

COUNCIL
EXECUTIVE
REPORT

February 2023



INTRODUCTION

This issue of the Council Executive Report provides a summary of the Town's performance during February 2023. 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

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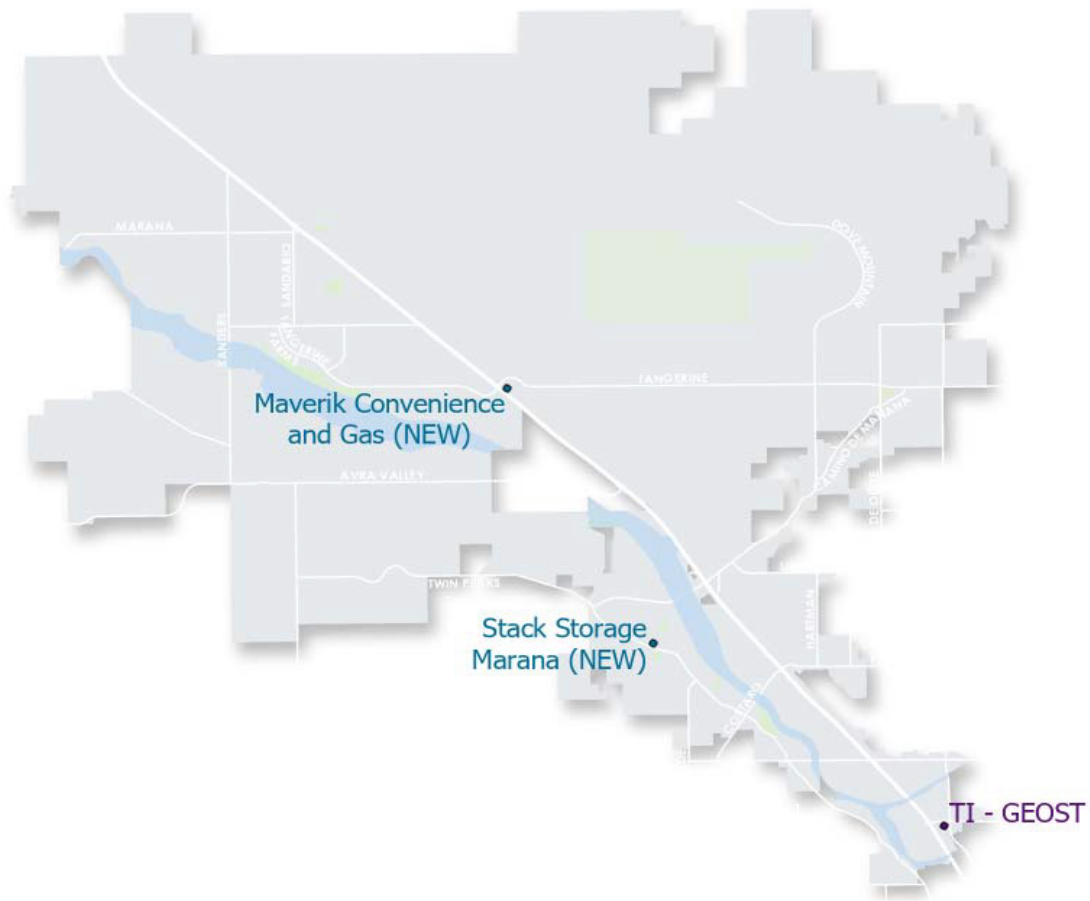
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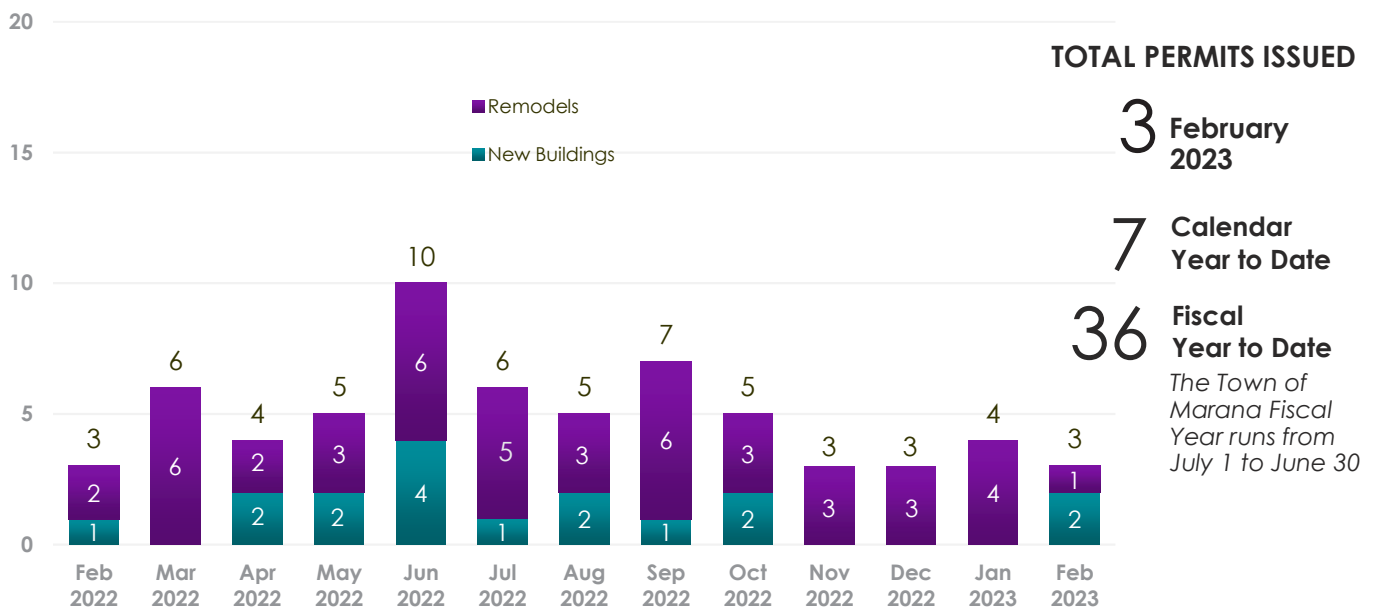
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LAND MANAGEMENT

