TOWN OF FOUNTAIN HILLS
MINUTES OF THE WORK SESSION
OF THE FOUNTAIN HILLS TOWN COUNCIL
NOVEMBER 12, 2025

A Work Session of the Fountain Hills Town Council was convened at 16705 E. Avenue of the Fountains in open and public session at 8:35 a.m.

Members Present: Mayor Gerry M. Friedel; Councilmember Gayle Earle; Councilmember Brenda J. Kalivianakis; Councilmember Rick Watts;

Members Not Present: Councilmember Hannah Larrabee; Vice Mayor Allen Skillicorn; Councilmember Peggy McMahon

Staff Present: Town Manager Rachael Goodwin; Town Clerk Bevelyn Bender

Post-Production File

Town of Fountain Hills

Work Session

November 12, 2025

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MAYOR FRIEDEL: Call this session to order.

GOODWIN: All right.

MAYOR FRIEDEL: Rachel?

GOODWIN: Good morning, everybody. Thanks, everyone, for coming. Before we get started, a few housekeeping things. You have a schedule in front of you that is a draft. It's intended to kind of give us an idea of the outline of the day, maybe where some breaks will be built in. But as we all know, it doesn't always run that way. So if we need a break, please just let the mayor know. Kind of give a high sign. We definitely understand. It's a long day, and everybody needs moments to get up and wiggle. There is food in the back. There's coffee. There's a charcuterie board for breakfast items if you'd like a little something as we get started. So please stop back there. Amanda, thank you for arranging that with Graze Craze. Appreciate it.

And just a reminder, I wanted to, again, just kind of thank everybody for being here and being part of this process. Today's meeting marks the beginning of our next budget cycle. It's a chance to take a step back and think about where we want to go as an organization, as a -- and as a community. It isn't about diving into numbers just yet. We'll get there. It's about setting priorities.

We're here to identify the things we want to invest our energy and resources into. And just as importantly, to acknowledge the things that may not rise to the top this year, so we can stay focused and strategic. This conversation helps ensure that when we move into the detailed work of budget development, we're all rowing in the same direction, guided by a shared understanding of what matters most to the counsel and to the community we serve. I encourage an open and thoughtful discussion today. Every perspective helps us build a stronger, more balanced plan for the year ahead.

So with that, I am going to turn it over to Paul Soldinger, our CFO. He is going to start us off -- I just said it's not about numbers, but he's going to start us off with some numbers.

[LAUGHTER]

GOODWIN: So he is going to kind of give us some overviews, some forecasts, some thoughts to get us going as we begin building the budget.

So with that, Paul, I'll turn it to you.

SOLDINGER: Yeah. Great. Thank you, Rachel. Mayor and Council, thank you again for the opportunity today. Like Rachel said, kind of, this is the tedious part of the day, so I will try to make it interesting, but it is important information to -- to consider going into next year. It just seems like -- I mean, we're -- we're four and a half months into this fiscal year, it seems like we just finished the budget process, so -- I mean just recently. So here we are again. But this is the first step. It is a critical step in planning for next year and looking at where we're at.

So with that, I'll get going. I'm going to provide an overview first of our fiscal year '25 actual revenues and expenditures. I'll show revenues by major funds or buckets, and then I'll show expenditures more in a departmental look. I think it's important because we are going to talk about some departments, specifically the fire department. It's probably important to look at that today with what's going on and the future changes. I'll also talk about our conservative projection methodology and why we do that, and I'll talk about some revenue impacts to consider for next year.

So by major fund, our fiscal year 2025 revenues came in at $38.5 million, 28.5 in the General Fund. I'll get into these categories in a little bit, but those are the types of revenues that are going into our general fund. Again, our General Fund bucket is where we pay for most of the town's operations. Most of the people you see up here are paid through the General Fund, except for Capital Projects, Facilities Reserve payments, and the Economic Development Division is actually the one exception. They're paid out of three separate funds that we'll talk about in a little bit. The Streets Fund brought in $5.2 million for road repairs and other road needs. The Capital Projects Fund brought in $2.1 million of ongoing revenues. That's before the general fund transfers take place.

One thing to note with the Capital Projects Fund and Facilities Reserve Fund, there -- there are shortfalls there with ongoing revenues. So when we talk about our conservative projections and our General Fund reserves, we kind of do that because we almost need to to be able to fund these other programs at this point, the way our financial framework works. So we'll talk about that in a minute.

$361,000 of investment earnings in our Facilities Reserve Fund. Most of that is actually for the lake liner savings. That's most of the money that we have in that fund. So I'd say two-thirds of that is directly going into the lake liner savings that we have. We're up to about $6.6 million of savings for that. And $2.4 million in all other funds. That includes the one small portion of the sale -- local sales taxes that we have allocated for economic development, and the downtown investment earnings, development impact fee revenues, things like that, go into these other 15 buckets. But again, our total revenues came at 38.5 million, about $900,000 more than we spent for -- last fiscal year as a town. So we did bring in more revenues than we expended last year.

One thing to note, fiscal year '26, we are spending more on capital projects. We've talked about that quite a bit. More road repairs. Palomino. We add that to the budget as a large reconstruction project. So it's highly likely, and we plan to most likely spend more in fiscal year '26 than -- than we bring in, by using existing fund balances to do that.

So our General Fund -- so we brought in almost $17 million of sales tax revenues, $1.7 million more than projected. We'll talk about this in a little bit, but we are intentionally conservative with those projections just to ensure that we have excess general fund reserve savings because of those shortfalls that we'll talk about. We brought in five million of urban revenue sharing for state shared income taxes, a little bit less than projected. Sales tax revenues that are state shared also at 3.6 million, about on par with what was projected.

Our fire insurance premium taxes, we brought $95,000. And we'll talk about this later in the presentation, but we're going to start bringing in a lot more of these revenues. And the reason is, it's because we brought the fire department in-house from a contract. And so statute basically restricts the amount you get for these revenues until it becomes an in-house fire department, like most of the municipalities in Arizona. So we'll talk about it in a little bit, but we're going to start gaining over $300,000 or so per year for that purpose. And it's legally restricted. It can only be spent on the fire department retirement benefits.

And so with that, all other categories exceeded projections. Licenses and permits. A lot of that has to do with building permits. Leases, and rents, and charges for services. A lot of that has to do with community service type programs; rentals; programs at the community center, at the parks; things like that. Fines and forfeitures. That's the revenue -- the 214,000 coming through our court system. Investment earnings. We brought in $616,000, well more than projected. We kind of talked about how we've changed this process to project our investment earnings. Still conservative at 348,000 for this year, but we've already made that change. So in total, we brought in $28.5 million for the year, 2.65 million more than projected.

Any questions on that? Yes. Of course.

EARLE: Did you say of course? Sorry.

SOLDINGER: I said yes, of course, Councilwoman.

EARLE: Of course. Okay. Just one question. On the construction sales tax, what is that percentage that we get 50 percent of?

SOLDINGER: So construction sales tax, when it comes into our -- we first put it in the general fund. But at the end of the month, we look at how much we brought in for the total month. And I think we brought in about $2.9 million last year.

EARLE: What -- what is the percentage? What's the rate? That's what I'm saying.

SOLDINGER: Oh, I'm sorry, 50 percent. It's 50 percent.

EARLE: No. Oh, no. We get 50 percent of what? Is it the 9.2 percent or is it construction tax is different?

SOLDINGER: Oh, I'm sorry. I gotcha.

EARLE: Yeah.

SOLDINGER: Okay. So Mayor, Councilwoman, it's 2.9 percent for all the construction sales tax categories. There's a few different ones. The main one is prime contracting, so just contracting work throughout the town. One thing about that though, that's kind of confusing and challenging to understand, is there is a deduction to that rate for labor. It's 35 percent of the total.

EARLE: Yeah.

SOLDINGER: So like if you actually look at it, it's more like -- it's more like two percent of the total construction --

EARLE: And we bring in two percent that we bring in?

SOLDINGER: Yes.

EARLE: Okay. And then my other question was, on -- are we currently funding the fire department's retirement fund fully? So more than the 75,000?

SOLDINGER: Yeah. So last fiscal year, 2025 -- I just looked at that -- we spent about 342,000 for their retirement benefits. And it's kind of interesting, we're projecting next year to bring in about 330,000 of those revenue. So it's a key point. Basically, the State is paying for our fire department retirement benefits. So when we talk about the fire department, the rising costs and the needs -- obviously that's been a big key point discussion recently. Well, this is an offset that we do get for the fire department.
The -- the -- the State -- and I probably should explain a little bit better. I was planning to later. But it's basically when you pay your homeowner's insurance or commercial insurance, there's a fire component, and there's a tax on that. And so the State collects it, we receive it. We were getting a smaller amount before because we were just paying Rural Metro to do that, so it's just like an offset for us. But now we're getting the full allocation.

