

COUNCIL
EXECUTIVE
REPORT

JULY 2022



INTRODUCTION

This issue of the Council Executive Report provides a summary of the Town's performance during July 2022. The information is organized in sections based on the Town's General Plan:

LAND MANAGEMENT: How Marana plans to use the land and where the Town expects growth.

BUILT ENVIRONMENT: Man-made structures built on the land. It is used to describe all structures, facilities and other physical infrastructure, and includes urban and rural development, telecommunications, utility networks, transportation systems, and sewer treatment and conveyance systems.

PEOPLE AND COMMUNITY: Marana values its citizens, businesses and visitors and strives to create a high quality of life. This theme ensures that citizen, business and visitor needs are addressed equally and includes public safety, parks and recreation, economic vitality and community involvement.

RESOURCE MANAGEMENT: Provides guidance in managing Marana's renewable and non-renewable resources. Elements include open space and trails, cultural resources, water resources and energy.

COUNCILMEMBERS

Mayor Ed Honea
Vice Mayor Jon Post
Councilmember Patti Comerford
Councilmember Jackie Craig
Councilmember John Officer
Councilmember Herb Kai
Councilmember Roxanne Ziegler

TABLE OF CONTENTS

- LAND MANAGEMENT
 - Development Projects..... 4

- BUILT ENVIRONMENT
 - Capital Improvement Projects..... 5
 - Single Family Residential Permits - By Region 6

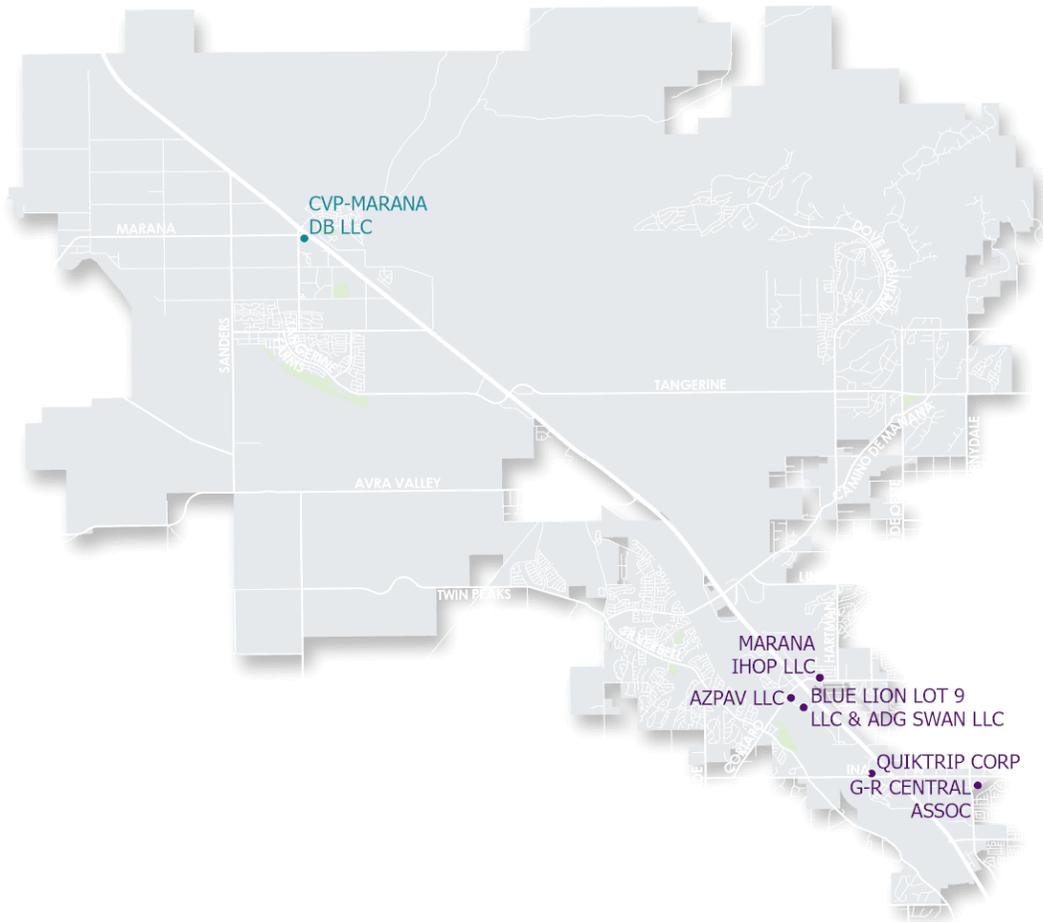
- PEOPLE AND COMMUNITY
 - Animal Services..... 7
 - New Business Licenses..... 7
 - Marana Monthly Roundup..... 7