COMMERCIAL BUILDING PERMIT LOCATIONS – FEBRUARY 2023



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. Tangerine TI Improvements

Budget: \$7,000,000
Status: 50% Design
Fund Source: Developer, Transportation Funds

2. Tangerine Farms Rd, Extension

Budget: \$21,800,000
Status: 0% Design
Fund Source: Transportation Fund

3. Tortolita Preserve Improvements

Budget: \$268,000
Status: 100% Design
Fund Source: General Fund

4. Gladden Farms Baseball Fields

Budget: \$1,200,000
Status: 95% Design
Fund Source: Impact Fees

5. Shared Use Path, CalPortland Extension

Budget: \$3,500,000
Status: 95% Design
Fund Source: Park Impact Fees

6. Tangerine Rd Widening, Phase 2

Budget: \$27,000,000
Status: 60% Design
Fund Source: Transportation Funds, RTA

7. El Rio Preserve Expansion

Budget: \$485,000
Status: 15% Design
Fund Source: General Fund

8. Marana Community Center/Aquatic Facility

Budget: \$61,000,000
Status: 25% Design
Fund Source: 1/2 Cent Sales Tax

9. Rillito Village Tr Drainage Improvements

Budget: \$846,465
Status: 90% Design
Fund Source: Transportation Fund

10. Honea Heights Park, East

Budget: \$1,050,000
Status: 5% Design
Fund Source: Park Impact Fees

11. El Rio Disc Golf

Budget: \$300,000
Status: 90% 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. Tangerine Rd 16" Water Pipeline

