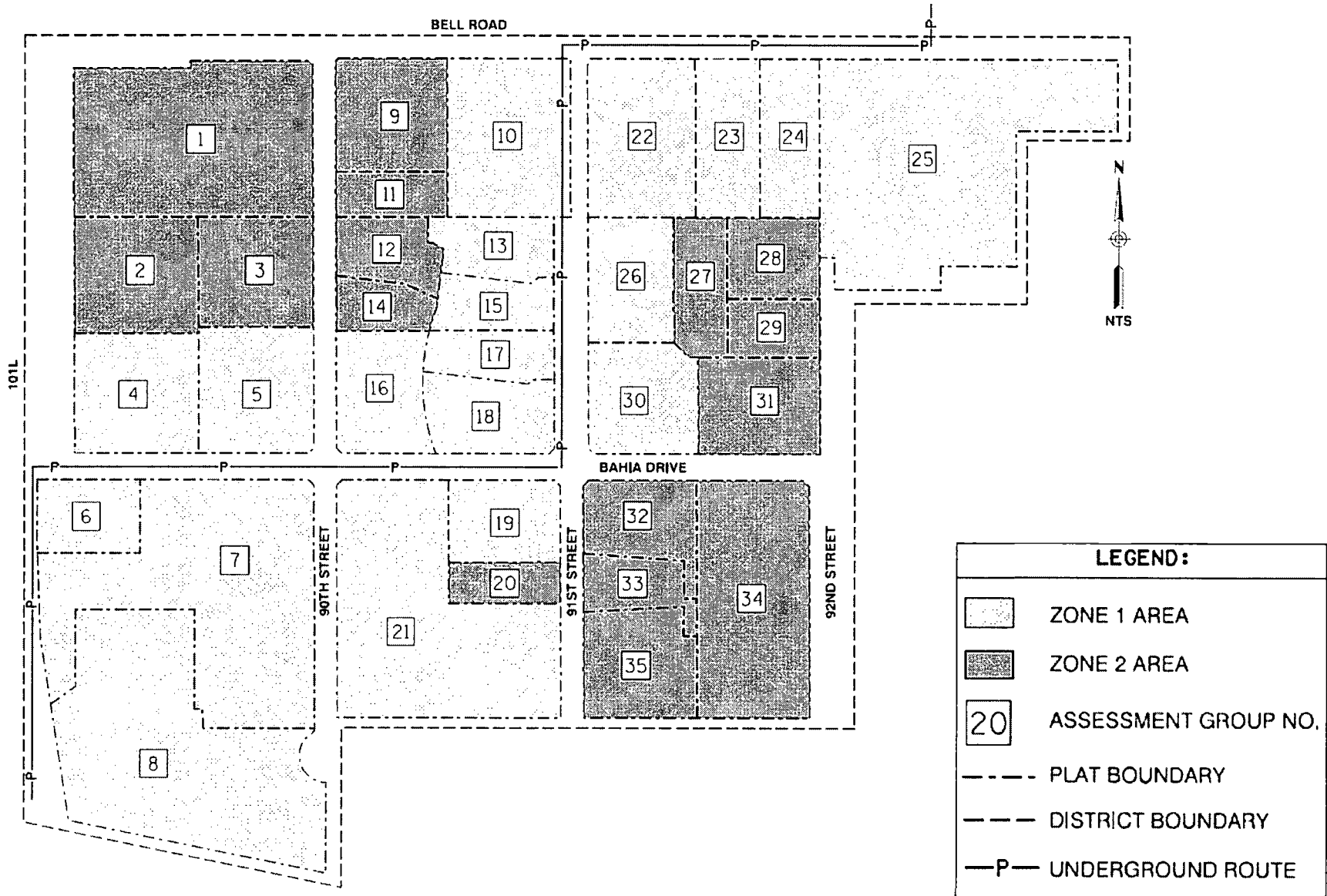
# Proposed Action

- Continue process of forming an Underground Utility Facilities Improvement District
  - Adopt Resolution 10756
    - Canvass votes cast in all-mail ballot election held March 2, 2017
    - Declare the District formed.
    - Authorize and order recording of election results.
  - Adopt Resolution 10757
    - Order work described in Resolution of Intention
    - Approve form of agreement between the City and coordinating utility (APS)
  - Adopt Resolution 10758
    - Approve levying of an assessment and assessment diagram
    - Set April 25 as date for assessment hearing