- RESOURCE MANAGEMENT
 - Water/Water Reclamation..... 8

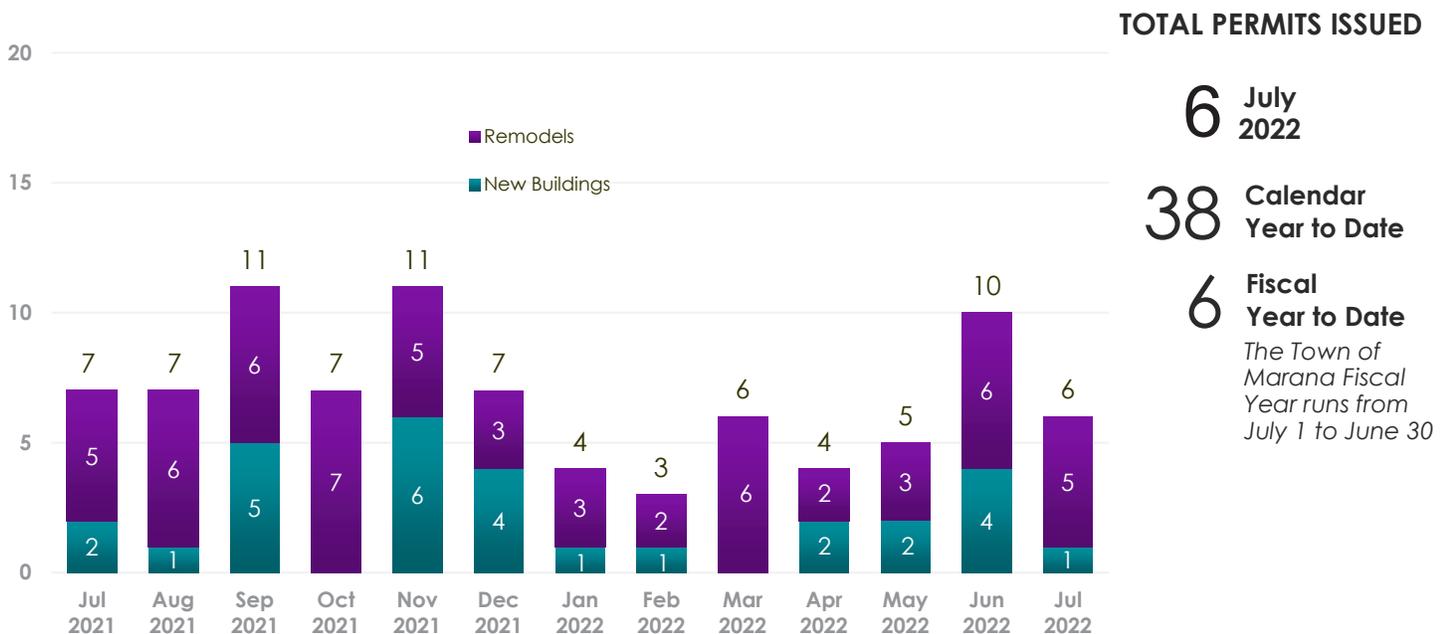
- TOWN OF MARANA INVESTMENT PORTFOLIO SUMMARY (ATTACHMENT)
 - Summary for FY22 Quarter 4..... --

LAND MANAGEMENT

COMMERCIAL BUILDING PERMIT LOCATIONS – JULY 2022



COMMERCIAL BUILDING PERMIT – MONTHLY TREND



BUILT ENVIRONMENT

CAPITAL DESIGN & CONSTRUCTION REPORT

The following provides an update of major construction and design projects in the Town of Marana. Visit the [Current and Proposed Projects Map](#) for a comprehensive list.