EARLE: So that will be more money for -- the another bucket actually?

SOLDINGER: Yeah. Yeah. Yeah --

EARLE: So it will be ultimately a savings for us, in that sense?

SOLDINGER: Absolutely. Yeah, that's a good point. It will be put in our General Fund, but it is legally restricted. It's our only -- I believe it's the only restricted revenue we put in our General Fund. So we -- if we start bringing in more revenue than we spend on their retirement benefits, we'd have to save it. We couldn't spend it on anything else.

EARLE: Um-hum. But up to this point, we've been spending our own money on theirs, right?

SOLDINGER: Yes.

EARLE: So --

SOLDINGER: Well, I'll get into it a little bit more.

EARLE: Okay. Sorry.

SOLDINGER: Fiscal year '25 was the first year that we were entitled to receive that money, the full amount, which would have been 317,000. But they -- the State actually gave us less than they were supposed to. So we're -- we're going to get the full amount, but we're not going to get it until this year. So we're going to get a bigger amount of that revenue, over $500,000, at the end of this year. Compared to last year, we got 95,000. So that will supplement our General Fund, but it has to be spent on that -- that purpose.

EARLE: Okay. Thank you.

SOLDINGER: Yeah, of course.

MAYOR FRIEDEL: Paul, one other thing too. When we brought the fire department in-house, they went in at a different tier level than a lot of other people in that retirement plan. So actually, there's less liability, I think, for -- for us in the long run.

SOLDINGER: So the fire department, Mayor, they're in the same retirement plan as the rest of the town staff (indiscernible).

MAYOR FRIEDEL: Oh, that's right. That's right. Okay. Yeah. Thank you.

SOLDINGER: Um-hum. So with that, just down the line for fiscal year 2026, we -- you know, this was my, like, one and a half years in kind of really looking at our projections, making some changes. So there are some things we did change looking at trends and did increase, but there are certain areas where we're still very conservative. And it is kind of playing out right now with our slowing revenues that it's helping us and we're in a good position for this year even with that, and so we'll talk about that.

So yeah, we -- we do have -- the last couple years we've had larger General Fund excess reserves. But why? It's really intentional. We do this intentionally. We have an intentionally conservative framework and projection methodology because we have shortfalls in some funds. So there's three shortfalls on the screen. The first one relates to Capital Projects Fund and Facilities Reserve that we use to build infrastructure and maintain them. So right now, we put about 2.1 million into the Capital Projects Fund last year of ongoing revenues, but we spent 4.5 million from that balance. So there's a funding shortfall there. Without the General Fund excess reserve, our fund balance would start going down dramatically or we'd have to reduce Capital Projects.

Facilities Reserve, we don't even put money in there other than investment earnings. On an ongoing basis, we rely on General Fund excess reserves to support that fund and those operations. It's -- it's set up that way because the Facilities Reserve Fund is like a backup fund to the Capital Projects Fund. It's used for repairs and maintenance. Ideally, we could set up an ongoing revenue source, but now we -- we don't have one. So we do rely on the General Fund transfers to -- to be able to operate out of that fund. So that's funding shortfall one.

Funding shortfall two, right now we are doing more road repairs. Obviously, we've talked about that at length. So we're budgeting over $7 million a year in the Streets Fund. Most of that is for road repairs, the Pavement Management Program. But we only bring in about $5 million of ongoing revenues. So that's another funding shortfall. If we want to continue to do all these road repairs and try to catch up, we have to make up that gap; and we do that with the General Fund excess reserves as we can, as recommended and discussed with counsel.

And shortfall three, which we're only going to talk about today a little bit, is the future lake liner capital project. It's -- it's really consequential and critical for the town, and I'm -- I'm glad we're starting to talk about it. So right now, our current estimate for that project is $17 million. And we've saved about 6.5, 6.6 million towards that project. So we have funding gap of $10.5 million at this point. You know, it's always difficult because depending on the timeline and how much the final estimates come in at, you know, we might have to start talking about taking on debt to do that. So without those General Fund excess transfers, there's that shortfall there as well.

So as you may recall, at the last -- or one of the last council meetings, council approved for staff to deposit another million dollars into the lake liner savings to get us up to 6.6 million. So the conclusion is the town, we heavily rely -- oh, I'm sorry. Yes?

KALIVIANAKIS: Thank you. Just a quick question on that $17 million. Is -- is -- is that a pretty stable number, or is there an upper and lower number that we're looking at? Because yeah, that -- that seems like it might be a little low.

SOLDINGER: So Councilwoman, it's -- it's just -- it's based on a prior estimate, adding some inflation factors. Our plan to talk about today is to ask council for money to start the planning process. And once we start that process, we'll start to get a much better idea of the actual costs, but this is what we're working with today.

KALIVIANAKIS: Okay.

SOLDINGER: Yeah. So it's a great question.

KALIVIANAKIS: It's a placemark.

SOLDINGER: Good question, right Kevin (ph.)?

KALIVIANAKIS: Okay.

SOLDINGER: So again, the way our framework works, we do heavily rely on these General Fund excess reserve transfers to be able to meet these priorities, and I think we're doing a decent job. I think we're in a pretty good shape. But we are intentionally doing this, when that kind of conversation comes up. One other thing to note is we have two very volatile categories that skews our projections, construction and services. Services, again, is more of like a leisure category, golfing, hotels, things like that. And so that fluctuates year to year. And so with that, that also makes it challenging to have very precise projections.

So I want to just -- it's very easy. Our projection methodology, intentionally conservative process, in a nutshell is three steps. First step, we create revenue projections based on the actual trends. So we look at the past few years -- past five years, and we create a trend line, and then our projection spits out a number. It says this is how much we project you'll have.

Our second step is we intentionally look at that projection and we reduce the projection to a lower range of outcomes. So the way a projection works is it gives you a wide range of outcomes of where the revenue might turn out. And so we kind of start out here towards the middle, and we intentionally lower it to be conservative because -- so we're saying, hey, we're going to probably bring in a little bit less than that. And so this typically reduces our projections by about 5 to 15 percent. And when we're talking about this, it's mainly the main category of revenues, which is our local sales tax revenues. Our state shared revenues and things like that, that's more precise based on Arizona lead projections.

And then our third step, we make any manual modifications as necessary. For example, the long-term residential rental tax that went away. That wouldn't show up in the historical trends, so we have to manually modify the -- the data and the projection's lower to account for that.

So as a result, just talking about the benefits, there are several benefits to this process in our approach. You'll see them in the green. It creates larger General Fund excess reserve fund balances, which clearly we've talked about, and we rely upon -- on those reserves. It also protects the General Fund budget from unexpected revenue losses, which I wouldn't say we're there yet. We're still exceeding our projections, but we're getting there.

We're definitely -- again, I know it's my job to talk about the challenges or the ups and downs, but it really is -- like, I see it month to month. Like one month looks bad, one month looks good, and it kind of evens out. So once we get to that point where month after month, it's looking bad, that's when we'll have to, you know, consider the changes. But right now we're in a good place because of our conservative approach, and I feel good about where we're at.

It also protects town staff from potential reductions in force, definitely want to avoid that, if at all possible. And allows the town to budget more expenditures in other funds than the General Fund, because we have to stay under that expenditure limitation. So we're able to do more Capital Projects road repairs because of that additional flexibility. But there is a challenge, and that being basically restricting our available budget in the General Fund. So we still have a contingency amount -- a pretty healthy contingency amount. But as we talk about some of these growing needs in our community, that is the one challenge. We have basically less budget that we can account for in the General Fund. Yes?

WATTS: Paul, I know we've looked at the prior reduction in sales tax from restaurants, bars, and so on.

SOLDINGER: Yes.

WATTS: Is any factor included that would account for Dark Sky's impact on the town? As far as they did a business model, they anticipate X amount of visitors, what that potential impact is? Even if we took ten percent of what they said and factored that back in, what could be the potential impact from their operation once it gets operational?

SOLDINGER: Yeah. So Mayor, Councilman, I know GPEC provided a projection on that when this -- I think that might have been right before I started with the town, or right around that time. So I can't speak on any individual taxpayer, but typically nonprofits are typically exempt from collecting sales tax for the town. But there will be --

WATTS: Yeah. I'm not talking so much about the -- the nonprofit component of it --

SOLDINGER: Okay.

WATTS: -- but the impact to our restaurants and bars in town.

MAYOR FRIEDEL: Tourism.

WATTS: Tourism itself.

SOLDINGER: Yes.

WATTS: So if we have -- have we factored anything in? Even if we took their numbers and said we're going to take ten percent of that and factor it back in, it would take our shortfall or our downward trend in what we derive from bars and restaurants. Have we included any of that, or is it exclusive -- is -- is everything you've got exclusive of including something for the -- Dark Sky?