# Election Results

		<b>Yes</b>	<b>No</b>
<b>Question 1</b>	Shall the City Council of the City of Scottsdale, Arizona, form the City of Scottsdale, Arizona, Underground Utility Facilities Improvement District No. I-6002 in accordance with Title 48, Chapter 4, Article 2, of the Arizona Revised Statutes for the purpose of constructing certain utility facilities underground, instead of overhead, and with such boundaries as described in the legal description and district map on file with the City Clerk of the City of Scottsdale, Arizona?	<b>119</b>	<b>16</b>
<b>Question 2</b>	Shall the City of Scottsdale, Arizona, Underground Utility Facilities Improvement District No. I-6002 (the "District"), if formed, be authorized to levy an assessment on the real property within the boundaries of the District in order to finance the costs and expenses, including certain incidental expenses, of constructing certain utility facilities underground, instead of overhead, in an aggregate assessment amount not to exceed the estimate currently on file with the City Clerk of the City of Scottsdale, Arizona?	<b>113</b>	<b>20</b>

# Assessment Diagram



# Agreement between City and APS

- APS:
  - Construct the powerlines underground and pay associated costs
  - Work to begin in April 2017
- City:
  - Collects semi-annual assessment
  - Forwards funds to APS
- District members:
  - Reimburse APS for costs of constructing powerlines underground
  - Costs apportioned per assessment methodology
  - Option of one time payment or financing over 15 years at APS' cost of capital



# Process

- Resolution of intention: Establishes district boundary and items of work to be constructed
- Post and publish notice of intention; 30 day comment period
- Public hearing for objections:
  - Proposed date January 17, 2017 Council meeting
  - Council may order election regarding district formation and levy of the assessment if majority of property owners in district have signed a petition in support of formation.
- Election utilizing simplified ballot card; registered voters and property owners within the proposed district receive ballots
- If election is successful, Council may adopt a Resolution Ordering Work to give direction to APS to begin construction
- Public hearing at Apr 25 Council meeting to hear objections to proposed assessment methodology; Council may then adopt a Resolution Levying the Assessment and Approving the Assessment Diagram
- Resolution of Final Assessment follows completion of construction