Budget: \$2,579,742
Status: 90% Design
Fund Source: Water Capital Impact Fees

CONSTRUCTION

1. Airport (PAPIs/MIRLs, Beacon)

Budget: \$1,750,000
Status: 99% Construction
Fund Source: FAA, ADOT, TOM

2. Silverbell Rd Sidewalk, Carefree to Cortaro

Budget: \$315,000
Status: 65% Construction
Fund Source: Transportation Funds

3. MMC Drainage Improvements

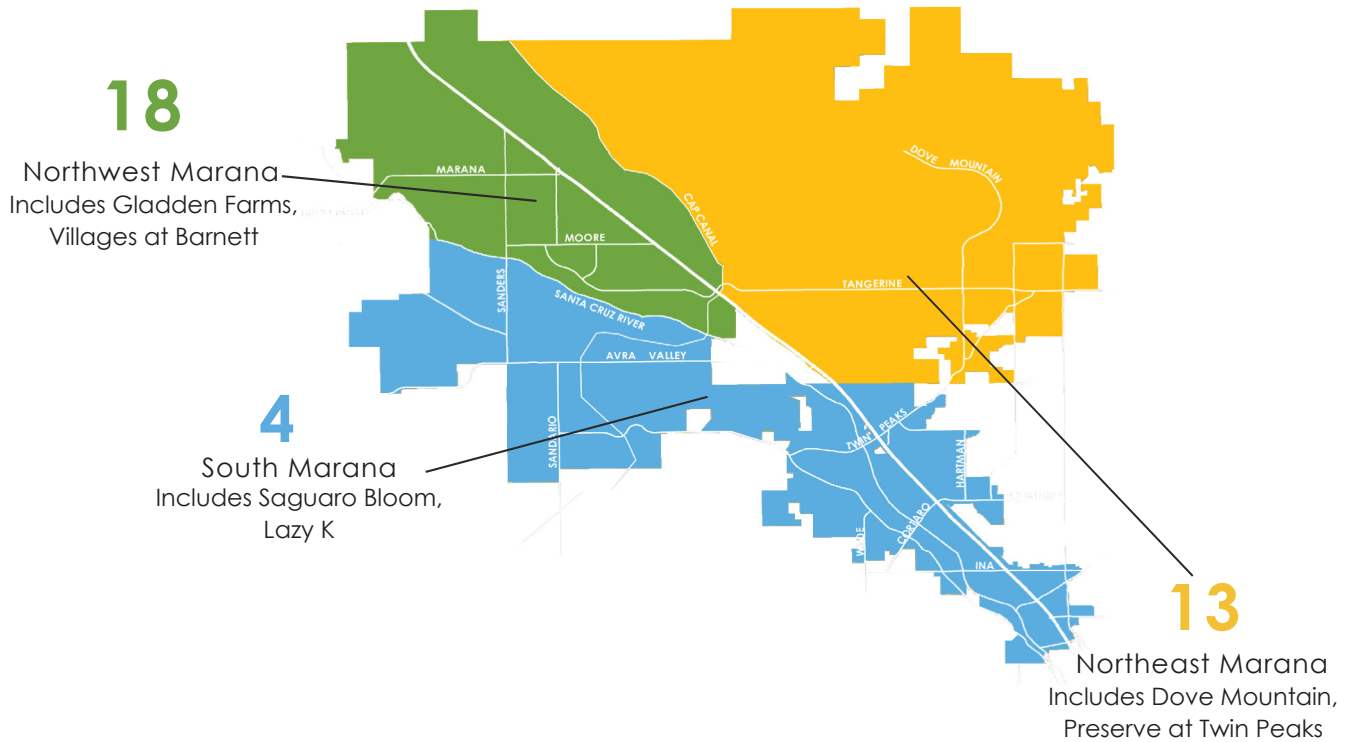
Budget: \$686,597
Status: 60% Construction
Fund Source: General Fund