DESIGN

1. North Marana Sewer Interceptor

Budget: \$10,300,000

Status: 10% Design

Fund Source: Federal

2. Tangerine Farms Rd, Extension

Budget: \$21,800,000

Status: 0% Design

Fund Source: Transportation Fund

3. Tortolita Preserve Improvements

Budget: \$230,000

Status: 60% Design

Fund Source: General Fund

4. Gladden Farms Baseball Fields

Budget: \$550,000

Status: 90% Design

Fund Source: Impact Fees

5. Shared Use Path, CalPortland Extension

Budget: \$3,000,000

Status: 95% Design

Fund Source: Park Impact Fees

6. Tangerine Rd Widening, Phase 2

Budget: \$27,000,000

Status: 5% Design

Fund Source: Transportation Funds, RTA, Federal

7. El Rio Preserve Expansion

Budget: \$485,000

Status: 0% Design

Fund Source: General Fund

8. Marana Community Center/Aquatic Facility

Budget: \$47,000,000

Status: 0% Design

Fund Source: Sales Tax

9. Rillito Village Tr Drainage Improvements

Budget: \$760,000

Status: 70% Design

Fund Source: Transportation Fund

10. LED Street Lighting Near Crossroads Park

Budget: \$300,000

Status: 80% Design

Fund Source: Transportation Funds

11. El Rio Disc Golf

Budget: \$240,000

Status: 30% Design

Fund Source: General Fund

12. Twin Peaks Rd, Rattlesnake Pass Widening

Budget: \$18,000,000

Status: 80% Design