# **Questions and Discussion**

Item 15

**Raintree 69kV  
Underground  
Improvement District  
No. I-6002**

*City Council  
March 21, 2017*

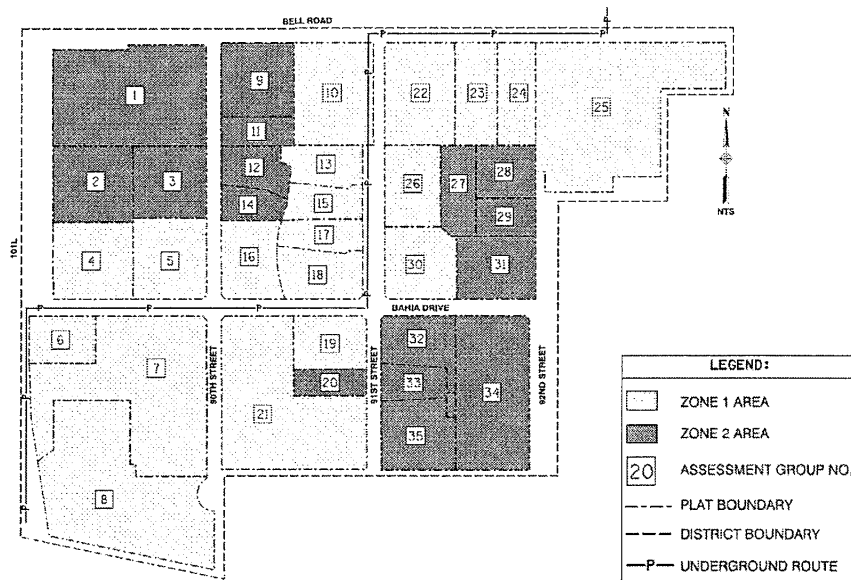
**Proposed Action**

- Continue process of forming an Underground Utility Facilities Improvement District
  - Adopt Resolution 10756
    - Canvass votes cast in all-mail ballot election held March 2, 2017
    - Declare the District formed.
    - Authorize and order recording of election results.
  - Adopt Resolution 10757
    - Order work described in Resolution of Intention
    - Approve form of agreement between the City and coordinating utility (APS)
  - Adopt Resolution 10758
    - Approve levying of an assessment and assessment diagram
    - Set April 25 as date for assessment hearing

## Election Results

		Yes	No
<b>Question 1</b>	Shall the City Council of the City of Scottsdale, Arizona, form the City of Scottsdale, Arizona, Underground Utility Facilities Improvement District No. I-6002 in accordance with Title 48, Chapter 4, Article 2, of the Arizona Revised Statutes for the purpose of constructing certain utility facilities underground, instead of overhead, and with such boundaries as described in the legal description and district map on file with the City Clerk of the City of Scottsdale, Arizona?	119	16
<b>Question 2</b>	Shall the City of Scottsdale, Arizona, Underground Utility Facilities Improvement District No. I-6002 (the "District"), if formed, be authorized to levy an assessment on the real property within the boundaries of the District in order to finance the costs and expenses, including certain incidental expenses, of constructing certain utility facilities underground, instead of overhead, in an aggregate assessment amount not to exceed the estimate currently on file with the City Clerk of the City of Scottsdale, Arizona?	113	20

## Assessment Diagram



## **Agreement between City and APS**

- APS:
  - Construct the powerlines underground and pay associated costs
  - Work to begin in April 2017
- City:
  - Collects semi-annual assessment
  - Forwards funds to APS
- District members:
  - Reimburse APS for costs of constructing powerlines underground
  - Costs apportioned per assessment methodology
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## **Process**

- Resolution of intention: Establishes district boundary and items of work to be constructed
- Post and publish notice of intention; 30 day comment period
- Public hearing for objections:
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- Resolution of Final Assessment follows completion of construction

**Questions and  
Discussion**

**Jagger, Carolyn**

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**From:** David Bonfield <bodyaware1@me.com>  
**Sent:** Friday, March 17, 2017 10:47 PM  
**To:** Jagger, Carolyn  
**Subject:** Underground Utility Facilities Improvement District No. 1-6002

Dear Carolyn,

Please put the following comments regarding Underground Utility Facilities Improvement District No. 1-6002 to the City Council:

We would ask the Council members to consider the assessment methodology and its impact on the small owner occupied businesses in the newly formed District.

We appreciate that the businesses directly facing onto the route are mostly in favor of the underground lines, particularly the newer larger developments, since they will benefit from the aesthetics of no visible power lines and their property value will be improved.

The properties further back from the route will derive negligible benefit, the route to our warehouse from home for example does not pass along any of the route.

In addition the majority of the businesses in the area away from the power line route are small and many like ours are family owned and operated. We are concerned because this is an extra burden we had not anticipated.

The cost split of 80%/20% relates to the total areas of the zones, not the individual assessments per square foot in the two zones. So the larger zone A carries 80% of the total cost and zone B (less than half the size) carries the 20%. This results in the actual split in the real assessed cost per square ft of 68%/32% between the two zones. My suggestion would be for the split to be 85%/15% to take account of the smaller Zone B area.

In conclusion, we would ask the City members to consider the small businesses in the Zone B areas, but also consider help for any small businesses caught up in the Zone A of the district. We all struggle with trying to keep our businesses going with ever increasing costs so we hope you can support us to minimize this unexpected extra expense.

Thank you,  
David & Kristina Bonfield  
16443 N 91st St #104  
Scottsdale AZ 85260

480 275 0494

**Smith, Erica**

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**From:** Southwest Wildlife Taxidermy <jim@swwildlife.com>  
**Sent:** Monday, March 20, 2017 1:03 PM  
**To:** Jagger, Carolyn  
**Subject:** APS utilities district

Carolyn, could you please include this email in the record for the council to read at the meeting Tuesday March 21<sup>st</sup>.