SOLDINGER: Yeah. So that would be a manual modification in my process -- our process. So if there was something -- if we expected -- and I know the Dark Sky Discovery Center has announced their opening next year in the fall, so that could impact our revenues. We could add a slight modification to that. Also, with Sprouts opening, you know -- you know, next year planned opening, that could also have a slight financial impact on the town, bringing more people into our town. So there are things that we

consider, of course. Yeah, absolutely. That's something I consider in my projections.
WATTS: But at this point, you don't have anything included to offset the decline that we've seen in sales tax that we're deriving from bars, restaurants, and so on?
SOLDINGER: Well, so Councilman, we -- we have -- so it's based on the historical trends, right? So the trends have been kind of flat. That was actually a -- it's kind of funny you bring that up. The restaurants, that was a category that I slightly manually modified because our -- our projections were low -- were low, a lot lower than the previous year. So it actually worked better than I did, because you're seeing that our -- our revenues are coming in below projected. But I mean, it was a slight manual modification of, like, maybe ten percent. But we -- yeah, we are seeing a slowdown in our restaurants. That's a key point.
WATTS: Okay. Thank you.
GOODWIN: Paul, I was going to just jump in and just as a -- you know, kind of a sweeping overview of what you just talked about is, all of this is obviously contingent on the greater economics, you know, throughout our country. You know, if -- all of this is dependent on local spending. None of this works -- this model only works when we, you know, reach those goals. If there is a downturn in the economy; if people decide, you know, to travel less, to recreate less, to dine less -- you know, dine out less, that all has that ripple effect on these. And so the conservative approach also, as you kind of identified it, protects us from those -- those fluctuations to a point.
And while it might protect us, it doesn't necessarily -- it does show at the end of the year when we don't have as high of a reserve balance, you know, coming into the next year. So it does get felt down the line, so to speak. So it's just that simple reminder that what Amanda does, and what the town does to promote local, shop local, eat local, dine local, all of that, you know, has this cyclical effect on our budget.
SOLDINGER: Yeah. Appreciate it, Rachel.
And I'll just say before we move on, I know it's kind of my job to, you know, make people hesitate and say, hey, you know, there's some challenging times ahead. We're still in good shape. I mean, because of our conservative approach, we feel good.

We're, -- we're -- you know, we are bringing -- slow in revenues, but we can still continue to operate, and we have policies in place that will help us along this process going forward.

WATTS: I guess the --

MAYOR FRIEDEL: No, go ahead.

WATTS: I guess my concern is that if there was something included for the Discovery Center, then it would be contrary to the conservative approach that you've taken throughout all the planning process, because we don't know. And if we had a basis for it, then maybe it would be viable to say, yes, we took ten percent or something, but I'm glad to hear that we don't have anything included to anticipate what the potential could be. So I'm -- I'm looking to consistently look at that conservative aspect of how we manage the town budget.

SOLDINGER: Yeah, absolutely.

WATTS: So thank you.

SOLDINGER: Thank you.

MAYOR FRIEDEL: I was just going to say I don't think we'll know for years. So why -- why build anything in at all? So I think we're good the way we are.

SOLDINGER: Yeah.

MAYOR FRIEDEL: Yeah.

SOLDINGER: Thank you. So this has been a topic of discussion, just wanted to get out ahead of it and explain some of the reasons why we do what we do.

The Streets Fund. So I'll talk about two more of the major funds. I already showed kind of all the buckets. But looking at revenues, we did bring in $5.2 million of revenues, well exceeding our projections by 801,000. But again, a lot of this has to do with our investment earnings. We brought in almost $600,000 for the fiscal year.

I am projecting a lower amount at 191,000 for fiscal year '26. But again, we changed that process to not be so conservative and be a little more realistic with the -- the amounts that will actually come in. But we are going to spend down some of this fund balances here with Palomino coming on board and spending down. So we're going to have less money, and with less money comes less investment earnings.

So with that -- oh, one other thing to note --

WATTS: Is there a reason that you are so conservative with that investment earnings? I mean, the rates haven't dropped that much. And investing in treasuries, and bonds, and et cetera, they're fairly stable at this point. The Fed hasn't had a lot of impact on it. Why so conservative?

SOLDINGER: So Councilman, it's -- it's just to continue with our conservative process. What I did -- so we -- we used to just have -- before I started, we used to just have a lump sum amount, just to -- like, any investment earnings was almost like -- I'm trying to say the right --

WATTS: Icing on the cake type of thing?

SOLDINGER: Yeah, icing on the cake.

WATTS: Got it.

SOLDINGER: That's what I was trying to think of. It's like anything that comes in investment earnings is great. And we did have a -- you know, during the pandemic, there was a lot of up and down rates. It was really a choppy environment. Now yes, it's very stable. We have a long-term investment portfolio as well. Maybe using three to four percent would be closer to what we're actually bringing in. But again, just trying to stay with that conservative approach, using a two percent expected investment return based on fund balance. That's kind of what I -- I did.

WATTS: Seems to be a theme here.

SOLDINGER: Yes, to protect us. That's the point of the -- the whole process and approach.

WATTS: Thanks.

SOLDINGER: Yeah, of course. So for the Capital Projects Fund, again, we put in 50 percent of our construction sales taxes into this fund month over month. We did well exceed that projection by 581,000. We had a good year. The last three years have been pretty good, from a construction sales tax standpoint. So you'll see that we did increase our projections a bit up to $1.2 million, and we'll have to continue to see how that goes, but --

This one looks kind -- kind of odd with that $2.6 million of not meeting projections, but for grant revenues, we have to account for any possible grants we're going to get in this fund. So it's not really a projection per se, it's like this is the maximum we could bring in if all these projects play out how we expect. A lot of that underperformance there has to do with the Shea Boulevard widening project getting pushed to the following year, fiscal '26, which we're hoping to do this year, because we would've received all that money from MAG. So again, it shows like a -- I guess a large underperformance, but not really.

Otherwise, we brought in $2.1 million into this fund. And again, like I mentioned earlier, we -- well, we transferred $2.7 million into this fund from the General Fund. And we spent around 5.1 million total out of the fund, but some of the monies were coming from other funds so it was really more like 4.5 million is what we actually spent for capital projects out of this fund last year.

Any questions on revenues before I move on? No? Okay.

Just by bucket real quick, remember we -- we brought in 28.5 million of revenues in our General Fund while we spent $22.6 million. Most of our town operations, MCSO, fire department, community services, things like that. One thing I'll talk about a little bit is Public Works. They have a General Fund component and a streets component in the Streets Fun, so you'll kind of see that into two different buckets.

Streets Funds. All our streets needs for the year, 7.3 million. Capital Projects. Again, the 5.1 million we spent in total from the fund, while -- although some of that was reimbursed. 530,000 is what we spent on facilities and infrastructure repairs and replacement last year, and 2.1 million on -- in all 15 other funds is what we spent. So again, 37.6 million as a town.

So I'll go over -- so what we want to show here for the next maybe seven or eight slides is looking at the departmental level budgets, and how much they spent compared to the current budget. And really, a lot of this is important because we're going to talk about the fire department more later. So I thought it would be important to show it in this manner.

So the Administration Department, it's our -- one of our larger departments. It includes several divisions. You'll see at the bottom left of your screen. You got the Town Manager division, Town Clerk -- a lot of the people you see up here today. Deputy Town Manager, Finance, IT, things like that. The only caveat is Amanda's division, Economic Development. They're paid out of separate funds. So that doesn't show up in these numbers here. I'll talk about that next. But we spent 2.9, almost $3 million in this Department out of the General Fund. $288,000 below budget. And it does have 15.5, town staff.

Contractual services. A lot of that has to do with our town prosecutor and town attorney, maintenance and repair, and all other categories there. So we -- we were under budget in every category is what we're trying to show there. Economic development division. Now this is --

WATTS: Well, before you jump to that --

SOLDINGER: Yes?

WATTS: How do you get a half an FTE?

SOLDINGER: Oh, so it's based on if they're part-time -- several departments have part-time staff. I think for this one we split one of the payroll staff between -- HR, yes.

WATTS: So it isn't so much part-time employees, it's splitting the -- the cost?

UNIDENTIFIED SPEAKER: Yeah.

SOLDINGER: Yes.

WATTS: Okay. Thank you.

SOLDINGER: And you'll see that in some of the other departments where they have part-time or hourly staff. So like, it'll show up as 4.6 or something like that. So that's just accounting for all of that.

Economic Development Division, with two town staff we spent $807,000. Again, this is from three different funds with three different programs. That -- that includes the downtown strategy. Those costs, the tourism costs, as well as the economic development type program costs. And so we have contractual services, and maintenance and repair. We spent $807,000 in total, $132,000 less than -- than budgeted.