Fund Source: Impact Fees, Transportation Funds

13. El Rio Recreation Area Parking Lot

Budget: \$170,000

Status: 60% Design

Fund Source: General Fund

14. Heritage Park Pole Barn

Budget: \$140,000

Status: 80% Design

Fund Source: General Fund

CONSTRUCTION

1. Airport (PAPs/MIRLs, Beacon)

Budget: \$1,750,000

Status: 10% Construction

Fund Source: FAA, ADOT, TOM

3. Twin Peaks Rd - Sandario Rd Intersection

Budget: \$1,100,000

Status: 99% Construction

Fund Source: Transportation Funds

2. Marana Drainage Improvements

Budget: \$305,125

Status: 80% Construction

Fund Source: General Fund

4. 2022 Pavement Preservation

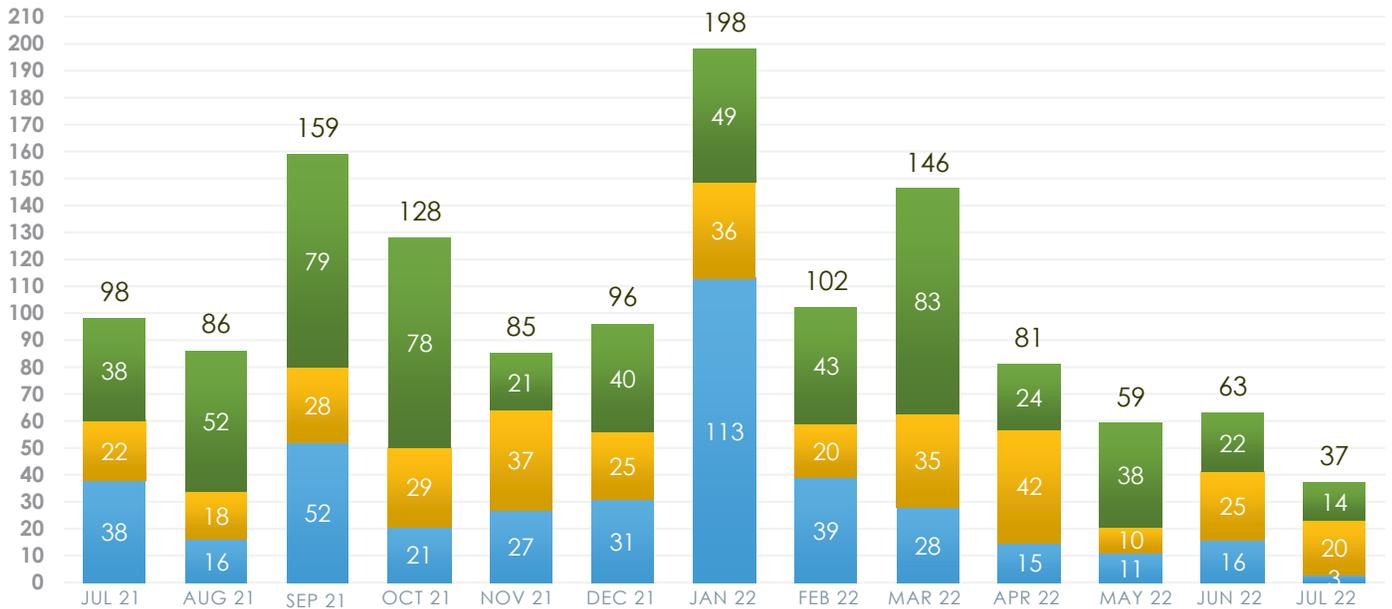
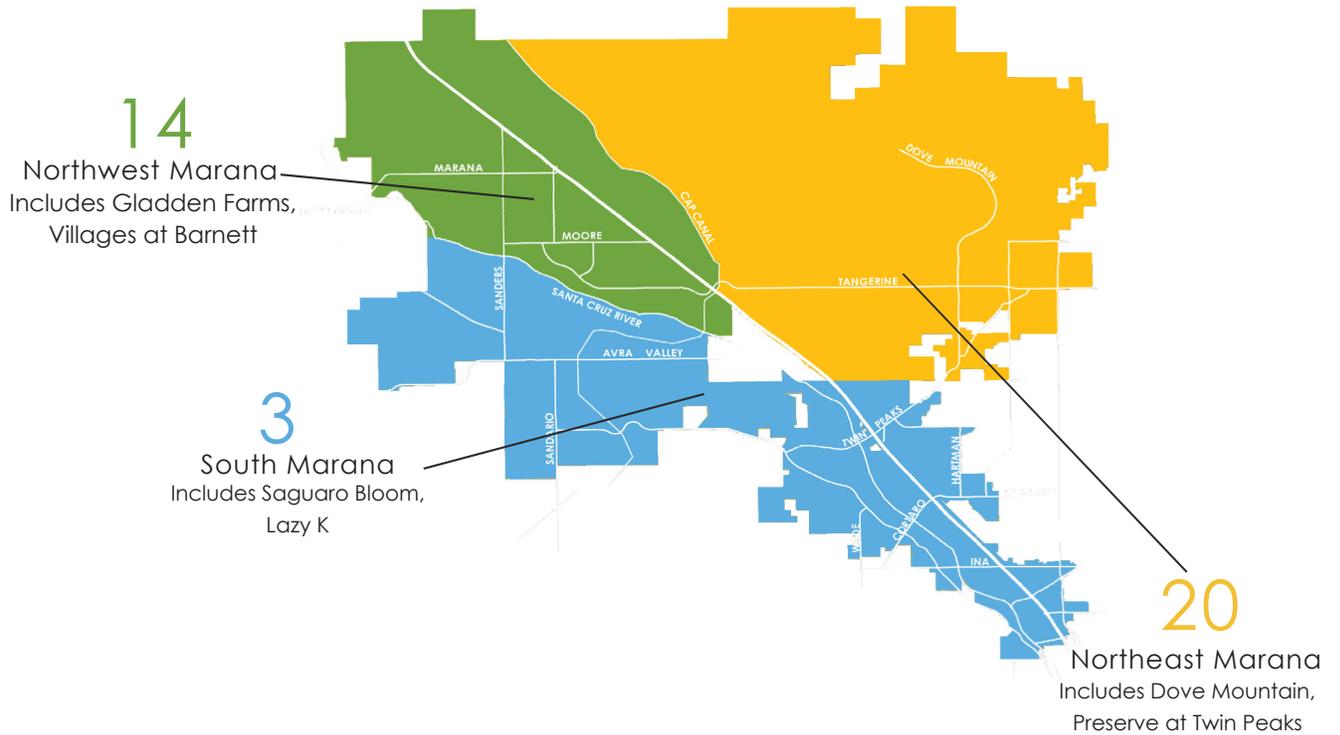
Budget: \$1,285,730

Status: 80% Construction

Fund Source: HURF

BUILT ENVIRONMENT

SINGLE FAMILY RESIDENTIAL PERMITS – BY REGION



TOTAL PERMITS ISSUED

37
July
2022

686
Calendar
Year to Date

37
Fiscal
Year to Date

PEOPLE AND COMMUNITY

MARANA ANIMAL SERVICES

Service Metrics – June 2022

Pet Licenses Issued **270**

Stray Pets **24**

Stray Pets Returned to Owner **17**

Pet Adoptions **53**

Licensing Revenue **\$6,455.00**

Program Donations **\$176.00**

NEW BUSINESS LICENSES

A total of **26** business licenses were filed in July.