4. 2023 Pavement Preservation

Budget: \$1,853,000
Status: 0% Construction
Fund Source: HURF

BUILT ENVIRONMENT

SINGLE FAMILY RESIDENTIAL PERMITS ISSUED IN FEBRUARY 2023



PERMITS ISSUED

35

February
2023

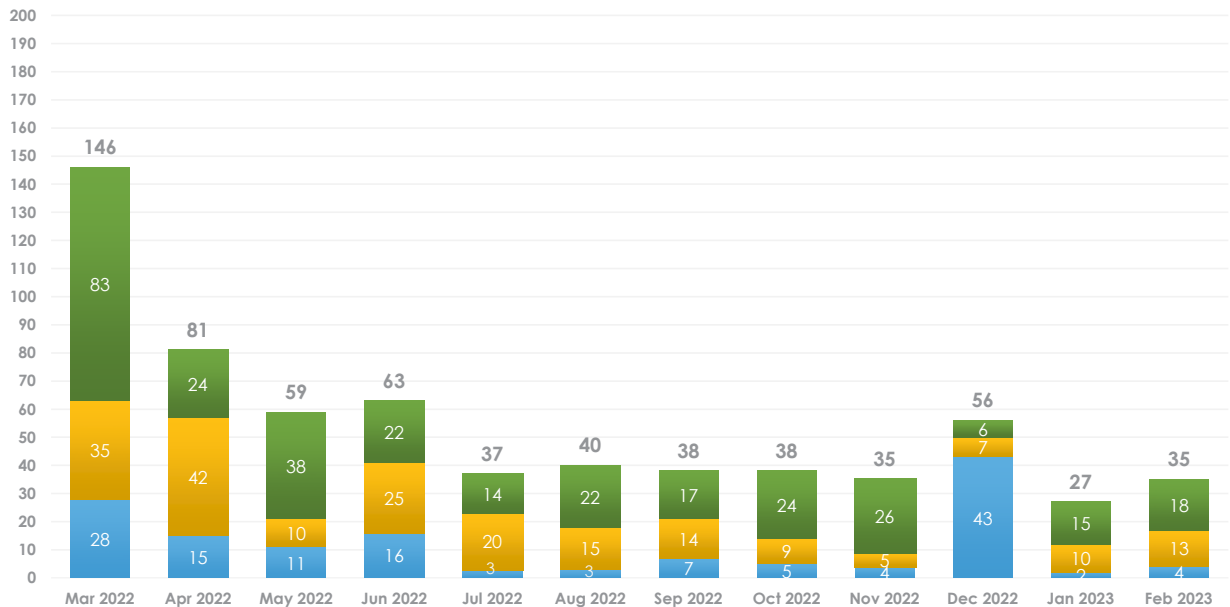
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Calendar
Year to Date

306

Fiscal Year 2023
Year to Date

12 MONTH PERMIT ACTIVITY BY REGION



PEOPLE AND COMMUNITY

NEW BUSINESS LICENSES

A total of **46** business licenses were filed in February.

Contractor: **12** Rental and Leasing: **1**
Home Vacation Rental: **1** Retail: **14**
Manufacturing: **1** Service: **11**
Mobile Food Vendor: **3** Swap Meet: **1**
Online Sales: **1** Wholesaler: **1**

MARANA PARKS AND RECREATION

Parks and Recreation offer a variety of recreational and event opportunities for all community members. The following provides an update on Parks and Recreation activity for the month of February.

- 613** Recreation Program Registration
(Includes sports & wellness, special interest, outdoor recreation, etc.)
- 941** Senior Program Membership Check-In
- 250** Concerts in the Courtyard - Mardi Gras
- 9,543** Marana Shared Use Path Traffic

Total Reservations/Estimated Attendance	
Courts <i>(Pickleball, Tennis, Basketball, Volleyball)</i>	105/1,512
Athletic Fields	351/10,910
Ramadas	109/3,577

MARANA ANIMAL SERVICES

Service Metrics - January 2023

Pet Licenses Issued: **305**
Stray Pets: **25**
Pet Adoptions: **7**
Licensing Revenue: **\$8,015.00**
Program Donations: **\$410.00**