Our general government department, this is a department that's a little different than the others. It's a department that doesn't account for any payroll or staff. It's all the central costs of the town that aren't specifically in one department or another. And we also keep our General Fund wiggle room our contingency in this department. So we don't spend it out of this department, we transfer it as needed based on council discussion, approvals, and internal needs. And a lot of the contractual services actually, I believe, is the town's insurance. There's other things in there as well. But we did spend technically 1.9 million under budget, but that's kind of how this department is designed.

We did transfer $327,000 of that $1.7 million of contingency last year. The main components of that is the wash maintenance we did out of the General Fund. Just a reminder, we used to use an Environmental Fund as well as starting to use the General Fund last year. This is the full -- first full year that we are going to just use the General Fund for environmental program wash maintenance type expenditures. 1.1 million is the amount of contingency for this year. Again, the contingency, our wiggle room, is just us reconciling our budgeted expenditures up to our projected revenues.

Municipal Court. This is actually our only department that went over budget, but there were two clear reasons why. Most of this department has -- it's mostly payroll. It's to pay for the staff, the court administrator, the -- the staff in the court, and the presiding judge. And there were a couple key things that happened that raised expenditures a bit. There was a long-term employee retirement, and another employee changed benefits during the year. So there was a little bit more payroll costs than -- than budgeted.

Public Works Department. Again, this is out of the General Fund. So non-street related items like facilities, engineering, things like that. We spent $1.68 million for the year. It has 6.95 town staff. So that is kind of an odd number. But again, just a reminder -- well, we did spend about $21,000 under budget, but actually it got closer to budget because we did a lot of wash maintenance out of this department last year. So without that, we actually, you know, would have been well under budget. And so the only key thing to note here is for the adopted budget this year, this is where we put all the environmental program stuff, wash maintenance, and that's why that budget went up so much from -- from last year.

MAYOR FRIEDEL: Will it be the same this year? As far as wash maintenance, a lot -- a lot coming up?

SOLDINGER: That might be a question for the town manager. Rachel, do you want to chime in on that?

GOODWIN: Yes. So if you recall -- and I'm -- I don't have the numbers in front of me for the current year. But yes, we -- we budgeted for a full -- yes, a full cycle of wash maintenance again this year. It's not going to be a one and done kind of thing. It's going to take us several years to get there.

And again, all of the other environmental things -- wash maintenance is obviously, you know, very visual, very front and center. But it's other things, like all of our permitting, and all of our air inspections, and air quality type stuff that we do all through under that heading is now all into this fund versus out of our environmental fund. So yes. To answer your question, the short answer's yes. Wash maintenance continues this year and probably well into the next several.

SOLDINGER: Yeah. So thanks, Rachel.

So Mayor, we have 450,000 in the budget for wash maintenance this year. As long as our revenues continue to look good and we feel like we can do that, that was something we'll talk about, but hoping to continue that because talking to -- well, Justin's (ph.) not here. But talking to Justin, we have a few more years of catch up needed. This is a lot more -- I think that's a key point. 450,000's a lot more than the town has budgeted for wash maintenance ever in the past. I mean, I didn't go look at it, but he told me it was, like, more like 50,000 to 100,000 many years. So we are -- based on council discussion, we are prioritizing that and trying to catch up and make that a priority for the town.

So for streets, this one -- so the budget amounts of 7.7 million, that includes a large transfer of budget of $594,000 that Justin had come to council for to do additional road paving. So this -- this particular one -- I think maybe one other -- I include the budget transfers to show. But we did spend $7.3 million on streets last year. And of that, 5.26 million was directly on the road paving and curbing, the things that we talked about during the council meetings, such as doing El Lago and things like that.

We have five million in the budget for this year, and we're also doing Palomino. So we have over $10 million in -- in the fiscal year 2026 budget for road paving. So obviously, I think it's pretty clear that the council has prioritized road paving, and we see a need there, and we're working towards that and trying to catch up as much as we can, so -- but we did spend $374,000 less than budget.

One thing to note for this department and Community Services, there were some unexpected or higher costs related to maintenance and repair. I can't remember for the Public Works. But I know for Community Services, we'll talk about in a little bit, there was a lot of irrigation repairs that were kind of unexpected and needed, and -- and landscaping costs are going up too as well. So within this department and the Streets Fund, we have 7.05 town staff. And well under budget, 374,000 under budget.

Development Services, under budget in every category. We have 10.6 town staff. This was a department we lowered our staff levels. We brought a full-time position down to a part-time position to find budget savings for fiscal year '26. So you'll see the budget of 1.53 million is less than last year's budget of 1.58 million, and expended $185,000 less than budget.

Community Services. So there that -- that $105,000 overage of budget maintenance repair, that was what I was kind of keying on earlier. There were some unexpected costs this past year related to -- I believe it was mostly irrigation repair and things like that. But overall, still under budget. $267,000 under budget. We have 26.73 town staff, our second largest town department in the Community Services Department.

Fire department. Here's kind of the star of the show, and we'll have more discussions later. 33.5 town staff. Our biggest town department now, you know, for the past year and a half. So we did spend -- I think one key point is we did spend $500,000 less than budget. And we are still -- I'll be very honest and upfront, we are still learning as a finance staff on the fire department and their needs. And their -- their scheduling is much different than other town departments, with their overtime and backfilling, but we've talked through some of that.

So with that, there is an budget overage there that was related to vehicle repairs. They had a lot of vehicle repair needs over budget last year. But there were several payroll modifications we made for fiscal year '26, where you see that 4.7 million did kind of jump up from the 4.3 million. Number one, the three battalion chief positions, that was about 110 -- 111,000 or so, related to the council direction to begin that process in January. So that's coming up soon, in a month or so.

The two and a half -- the -- the pay adjustment that all staff received, and moving budget from other line items to increase overtime. So we've kind of learned that there are more overtime needs in this department, with all the backfilling requirements. I know Chief Ott's going to talk about some of the challenges they're going through right now with overtime, and staff -- staff being out, and things like that.

So it's a key point. Our budget did jump up a bit based on all those discussions, and we're going to continue to monitor and look for cost savings. But another key point is there's $500,000 under budget. So you know, as we go into fiscal year '27, we will be adding about $220,000 to $240,000 to the budget and the payroll line items. And that has to do with the full -- the full fire department's revised command structure that we've discussed with council.

So the battalion chief positions are going to be there for the full year instead of half a year. Three battalion safety officers beginning in July, and then the backfilling of those positions as necessary. So expect that, but we are going to evaluate the budget and see if there's things we can look at and maybe find some cost savings.

One other thing to note is the fire department didn't spend a lot on equipment, although they have a larger equipment budget. I think it's about $205,000. They didn't spend that much last year, but they have some critical needs that they're going to probably bring up today for -- for outdated equipment that needs to be replaced.

And then the Law Enforcement Department, this is just a department we use to pay for contracted services for the MCSO patrol, county jail fees, and animal control services. You'll see that it was $56,000 under budget out of the General Fund.

Any questions on departments or expenditures?

EARLE: You went real fast, sir.

SOLDINGER: Sure.

EARLE: It looks like in 2026, it'll be less?

SOLDINGER: Yes. And so Councilwoman, that has to do primarily with the MCSO contract decrease for fiscal year 2026.

EARLE: Just came down?

SOLDINGER: Yeah.

EARLE: Yeah, that was it.

GOODWIN: (Indiscernible).

EARLE: Okay.

SOLDINGER: Yeah. We -- we received the cost notification from MCSO around early February. So --

UNIDENTIFIED SPEAKER: (Indiscernible).

SOLDINGER: What's that?

UNIDENTIFIED SPEAKER: (Indiscernible).

SOLDINGER: Yeah, that was for fiscal year '26. Yeah. So that 5.759 million is the MCSO patrol contract for fiscal year '26 that we're currently paying.

All right. Just a couple revenue impacts. One decrease for revenues and one increase. San Tan Valley. It recently was incorporated as a town, just a month or two ago. And there's about 100,000 residents in this town. Right now, they're going through a special census process to certify how many people live in San Tan Valley. And after that takes place, they'll provide the certification to the state, and they'll start receiving state shared revenue.

So remember, state shared revenues, all the municipalities are in a pot of money for these different types of state shared revenues, and we get those revenues based on our portion of the pie based on our population. I think we get 0.4% of the pie right now based on our current population. But now that San Tan Valley's incorporated, starting in fiscal year '27, and maybe partially this year, we'll start losing some of those revenues because they'll take part of that pie. So the league is projecting that we'll lose about $150,000 of state shared revenue starting next year.

So one thing I didn't know earlier is our state shared income taxes, they are starting to project to go up next year. Remember, it's (sic) kind of had come down from higher levels, and we're at 4.6, 4.7 million this year. It is projected to start going up, but this will also decrease that amount. So we'll kind of have to see -- we get those projections in like January, February as well for the next fiscal year.