Commercial Real Estate **1**

Contractor **5**

Home Arms Retail **2**

Manufacturing **1**

Online Sales **1**

Restaurant **3**

Retail **3**

Service **10**

MARANA MONTHLY ROUNDUP

The Marana Monthly Roundup is a video series that highlights the events and projects making headlines in the Town's Newsroom. Visit the following link to watch the June and July Monthly Roundup: <https://www.youtube.com/watch?v=EQwu08fpWj8>



RESOURCE MANAGEMENT

WATER/WATER RECLAMATION

New Connections – July 2022

Meter Installs **38**

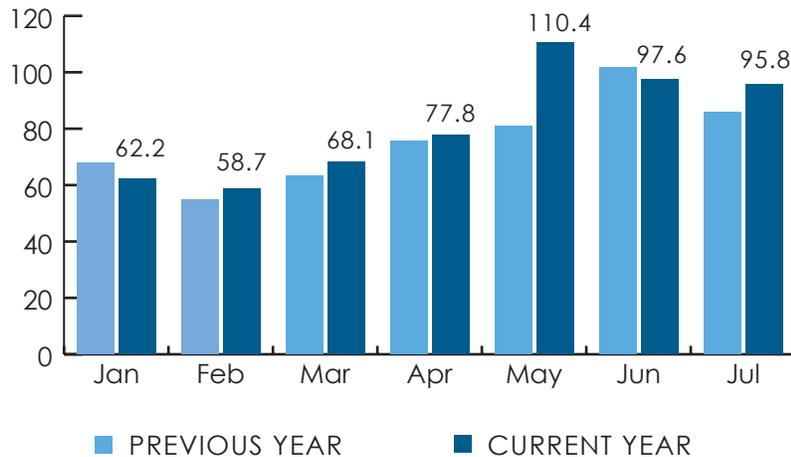
Sewer Cards **18**

Water Customers **10,394**

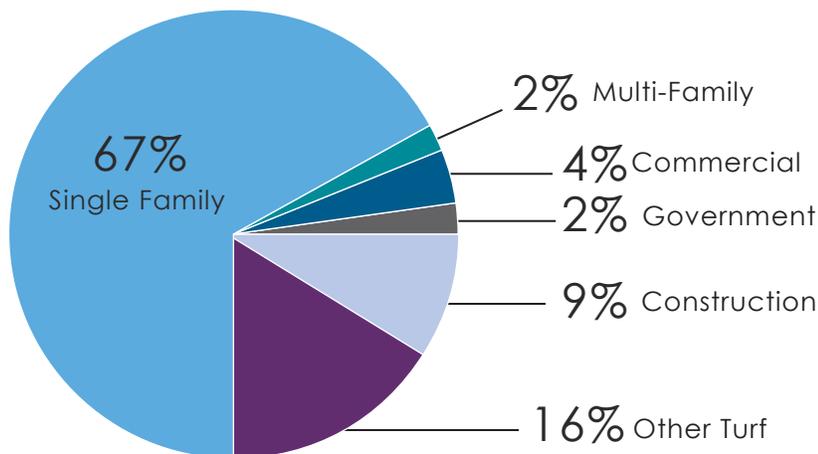
Sewer Customers **5,995**

Water Gallons Billed **95.77 million**

Millions of Water Gallons Per Month



Water Usage By Type / July 2022



Town of Marana

Investment Portfolio Summary Quarter Ending June 30, 2022

Luke Schneider, CFA, Managing Director

Annette Gaston, Senior Managing Consultant

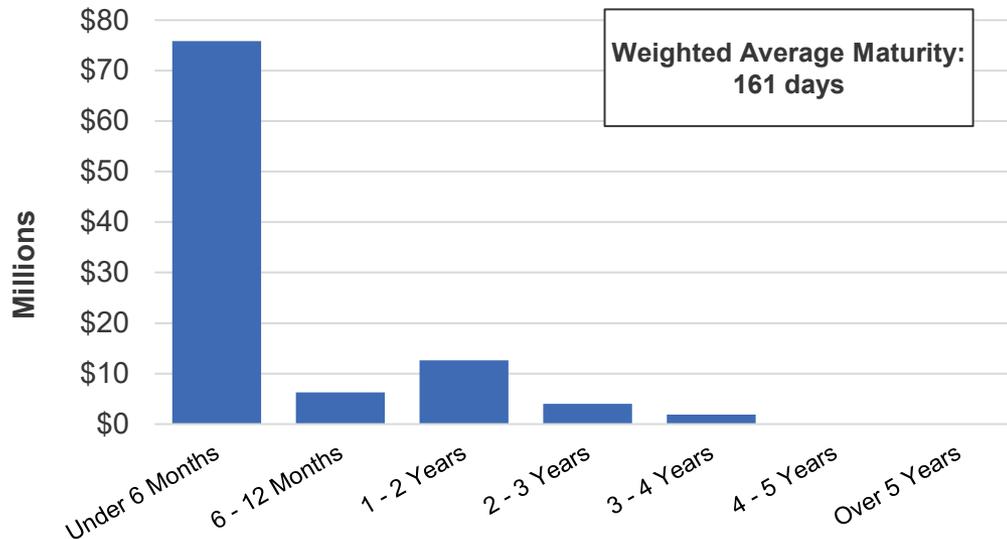