Town of Marana

Investment Portfolio Summary Quarter Ending December 31, 2022

Luke Schneider, CFA, Managing Director

Annette Gaston, Senior Managing Consultant

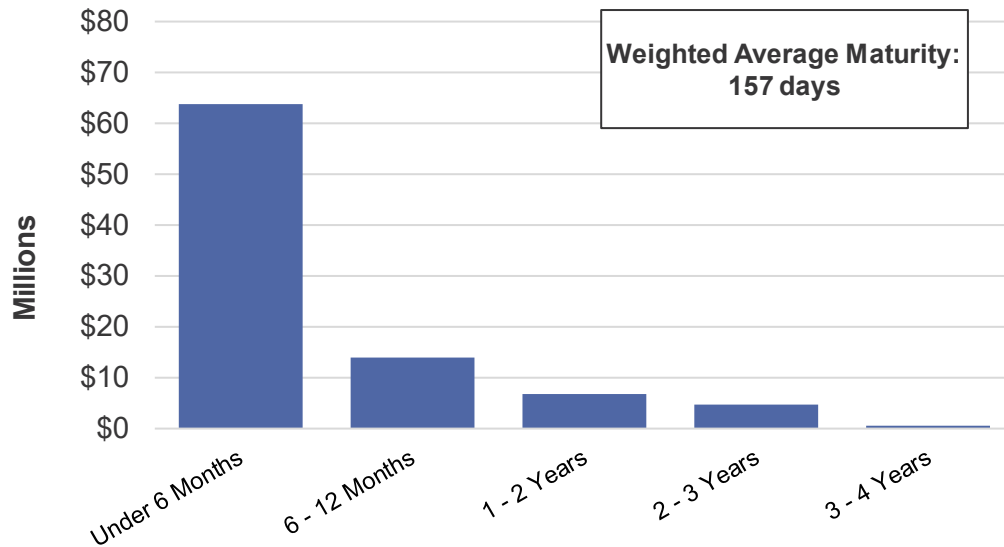
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PFM Asset Management LLC

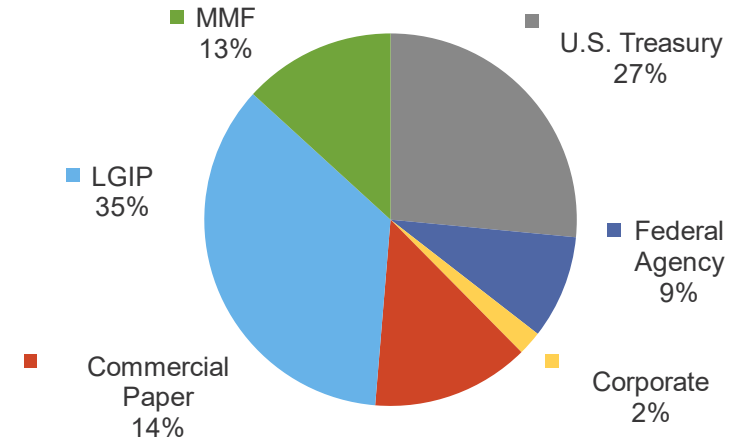
NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE

Account Summary	Beginning Values as of 9/30/22	Ending Values as of 12/31/22
Market Value	\$99,806,331	\$88,663,590
Book Value	\$100,991,160	\$89,683,258
Unrealized Gain/(Loss)	(1,184,829)	(1,019,668)
Weighted Average YTM at Market	3.79%	4.47%
Weighted Average YTM at Cost	2.27%	3.08%

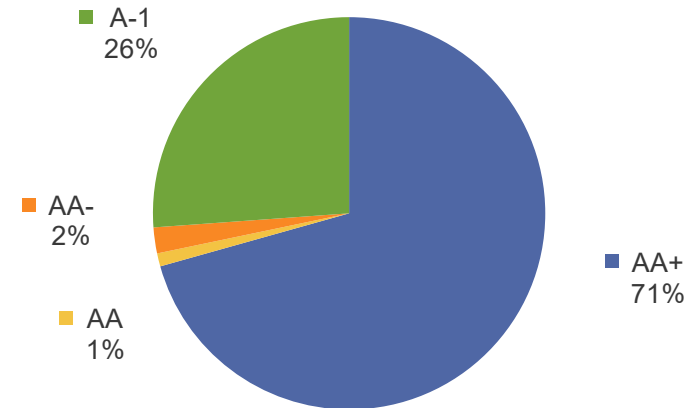
Maturity Distribution



Sector Distribution



Credit Quality (S&P Ratings)



1. Market Value and Book Value include \$31,443,899 invested with the State Local Government Investment Pools 5 & 7, and \$11,720,710 invested in Wells Fargo Money Market Fund as of 12/31/2022.