And lastly, thank you for sitting through my presentation. I know it's been long. Fire insurance premium taxes. I think this is a win for us. Something that we were expecting, but will be very helpful in managing some of the rising fire department costs and needs. So the way fire insurance premiums work, the state collects them, and then they distribute it to the local municipalities and fire districts, and they basically are used for fire department retirement costs. It's legally restricted by Title 9 in statute.

And the way it works, very simply, is every municipality, including the town, we certify how much we spend on fire departments and how much of that is retirement costs. We send it to the State Fire Marshal. The State Fire Marshal certifies it and sends it to the State Treasurer.

This one's kind of odd. It's not based on our population. It's based on the full cash value of our buildings and improvements in the town. So it's interesting they do that for this type of revenue, but that's what they do. And so I'm guessing it has to do with, you know, fire departments responding to different needs in the town, and so that's what's it's based on. I'm not 100 percent sure why.

But again, we used to contract with Rural Metro. We were only one of two municipalities only getting the 30 percent share of this revenue. The other one, I believe, was Cave Creek. And we were expecting to get more in fiscal year '25, but we wanted the process to play out. And so what happened was the State gave us less than we were entitled to, and we had to question it and work with the State Treasurer's

Office. And in the end, they are going to provide us the full amount, but it's going to be this year.

And so with that, you'll see the numbers on your slide. We brought in $95,000 for fiscal year '25. Based on the State Treasurer distribution report, we were supposed to get $317,000 once it was recalculated. So it's one of the more frustrating things I've had to deal with since I was here. I'm trying to hold back my emotion because we took all the steps -- I just want to make it clear, we took all the steps we needed to do to communicate the changes to the State. It just kind of got lost in the shuffle.

The State's huge and it's understandable, but it was a frustration of mine. But the -- the State Treasurer did recalculate, work with us. Very, very good to work with. Like, within a week, gave us an official memorandum they sent out to all the other local governments saying, hey, we made -- there was this mistake that was made. And next year, in June of 2026, we're going to give the town of Fountain Hills an additional $220,000, or whatever is entitled to us. And where -- they're going to decrease the shares of all the other municipalities to make us whole.

And so actually, this year, we're going to get about $540,000 for this purpose, much more than the 95,000. So it's a good year with our -- our flattening revenues to get this additional money. Of course, it goes to the fire department benefits. But like I said, it's very close to what we're actually paying. So it will supplement the General Fund and help us with these rising costs.

Again, based on fiscal year '27 initially, our projection for next year is around $330,000. And as we all know, insurance premiums have been going up quite a bit. As they continue to go up, we'll hope that we'll continue to get more revenue for this purpose.

EARLE: Thank you for --

MAYOR FRIEDEL: Oh, I'm sorry.

EARLE: Sorry.

MAYOR FRIEDEL: Go ahead.

EARLE: Thank you so much for watching that and being diligent in making sure we got what we deserved. I can imagine how frustrating that was. Thank you.

SOLDINGER: Yeah. Appreciate it. All credit to my team. They were on top of it.

MAYOR FRIEDEL: I was going to say thank you, and I'm sure all the other towns are happy about that.

[LAUGHTER]

MAYOR FRIEDEL: Is there any restriction at all as to what we can use that money for for the fire department? Can we use it for replacing equipment and other things that they need?

SOLDINGER: Yeah. So Mayor, it's expressly stated it can only be on the retirement costs. So for their 401(a), the town's contribution towards that. So with that, I think --

WATTS: So Paul --

SOLDINGER: Yeah?

WATTS: Kudos on the -- the budget, saving money. But it looks like the savings are derived by taking a very conservative approach in that 10, 15 percent range.

SOLDINGER: Um-hum.

WATTS: That's contrary to, like, private sector, when you always set goals that are stretch goals.

SOLDINGER: Um-hum.

WATTS: So if you take the 10 to 15 percent savings out, should our budgets be more conservative, and -- this is going to sound terrible -- make staff work harder to achieve the goals and achieve the savings or we're making it too easy? So are we too liberal in one sense in doing a good job? And it's -- it's really a challenging question for me to ask, because we do a good job. The town does, the staff does. But do we make it too easy by that 10, 15 percent overall savings that we derive by taking a conservative approach?

GOODWIN: Sorry, I'm thinking out loud as you're talking. Probably shouldn't do that.

WATTS: Go ahead.

GOODWIN: I mean, arguably -- and I'll let Paul chime in too, but a lot of this isn't a relationship between the effort or work of staff as it relates to the budget. Most of this is contingent on either, like we said, the -- the taxability, the spending, the state shared revenue. We don't have any influence over those types of things. If anything, we do our best to make sure people are, you know, following up on the fees that are owed, getting their business licenses, getting -- you know, registering for programs, those types of things, to try to collect where we know we can. I'm not sure how much influence we have over meeting the goals.

If anything, it restricts what we can do. So we are working with kind of one arm behind our back in some cases, i.e. the General Fund is kept at a very, very small level so when -- and I'm just going to use this example only because I know Kevin, and Justin, and I talk about it a lot -- when they say, well, my mowing contract went up, or my irrigation parts are more expensive. And we're like, you have to find it within what you have. We're not going to increase those levels. Again, it's the relationship between what we're spending and what we're anticipating bringing in and intentionally offsetting those by that 10 or 15 percent.

Do you see a way that the staff could be -- again, the work harder concept?

WATTS: I don't know that they could. It just is contrary to the private sector when you always have stretch goals as opposed to this looks pretty easy. And I hate to -- I don't mean to make it sound like it's -- it's easy to do, but we've achieved -- for the last couple of years that I've seen the budgets, every year's been a savings over the estimated budget.

SOLDINGER: Um-hum.

WATTS: So we've done a good job of that. I'm trying to understand should we make it a little bit tighter? Can we? Does this give you the latitude, the flexibility to be able to achieve the goals from a physical standpoint that we've promised the residents? So there's pluses and minuses. And it really is, to me, just a thought-provoking thing. I'm sitting here saying, this just -- in my world previously, it doesn't fit. I always had stretch goals that I had to achieve as opposed to this looks pretty simple.

And I'm sure Justin and Kevin sitting there glaring at me can just absolutely say no, it does, but it gives you the flexibility. Again, it's tough. It's -- it's a balancing act both ways. So I get it both sides. Should it be tightened up a little bit? Can it be tightened up? Maybe not. Maybe we just accept where we've got right now and continue to let you guys do a good job.

EARLE: Can I ask, Rick, a question to understand what you're saying? A stretch goal. Are you saying stretch to -- to bring in more income?

WATTS: No. To -- to reduce the overall budget so that you have smaller budgets by department to make the ability to achieve the same results with less money. Those are stretch goals, when you're trying to do more with less. And if you do, you're generally rewarded. That's the difference in the private sector, though, that there is a reward.

EARLE: Right.

GOODWIN: There's not a reward factor here.

WATTS: No, no, no, I know. I know there's not. But that's -- that's -- that's the impetus, right, for stretch goals is that you get some sort of a reward. So I'm sitting again trying to figure out -- this works. The -- the town staff, everybody's done a good job of managing the budget, and been successful in achieving goals and savings. Should we be more aggressive in the budget? And again, I'll ignore the glaring looks, but you know --

SOLDINGER: I think there's two components to that discussion, so I'll try to touch on them to respond, if that's okay.

WATTS: Sure.

SOLDINGER: So as far as the stretch goals, and, you know, keeping an eye on -- on doing more with less. You know, I would say, as a municipality, we're doing quite well. That's something that I touch on in our budget process later. If you look at our budget per capita, it's one of the lowest or the second lowest in the East Valley. If you look at our town staff levels, 106 FTEs -- full time equivalents -- if you compare it to some of the other, like, bigger governments -- obviously, they have different needs and challenges, but I want to say, we looked at the city of Scottsdale and their staffing, and they have ten times the amount of residents we do, or something like that, but they have something like 30 times the staff. Again, there's skewed data in there, they have a police department and stuff like that.

We're doing pretty well. I would say -- I'd say, definitely, that's something, the town manager and staff, we discuss often, especially with capital projects. We've made that a big priority, to be more efficient and effective with that. But there's always savings, there's always things we can do. So I mean, I appreciate the feedback, and, definitely, the town manager will take that in advisement.

WATTS: Yeah. I don't want to be mistaken, that I think we ought to cut everything, and redo the budget, and all that. And I do think that the town, as a whole, has done an outstanding job of providing good results for the residents, and the flexibility of being able to manage and achieve all of the goals that we've got. Whether it's small stuff that we can respond to instantly, we've got that -- a lot of latitude to do that.

SOLDINGER: Uh-huh.

WATTS: To me, we've saved a lot of money. We've saved somewhere between 10 and 15 percent, probably, top line, if you aggregated all of the various buckets, put them all together. And is that latitude to be able to accomplish the goals, is it too liberal in how we approach the budget, is it -- because it seems to be inconsistent. I'm, kind of, sitting here, saying -- we say conservative in one approach, and yet we have liberal budgets to be able to accomplish the goals, and they seem to be in conflict.