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PFM Asset Management LLC

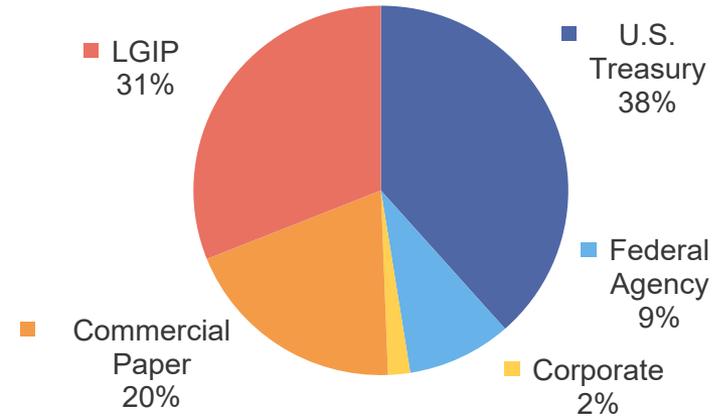
NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE

| Account Summary | Beginning Values as of 3/31/22 | Ending Values as of 6/30/22 |
|--------------------------------|--------------------------------|-----------------------------|
| Market Value | \$99,988,817 | \$99,790,116 |
| Book Value | \$100,660,084 | \$100,647,698 |
| Unrealized Gain/(Loss) | (\$671,267) | (\$857,582) |
| Weighted Average YTM at Market | 1.03% | 1.79% |
| Weighted Average YTM at Cost | 0.62% | 0.97% |

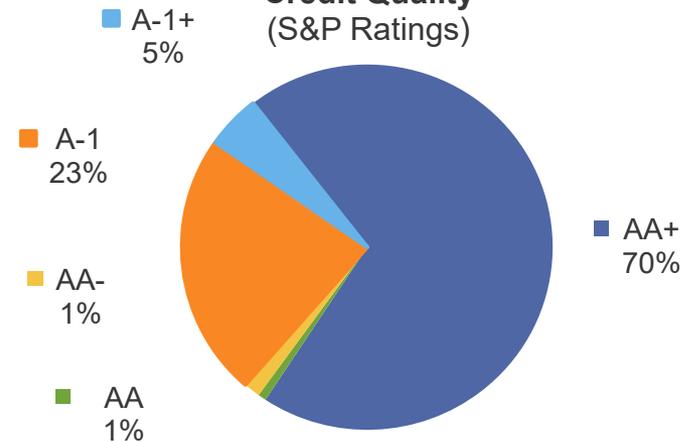
Maturity Distribution



Sector Distribution



Credit Quality (S&P Ratings)



1. Market Value and Book Value include \$30,988,955 invested with the State Local Government Investment Pools 5 & 7 as of 6/30/2022.
 2. Weighted average maturity includes LGIP balances and uses book values for weighting. Accrued interest and cash balances are excluded.