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
12/31/22

Security Type	Book Value	% of Portfolio	Permitted by Policy
U.S. Treasury	\$24,110,308	27%	100.0%
Federal Agency	\$8,228,459	9%	100.0%
Corporates	\$2,017,281	2%	40.0%
Commercial Paper	\$12,162,601	14%	50.0%
AZ LGIP	\$31,443,899	35%	100.0%
MMF	\$11,720,710	13%	100.0%
Total Book Value	\$89,683,258	100.00%	

Accrual Basis Earnings	10/1/22 through 12/31/22
Estimated Earnings	\$414,693
Total Estimated Earnings	\$414,693

Maturity	Book Value	% of Portfolio	Permitted by Policy
0-6 Months	\$63,818,889	71%	No Limit
6-12 Months	\$13,895,120	15%	No Limit
1-2 Years	\$6,707,989	7%	No Limit
2-3 Years	\$4,782,117	5%	No Limit
3-4 Years	\$479,142	1%	No Limit
4-5 Years	\$0	0%	No Limit
Over 5 Years	\$0	0%	0%
Total Book Value	\$89,683,258	100.00%	

Issuer	Book Value	% of Portfolio	Permitted by Policy
AZ LGIP	\$31,443,899	35%	100%
U.S. Treasury	\$24,110,308	27%	100%
MMF	\$11,720,710	13%	100%
FHLMC	\$4,795,003	5%	100%
Visa	\$4,559,632	5%	5%
MUFG Bank	\$3,802,292	4%	5%
Manhattan Asset	\$3,800,677	4%	5%
FHLB	\$2,452,981	3%	100%
FNMA	\$980,475	1%	100%
Apple Inc	\$522,960	1%	5%
Old Line Funding	\$501,705	1%	5%
Ing Funding	\$499,770	1%	5%
Blackrock Inc	\$492,847	<1%	5%
Total Book Value	\$89,683,258	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

- ▶ On one side:
 - ▶ Inflation remains at uncomfortably elevated levels.
 - ▶ Housing market is under stress with demand falling sharply in response to higher mortgage rates.
 - ▶ Another piece of evidence that the market is doubting that the Fed can engineer a soft landing is the yield curve, which has become more inverted over recent months.
 - ▶ The ongoing war in Ukraine, raising tensions with China, and the ever-present contagion risks of regional conflicts in the Middle East, raise uncertain geopolitical issues going into 2023.
- ▶ On the other side:
 - ▶ Job market remains resilient
 - ▶ Consumer spending is still 35% higher than it was in 2019
 - ▶ Retail spending is at odds with services demand

Portfolio Strategy

- ▶ The Federal Reserve and Chair Powell have been nothing but resolute in fighting inflation, but market sentiment has broadly shifted towards a modest economic downturn rather than a deep recession. Despite this, elevated price levels continue to pressure the steadfast consumer and degrade household financial health, which is already on thin ice.
- ▶ Market expectations based on Fed Funds futures are now underestimating the path of future rate hikes when compared to the projections of FOMC members—a dynamic that was typically reversed for this year. However, both point to a period of elevated rates with additional rate hikes in store.
- ▶ We plan to maintain a defensive duration posture but will be nimble in evaluating our stance as the Fed approaches the end of their rate-hiking campaign.

The 2-Year Treasury Yield Curve Rose Slightly over the 4th Quarter

Town of Marana as of
12/31/22

- ▶ The 2-year Treasury rose 15 basis points during the fourth quarter—a much less dramatic increase than the previous quarter, as the market anticipates the Fed slowing down rate hikes

**2-Year Treasury Yields
December 2020 – December 2022**



Source: Bloomberg, as 12/31/2022.

Disclaimer

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