EARLE: Did we have -- did we purposely do that so we'd have money to put into other funds?

WATTS: Yes. Yes and no.

EARLE: Well, where's the no? Where's the no?

SOLDINGER: So Councilwoman, we're reducing our projections, and so the whole goal of that is to be conservative. If we're not meeting our projections or above our projections, the -- the monies that are coming in above projections are what results in the excess general fund reserves, which we use to fund other programs. So that was kind of the key point we were trying to make there. So the conservative part is the projection being lower, and intentionally doing that. That's been in our framework for years.

WATTS: The spend side.

SOLDINGER: No, I'm talking about the revenue side.

WATTS: The revenue side as well?

SOLDINGER: Yes.

WATTS: Okay.

SOLDINGER: Yes. The intentional conservatism has to do with the revenue projections. The budget, as far as the expansion goes, it's just based on the town needs that we discuss with the town manager every year in depth. We have several discussions, meetings, evaluations of what's going on, how -- how things are operating, and then we bring them to Council during these work sessions, and discussions, and the budget process.

WATTS: Okay. Thought provoking, to me. It's a juggling act, you know. You've got fixed amounts coming in from a revenue standpoint --

SOLDINGER: Uh-huh.

WATTS: -- with some variability, depending upon what goes on in town, and businesses, and so on. And then you have, to some degree, fixed expenses, because of the necessity of what the infrastructure requires and what the capital improvements require for the town. So those two things should balance, and that's where I thought, maybe, are we being too liberal in our approach, or does it just simply give you that latitude to be able to be flexible, to accomplish all of the things that we discuss, based on the input from residents?

SOLDINGER: Yeah. So Councilman, it's definitely -- to what you said at the very end, the flexibility it gives the town staff and Council flexibility over the revenues that the town is receiving, and it also protects the general fund. We can still operate, we can provide services to our residents. You know, you -- people can still go to the pickleball courts and take a class, people can still go to the community center and enjoy bingo. All the different, you know, the streets are being repaired, so there's a lot of things that go into that.

But it's to continue to -- talk about impact fees, similar to maintain our levels of service without concern to cutting our services, but also giving the Council flexibility to put the monies in the different buckets, as needed, to get additional road repairs done, to save for the lake liner, and things like that. So it's all very intentional, and all of this is thought through. And it's been this way, as far as I know, with the town of Fountain Hills, back many, many years.

WATTS: All right. Well, every time I open my mouth and say something, that kind of incites staff. I got to be real careful, I get chastised later. It is just something that is curious to me, comparing the situation in the town and private sectors, how you look at budgets, how you look at planning, and so on.

SOLDINGER: Yeah.

WATTS: So I think we did a great job. I think the budget is an outstanding budget, and accomplishing the goals, and still saving the money is -- is a wonderful thing, but it also warrants conversation. And in the spirit of conversation, I can sit here very quietly, or I can ask questions that I get those -- those looks for.

SOLDINGER: Well, I actually -- I'm sorry, mayor. One second. I'll just touch on one more thing. I do want to say that, before we had this presentation, I thought that this conversation might come up about comparing what the town does to a private business, and it is very different. So I think that's a key point. We're not trying to meet our -- I mean, we're trying to meet our revenue projections, but we're not looking at every component to drive profitability, right? It's completely different. We're providing services to citizens, to our residents, and we have to be able to do that by making sure the money is coming in above our projections. And so we don't have to cut services, we don't have to cut the pickleball program. So it is very different. I think that is a key point. I appreciate you bringing it up.

WATTS: I think that -- I think that's the point that a lot of the residents don't get, when they see the savings that we've got, and we're still raising rates, like on community center, and so on. We're being fiscally responsible for the long term, not the short term. We look at things, and I think the more information we can provide to residents, the better understanding they have, as I have learned in the last -- how many years has it been? Less than a year. Thank you, Paul.

SOLDINGER: Yeah, of course.

MAYOR FRIEDEL: Paul, I just want to add, I think that what we're doing is spot on, and I like the conservative approach. I mean, for us to get $7 million in streets done last year, 10 million this year, and still have some savings to fund all the -- and if you look at the list of capital projects that we're doing, it's phenomenal, what we've accomplished here. So I think the residents need to know that forced -- not forced savings, but that savings allows us to fund other things, and get -- and continue the services that we offer in the -- in the town. So I think we're spot on.

And that didn't -- you know, and that started with your predecessor, David Pock. And I mean, it just continues now. So we've been very successful with that. And I think if you compare us, like you said, to other towns, you'll see what those numbers are like. So thank you.

SOLDINGER: All right. Thank you.

WATTS: That's it?

SOLDINGER: Well, I'm just checking.

GOODWIN: Good try, good try.

Mayor, if I can put it in just a different term, I know we've been talking about this, and I don't want to belabor, but I'll let Michael get set up for the next topic. But in the way Paul and I often talk about it, I go is, you know, government budgeting is really -- it is very different, and he made that point, and I appreciate that, because I do appreciate where you're coming from, Councilman. I think the other piece of this is, like, just like at home, if you -- you know, if you have $1,000 to spend, you probably only budget 700 worth of expenses so that you can keep that extra -- that 300 so -- for the unknowns, for the roof repair, for the new car that you need, or the, you know, the college tuition, whatever it is, all of these other things.

That's what we're trying to do, is, you know, set up a budget so that we have this extra available to us for things like streets, the lake liners, the other -- the things that go over and above our standard operations.

MAYOR FRIEDEL: So like, an example in the private sector, if we were short, we would either hire more salespeople, we would do more advertising to sell more widgets, or whatever -- we don't have that flexibility with a --

GOODWIN: Correct.

MAYOR FRIEDEL: -- with a government budget, so I get it.

GOODWIN: Exactly. So just putting it in, you know, a little more personal finance terms, so to speak.

Michael, can you give us a five-minute little recess?

STELPSTRA: I can.

GOODWIN: Okay, thanks.

(Recess)

GOODWIN: All right. Michael, thanks for the break.

STELPSTRA: All right. You're welcome.

GOODWIN: Appreciate it. This next topic, while it is related to budget, it is specific to our expenditure limitation. And I was just sharing, up here, that Michael is really the subject matter expert on our expenditure limitation, so much so that other communities call him for guidance. So we are very lucky to have him and working on this, you know, for our benefit and to our benefit. It is complicated, I'm not going to lie. So I know that Michael has explained it many, many, many times. So he's -- he should be able to bring this forward, but it does have a lot to do with where we're going, if not next year, within the next couple of years, particularly as it relates to the lake liner and some other projects. So with that, Michael, I'll let you go.

STELPSTRA: Okay. Great. So Rachel gave a good intro to where I'm going. So I'm going to talk about the expenditure limitations, starting with some basic background, and then move into considerations for 20 -- fiscal year 27, and then looking towards the future, and the lake liner project. This is a complex topic. I am glad to take questions throughout, because it's important that we make sure we're all on the same page here. All right. So let's jump into it. Just for -- for some general background, back in the late 1970s, the legislature referred several propositions to the -- the voters to -- to do several things, most of them limiting expenditures, but also limiting property tax increases for primary property taxes. Those passed, and so we not only have the limit on -- on primary property taxes, if -- if we had a primary property tax, but also the --

these propositions put limitations on various levels of government for spending, so the state municipalities, counties, community colleges, and school districts.

What's relevant to us today is, specifically, what became article 9, section 20 of the state constitution, and this is the section that specifically applies to counties and municipalities. It was approved by the voters in 1980, and became effective for municipalities that existed, at that point, a couple years later. Under the state constitution, the Economic Estimates Commission, which is part of the Arizona Department of Revenue, is charged with calculating the expenditure limitations each year. So every year, they do the number crunching, and tell us what our expenditure limitation is going to be.

And then, pursuant to the implementing statutes, the auditor general is made responsible for actually enforcing the expenditure limitation. They prescribe a uniform expenditure reporting system that not only provides the forms that we have to use in -- in reporting our expenditures, but also provide guidance to us, based on interpretations of the constitution, either through court cases, attorney general opinions, anything else that's happened over the last 45 years. So those are, kind of, the players that we're -- we're looking at here. And so how does the EAC calculate the expenditure limitation? It is a product of three factors.

First of all, in 1978 -- 1979-80 base limit, and inflation factor, and a population factor. Now, these base limits are calculated by the EEC. For those municipalities that existed in 1980, those -- their base limit was based on their actual expenditures in 1980. For those municipalities like us, who came along later, what the statute provides is that the EEC calculates a per capita amount based on those municipalities that did exist in 1980, and specifically for the same county where the municipality exists. So basically, they calculated a per capita amount for the municipalities in Maricopa County, and then they multiply that amount by our base population to come up with our base limit, back in the -- I think it was 1990 that they were doing the calculations for this.