Security Type and Issuer Compliance^{1,2,3}

Town of Marana as of
6/30/22

| Security Type | Book Value | % of Portfolio | Permitted by Policy |
|-------------------------|----------------------|----------------|---------------------|
| U.S. Treasury | \$38,863,278 | 39% | 100.0% |
| Federal Agency | \$9,248,532 | 9% | 100.0% |
| Corporates | \$2,027,356 | 2% | 40.0% |
| Commercial Paper | \$19,519,576 | 19% | 50.0% |
| AZ LGIP | \$30,988,955 | 31% | 100.0% |
| Total Book Value | \$100,647,698 | 100.00% | |

| Accrual Basis Earnings | 4/1/22 through 6/30/22 |
|---------------------------------|------------------------|
| Estimated Earnings | \$137,092 |
| Total Estimated Earnings | \$137,092 |

| Maturity | Book Value | % of Portfolio | Permitted by Policy |
|-------------------------|----------------------|----------------|---------------------|
| 0-6 Months | \$78,705,194 | 78% | No Limit |
| 6-12 Months | \$4,597,477 | 5% | No Limit |
| 1-2 Years | \$12,650,028 | 13% | No Limit |
| 2-3 Years | \$2,786,350 | 3% | No Limit |
| 3-4 Years | \$1,908,650 | 2% | No Limit |
| 4-5 Years | \$0 | 0% | No Limit |
| Over 5 Years | \$0 | 0% | 0% |
| Total Book Value | \$100,647,698 | 100.00% | |

| Issuer | Book Value | % of Portfolio | Permitted by Policy |
|-------------------------|----------------------|----------------|---------------------|
| FNMA | \$1,989,844 | 2.0% | 100% |
| FHLB | \$2,464,653 | 2.4% | 100% |
| FHLMC | \$4,794,034 | 4.8% | 100% |
| U.S. Treasury | \$38,863,278 | 38.6% | 100% |
| Apple Inc | \$522,628 | 0.5% | 5% |
| Blackrock Inc | \$500,276 | 0.5% | 5% |
| Visa | \$505,320 | 0.5% | 5% |
| Wal-Mart Stores Inc | \$499,131 | 0.5% | 5% |
| JP Morgan | \$3,897,543 | 3.9% | 5% |
| Manhattan Asset | \$3,290,907 | 3.3% | 5% |
| MUFG Bank | \$3,878,982 | 3.9% | 5% |
| Ing Funding | \$3,881,222 | 3.9% | 5% |
| Old Line Funding | \$3,287,749 | 3.3% | 5% |
| LMA Americas | \$1,283,174 | 1.3% | 100% |
| AZ LGIP | \$30,988,955 | 30.8% | 100% |
| Total Book Value | \$100,647,698 | 100.00% | |

1. Investment policy dated February 2020.
2. Maturity distribution does not include accrued interest.
3. Accrual basis earnings does not include LGIP balances.