Honorable Council;

Underground Utility Facilities Improvement District No. 1-6002 to the City Council:

I am a small business and property owner in this district. In my opinion the underground Utility Facilities Improvement District No. 1-6002 was shoved down our throat. The boundary was gerrymandered. Half of the owners in our complex did not receive a ballot and have no idea what is going on. Only 38 percent of the owners in the district voted. And one of the "petition of interest" had 79 votes even though those plats have not and may not be built.

With that being said we are a district. I was told by Staff (Chris Perkins and Carolyn Jagger) that the district now decides how the cost of the project is to be split up among the property owners. I have asked them repeatedly who to talk to have a say in how the costs will be split. I have never received an answer to that question other than I have to wait till APS has the final numbers after the project is complete. You would think if I'm part of the district I might have a voice in how the district calculates the split. Without getting a definitive answers from staff I can now only assume that you, the council is the one that makes the decision on how the cost of the project is split up.

There were 2 different spreadsheets as to the amounts of the assessments that were going around. The first one was the one that was used to hoodwink the property owners into voting for the formation of the district. It showed for example for my property I would only have to pay approximately 1600.00. then the second spreadsheet came out and my property assessment is projected to be almost 5000.00. I'm one of the small properties. I'm also a small family business struggling to make it. When we purchased our industrial zoned property we assumed there would be trucks, traffic, powerline, smells excreta associated with an industrial zoning. It appears that due to the fact that you are changing the area to multi use and residential, I am responsible for the costs associated with the up zoning.



There has been talk of a two zone allocation system, I urge you to implement the 2 zone system of assessment. I feel it is unfair to burden the small business owners of the area with equal assessment for the project due to the fact that the large developers who were the "petition of interest" filers with property along the route have the most to lose in property values. Those of us that are away from the route or have Industrial zoned property will be affected the least. Therefore we should pay the least.

Thank you for considering my opinion on this matter.

Jim Hartsock  
16443 N. 91<sup>st</sup> street C-105  
Scottsdale, AZ. 85260  
(480) 661-0372

## Smith, Erica

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**From:** JIM AND ANNETTE HARTSOCK <JACS0031@msn.com>  
**Sent:** Monday, March 20, 2017 2:49 PM  
**To:** Jagger, Carolyn  
**Subject:** Underground Utility Facilities Improvement District No. 1-6002

To the City Council to be included in the March 21, 2017 Council meeting:

Honorable Council –

I am Annette Hartsock. I am part owner of JACS Properties LLC; property located at 16443 N 91<sup>st</sup> Street, Suite C105, Scottsdale, AZ 85260.

Please let your records show the contact address as respects JACS Properties LLC is 16443 N 91<sup>st</sup> Street, Suite C105, Scottsdale, AZ 85260. The contact email address is [jim@swwildlife.com](mailto:jim@swwildlife.com) and [JACS0031@msn.com](mailto:JACS0031@msn.com). We would like to be in the loop and given prior notification of all meetings and discussions regarding the District.

Be advised, the mailing address for JACS Properties LLC is current with the Maricopa County Treasurer's office for property tax purposes and is also current with the Arizona Corporate Commission since last updated, August 2013. With that said, we have never received direct notifications regarding discussions or the forming of this District prior to March 1, 2017.

As respects the distribution of the assessment costs to the property owners, I propose the Council take into consideration the individual property zoning. Our building is zoned Industrial (I-1). We are surrounded by Commercial, Office and Mixed Residential. The properties that benefit the most from burying the lines are the Mixed Residential (AMU-R) at the highest percentage to the light Industrial (I-1) at the lowest.

I ask for two considerations:

- 1) the properties within the District, Assessment Groups #1-35, are all subject to assessments.
- 2) the difference in zoning be an additional consideration of cost allocation and the maximum split of no more than 10% be distributed to the properties least affected, i.e. I-1 and Zone 2 parcels.

Thank you for your considerations.

Kind regards,

Annette Hartsock

16443 N 91st Street, Ste 105

Scottsdale, AZ 85260

work: 480-661-0372

cell: 480-734-4392