And what they came up with was, based on that per capita actual spending for the other Maricopa County municipalities, is that our base limit was 3.3 million. Then again, in fiscal year 2023, there was an adjustment to that base limit. This was an administrative adjustment, pursuant to the constitution, which directs the EEC to modify a municipality's base limit if there is a shifting of governmental functions between one level of government and another.

So in this case, that shift was the town acquiring the fire district. So when the town acquired the fire district, the EEC took the fire district's budget for 2002, and calculated that back using our base -- sorry, our -- our base population numbers to -- basically, another per capita amount, but based on the fire district's actual expenditures, and that added about 800,000 to our base limit. So we now have a base limit of 4.1 million, and that's what we've had going forward. The inflation factor is based on the GDP implicit price deflator, this is as defined by the Constitution, and then the population is based on the change in the estimated population calculated by the Arizona Office of Economic Opportunity.

And so each year, they put out a population estimate for us. And those estimates, for Maricopa County, are based on -- on MAG numbers as well. So the product of those three numbers, that is what ends up into our expenditure limitation. Now, there's some other things that you want to talk about, and just -- what is and isn't subject to our expenditure limitation. So under the constitution, the expenditure limitation applies specifically to our expenditures of local revenues. Now, local revenues is -- is an explicitly defined term in the constitution. It's not always intuitive. Some things you think are local, or might think are local, aren't in the definition of local revenues, and some things that you might think should be aren't.

So I try and avoid the -- that local revenues, so as not to be misleading. Instead, we refer to them as nonexcludable revenues. And so these are the revenues that, when we spend them, those expenditures are subject to our expenditure limitation, so those are the nonexcludable revenues. Then we have exclusions, and this is everything that the constitution excludes from its definition of local revenue. I'll go and give you some examples of those later. But basically, these are -- we refer to them as exclusions, because the expenditures of those monies are excluded from our expenditure limitation, which basically means we can spend as much of those excludable monies as we wish, without it impacting our expenditure limitation.

And then, carryforwards is the last thing that we will talk about, but it's really not distinct from exclusions. The carryforwards are just those excludable revenues that we've received in one year, but have not spent, and so we carry those forward to a future year. They retain their excludable character in the future year, so -- but they are, essentially -- they are just excludable revenues, so --

MAYOR FRIEDEL: Quick question. How long can you carry it forward?

STELPSTRA: As long as you have the money. These carryforwards are tied to the specific revenue. So when we get a revenue, we can either spend it in that year and that becomes an exclusion for that year, or we carry forward. As long as we have that money, we have that carryforward, that ability to exclude it. As soon as we spend that money, that carryforward is gone. So it is important to remember it's tied to the specific money that came in the door at some point in time. Any other questions while I'm paused. No? Oh.

EARLE: If you add to it --

STELPSTRA: What's that?

EARLE: Let's say if you add to it, can you spend part of -- like, say you had 4 million excludable, and then you added 2 million excludable, and you go and spend 4 million. Can you still carry forward the extra 2 million, or no?

STELPSTRA: Councilwoman, let me make sure I'm following.

EARLE: Okay.

STELPSTRA: So we bring in 4 million, and we spend 2?

EARLE: You bring in 4 million, and you got it set there for a year or two, and then you bring in some more, and you put it in that category. Can you spend part of it, or do you have to spend all of it? If you only spend part of it, can what's remaining still carry forward?

STELPSTRA: Oh, yeah. Yeah, as long as we have the money there, that that carryforward exists. And we have the ability -- I'm sorry if it gets too far in the weeds --

we have the ability to manage, in -- in most cases, manage which monies we're spending. So it's called a flow assumption. I don't want to get too off into the weeds here, but -- but to that point, yeah.

We can choose, generally, which monies we're spending, and that's how we've been able to generate the -- the carryforwards that we have, because we have chosen to spend the monies that are subject to the expenditure limitation when we have the ability to spend them, within the limitation, and carry forward those monies that we could. And like I said, we'll get into, later, just what those carryforwards are, where they're at.

SOLDINGER: Just a thought.

STELPSTRA: Yeah.

SOLDINGER: I just want to say, Councilwoman, one thing we've changed -- so Michael has extensive experience with the expense limitation. So we have been more meticulous and strategic. That's what we've kind of talked about, these last couple years, is how we approach the expense limitation, and a lot of that has to do with Michael coming on board with the town.

STELPSTRA: All right. So here's some examples of what we have for excludable revenues. This is just a few -- I guess most of them. There's about 11 of them in the constitution that are specifically defined and still applicable, but these are the ones that are most applicable to us here.

So debt proceeds and debt service payments. We don't have debt now, but it'll be -- this will be relevant later in my conversation. So any proceeds that we receive from issuing debt, as well as any repayments of those debt, principal and interest are not excludable -- or sorry, are excludable from our expenditure limitation. Any of the investment income that we receive is excludable. Also, there's various grants from federal, state, private grants. The one thing to note there for state grants, though, is it is not our shared revenues. So the shared revenues that -- that Paul talks about for sales tax and income tax, those are not excludable. Those are all subject to our expenditure limitation.

Now, the highway user revenues also have their own exclusions, those are fully excludable for us. Other things, if we have contracts with other political subdivisions where we're the ones receiving the revenue, those revenues that we receive are not excludable. We only have one really small one right now. But as an example, for -- if you take our MCSO contract, when we pay Maricopa County for that MCSO contract, that payment is subject to our expenditure limitation, but this exclusion allows the county to exclude that. So thereby, if you look at all entities, expenditures are not being subject to multiple entities expenditure limitations.

But this is tied to the revenue side of the contract, so if we're the ones spending the money on the contract, it's not excludable, but if we're getting the revenues, it is. And then, any other refunds or reimbursements that we receive, those are also excludable. So that's my history lesson, or background lesson. Any questions before I move into 2027 considerations? No? All right.

So this is, to give you an example of kind of where we're -- where we're at right now, I've given you a couple of years of actuals there, for '24 and '25, and then our '26 budget. That top line there is our -- is our actual expenditures. And one thing I want to note there, this isn't obviously an apples to orange -- or apples to apples comparison, when we're looking at budget to actual, because, based on our previous conversation, there -- you know, we don't always spend up to our budget. Also, the way Arizona law reads for budgets, we cannot exceed our budget, so we do need to build in extra room in that budget. So particularly for that 53,000, there's several million dollars that we built in there for possible grants.

Most of it, so far has not yet been identified, but possible grants there, as well as to meet other -- other Council priorities in -- in the budget, such as the Palomino project and that. So come down -- I'm not going to go through that first part of the calculation, but you got our expenditure limitation there, third line from the bottom. You can see that's increasing slightly from year to year. What I want to focus on are -- are those two green lines there, at the bottom. First of all, the amount under the expenditure limitation. So for fiscal year '24, we had about one and a half million dollars that we were under our expenditure limitation. So had we had the money in the budget capacity, we -- we had an additional 1.5 million of room there.

But for '25, that room has disappeared, so we are now spending up to our expenditure limitation. So that means at -- for '25, we're expecting that, also, for '26, and to carry forward into '27. So what that means is we are spending all of the nonexcludable revenue that we can, within our expenditure limitation. So any increase in spending of that nonlocal revenue is going to be dependent solely on our increase in -- in our expenditure limitation next year, and I'll go into that in a moment. The second line there has to do with our carryforward. So these are the monies that we've saved.

And so for '24, we saved about $5 million of these -- these carryforwards, because -- as I mentioned earlier, with our ability to manage the flow assumptions -- since we had room under our expenditure limitation -- we used as much of the nonlocal revenues -- or sorry, as much of the nonexcludable revenue as we could, and save the -- the excludable so we can use that in a future year. Same thing with '25. We had to use more of that because we were up to our limitations, only brought in -- saved another 4 million there. But you look at '26, we budgeted to go the other direction, and this is intentional

Like the Palomino project we've -- we've mentioned, this is to use the money that we've saved up to meet Council priorities, such as Palomino, and other street paving needs, or other capital projects. So we are looking at '26, that we are now using up some of those previously saved monies. So where does this leave us for '27? Well, first of all, we don't know what our expenditure limitation is going to be yet for '27, and we won't find out until February 1st, as an estimate, and the final by April 1st. Based on the most recent information out there on inflation factors, this was an October update by the EEC, they're looking at about 2.2%, so that would be about 800,000 just for that inflation adjustment there. Obviously, any -- any change in population would also increase that. So we'll know, later, as we go through the process, just how much that expenditure limitation is going to go up there. And then, carryforward is the other piece of it. How much of this carryforward do we have left? So you see here from the actual '24-'25, we built in that extra for -- say that extra $4 million. But then, in '26, we're using that carryforward. The most significant usage there is our highway user revenue, because that is what we're using for the Palomino project, so that's why you see a big decrease there. So these are the monies that we have left that are excludable and that we can budget to spend without impacting our expenditure limitation.