Current Market Themes

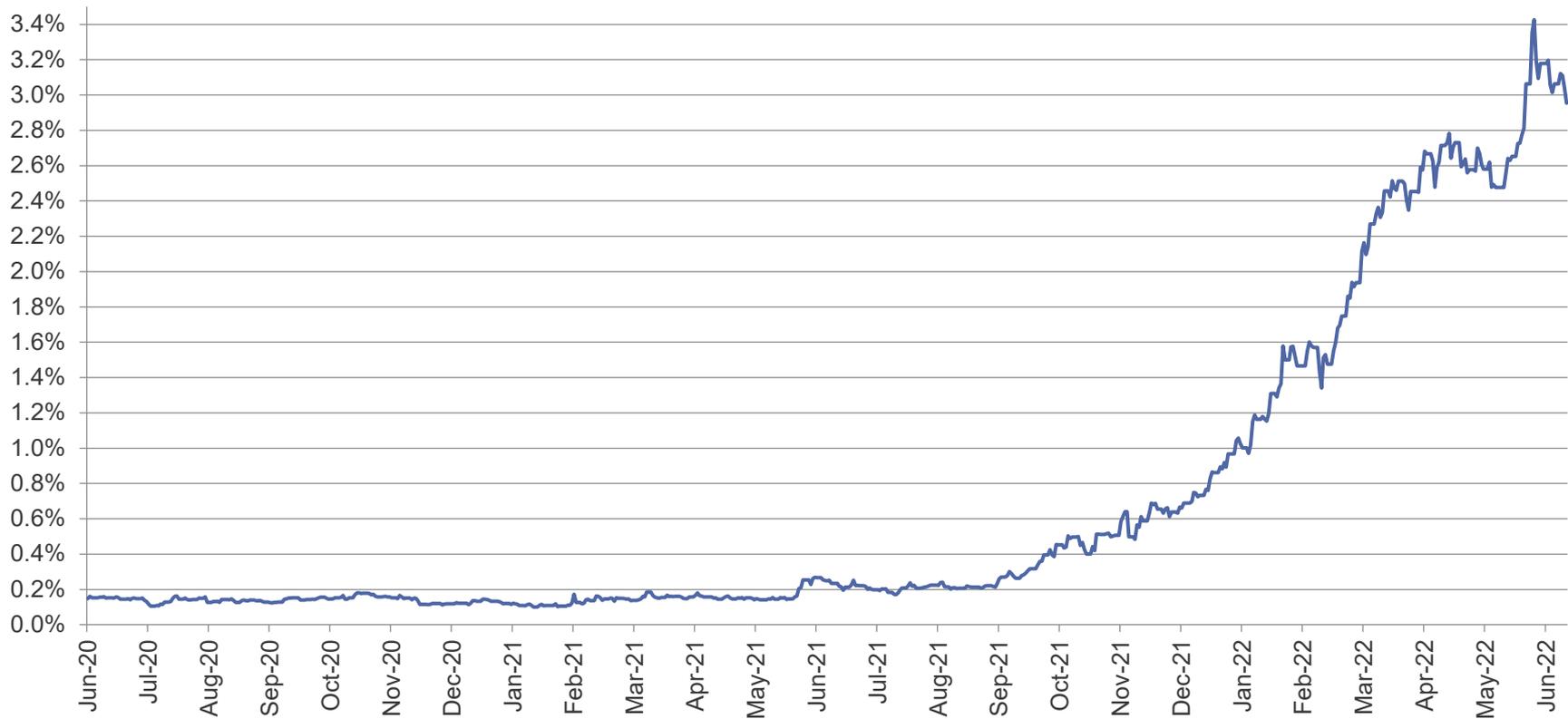
- ▶ The U.S. economy is characterized by:
 - ▶ High inflation
 - ▶ A strong labor market
 - ▶ Depressed consumer confidence
 - ▶ Growing potential for economic recession
- ▶ The Federal Reserve is tightening monetary policy
 - ▶ More aggressive rate hikes to battle persistent inflation
 - ▶ Short-term fed funds rate projected to reach 3.75% by year end
 - ▶ Start of balance sheet reduction; pace to double beginning in September
- ▶ Asset prices have fallen sharply in 2022 as a result
 - ▶ The impact of higher rates on bond prices and equity valuations
 - ▶ Wider credit spreads
 - ▶ High commodity prices, rising labor costs, and the continuing conflict in Ukraine
 - ▶ High levels of volatility and uncertainty

Portfolio Strategy

- ▶ Utilize bouts of increased market volatility and wider spreads (underperformance in non-U.S. Treasury sectors) to build upon positions in spread sectors (namely corporates and asset-backed securities).
- ▶ Maintain a modestly defensive duration bias relative to benchmarks, as the Fed is expected to continue on the path to monetary policy tightening via additional rate hikes and balance sheet reductions.
- ▶ Maintain broad diversification by sector, industry, and issuer focusing on those issuers and industries benefiting most from the continued economic recovery.
- ▶ Seek to increase allocations to credit, while remaining cautious on mortgage-backed securities.

- ▶ The 2-year Treasury rose 50 basis points during the second quarter.

2-Year Treasury Yields June 2020 – June 2022



Source: Bloomberg, as 7/12/2022.

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