The 2.7 million there for HURF is exclude -- or is restricted, we do have to use that for streets. The 800,000 is in our internal service funds, for vehicle and equipment replacement. The remainder of that though, is -- is mostly unrestricted, so that it gives Council the flexibility to use those monies to meet whatever priorities the Council would -- would see fit. The important thing to remember, though, that these are one-time monies. This is a finite pool of money. Once we've spent them, they're gone. And where we're at right now, we're not looking at generating more carryforwards, so we are looking to spend everything that we get in the current year that is excludable, plus these carryforwards. So any questions on 20 -- yeah?

WATTS: So two slides prior, it looked like we took the 9,000 plus the 6,000, we had a $3,000 carryforward, but I didn't know what the balance was until you got to this slide.

STELPSTRA: Yeah, yeah.

WATTS: Now, all of a sudden, I see what the balance is. But it sounds like we want to be very judicious in how we spend that $8 million, or how we apply it to capital improvement projects, and the things that are allowable.

STELPSTRA: Yeah. We not only need to make sure that we're using for -- for projects that are allowable with that money, because, like I said, that -- that 2.7 for the HURF is restricted to streets. But we also need to be conscious that this is one-time money. And so if -- if we use it all up in one year, then there's nothing left for a future year. And so I mean, it's really up to you --

WATTS: But looking forward, you --

STELPSTRA: -- and how you decide to do it, but -- but remember, this -- we can't do a Palomino every year.

WATTS: Right.

STELPSTRA: Eventually, that money's going to run out.

WATTS: Looking forward. Whether it's your crystal ball or Paul's crystal ball --

STELPSTRA: Uh-huh.

WATTS: -- with the savings that we have, based upon the conservative budget that we've got, I would assume that we have the ability to add monies back into that $8 million. So while being judicious in how we spend it, we still know that there should be more funds that are allocated to it, from an accounting standpoint.

STELPSTRA: Well, there's more -- more monies that will be going into fund balance, based on those conservative -- but most of that money is nonexcludable, it is not carryforward. So we don't have a lot of ongoing excludable revenue. HURF is the biggest example. HURF and investment earnings are -- are the two really large ongoing excludable revenue. So when we project our -- our sales tax to be less, sales taxes is -- is nonexcludable, so all of that excess we -- we see there is subject to our spend expenditures limitation, shared revenues same thing. So we may save those monies because we're not spending them, but they're not carryforward.

WATTS: Got it.

STELPSTRA: So they are going to be subject to our limitation, whenever we spend them.

WATTS: Any reason they call it nonexcludable versus included, from a simplistic standpoint? Thank you, Michael.

STELPSTRA: Well, because they're -- the auditor general terms them, in terms of exclusion, so that's why we get the excludable, nonexcludable.

MAYOR FRIEDEL: So you mentioned that we can't do a Palomino every year. But unless it was a bond, we could?

STELPSTRA: Correct, yes. So that was -- that debt proceeds.

MAYOR FRIEDEL: Yeah.

STELPSTRA: If we were to issue debt, it does have to be long term, so -- and long term, the auditor general has said, is more than one year. So as long as it's a long-term debt, both the proceeds that we receive from those debt -- from that debt is excludable, as well as the principal and interest payments to repay it. So we would -- it would not impact our expenditure limitation in the year that we do the project, because we'd be spending the bond proceeds, and it would not affect our expenditure limitation in future years, because those would all -- the repayments would also be excludable.

SOLDINGER: Can I just add to that real quick, Michael? A couple key points, and Michael already touched on them, but I just want to emphasize them. We did a lot of maneuvering around the expense limitation for the fiscal year 26 budget to be able to do Palomino and things like that. So it's very likely that -- that $53 million budget for fiscal 26 is going to go down for fiscal year 27, and a lot of that has to do with the carryforward, and what we're able to do around the budget. So we'll evaluate as -- things could happen. Maybe we get Palomino done for $2 million, who knows? You know, that would be great, and then we do have more capacity to do more next year. But I just want to warn you, or I'll let you know ahead of time, the budget's going to come down next year, most -- highly, highly likely. And again, like Michael stated, it would be very difficult for us to do another Palomino-type road project that big. And the reason we were able to do that, really, if you go back to the -- the -- the pandemic revenues we brought in, we were able to create these excess general fund reserves that we put. -- so we put unrestricted monies into the streets fund, and we spent that instead of HURF, and that's how we were able to do Palomino, and accumulate. So again, things are changing and maneuvering, and I just wanted to point that out.

EARLE: So before I go into my question, are we going to be talking about funds for streets today, preparing for that? Is that in here?

GOODWIN: Not so much.

EARLE: Okay.

GOODWIN: We'll being that, you know, if there's a --

EARLE: Okay.

GOODWIN: Sorry. So this is to talk about where our -- this is going to be a more high-level conversation about what we have -- may have available, and how we can operate within the expenditure -- expenditure limitation, and then where we might want to go long term, as we start talking about other things like the lake liner or future streets. But we won't be talking about -- to the extent of, you know, what's the next Palomino, if you want to say that.

EARLE: Okay.

GOODWIN: We're not going to get to that level.

EARLE: So let me just put my question out there. Have we done a study, at all, for how many years, going forward, at the current rate what we're funding for streets, how many years it would take for us to get caught up without doing a bond? Because you're mentioning doing a bond and stuff, so have we done such a thing, or is this not the --

GOODWIN: No, we did. That's actually --

EARLE: -- place? Something we're going to talk about, no?

GOODWIN: No. So that was done about eight -- okay, about eight years ago? Is that what I'm hearing?

WATTS: No, no.

GOODWIN: Oh, go ahead. Chime in.

WATTS: When the presentation was done on the roads -- when we were talking about it -- I think, if I recall, he anticipated a recurrent spend rate, plus Palomino, we would need eight years to get caught up.

GOODWIN: Eight years to get caught up. But that's if we stay at our current spend rate --

WATTS: Right.

GOODWIN: -- which we are not. You know, we don't know that we can sustain that right now.

WATTS: Exclusively, Palomino.

GOODWIN: Okay. Again, because we are over -- we are spending down our savings. By doing that, obviously, we're getting ahead of the curve, but we can't maintain that.

EARLE: So the basic was like 5 million though, I thought.

GOODWIN: Correct.

EARLE: So spending 5 million a year, you're saying?

GOODWIN: No, spending --

EARLE: So we're talking about --

GOODWIN: -- at more like 8 million, like where we're at now.

EARLE: Okay.

GOODWIN: Justin probably has way more grasp on the details of this one.

WELDY: So Mr. Mayor and Councilmembers, all of the information just provided to you is, in fact, correct. When the presentation related to the most recent assessment was brought forward, there was a sheet in there that explained -- to maintain the level of service that we are currently maintaining, we need X amount of dollars, which exceeded the budget that we have. If we want to minimize or keep the backlog at this percent, it requires this much, and that -- that's about seven and a half million plus dollars a year, with an inflection -- inflationary factor on that.

So it's considerably more than we currently have and we've been spending, in order to just maintain the current level of service. The exact numbers, I don't have them in front of me, but we can certainly provide them when we have that conversation.

EARLE: Question for Michael, what is our limit, expenditure limit, on streets if we're not using the carryover?

STELPSTRA: The expenditure limitation is a total amount that applies to us -- to all of our spending, so it's not broken out for any particular priority. This is something that the Council decides how they want to spend that -- that finite number there, that 30, what 4 -- 426 is the 36.5 million. And we have the ability to -- to balance some of that with our carryforwards. Like we say, some of it is unrestricted, so if you want to spend more on, you know, we -- let's go forward here. So we've got 2.7 million that we can spend on streets. We can move some of that unrestricted money around too, to maybe spend more on streets, or spend it on other priorities.

So that's why -- it's important to know some of this is restricted, and we can't do anything else with it, but some of it, we can move that around, and maybe spend more of the carryforward on -- on some things, and free up money elsewhere. But ultimately, that -- that total expenditure limitation is -- is just a total for all -- all expenditures, not any particular line item.

Okay. All right. So let's look beyond fiscal year 2027, and this is specifically related to the lake liner project that Paul discussed and -- come up already this morning. So current estimate, as Paul said, is 17 million, and we've got about 6.6 million saved up. What is relevant to this presentation are those last two numbers. 6.3 million of that is nonexcludable, only 3 -- .3 million of that is excludable, which means, in order to expend those monies that we've saved, we need to find room within our expenditure limitation. But as I already covered, we're already at our expenditure limitation.

So what I'm going to focus on, the remainder of my presentation here, is some options that -- as we look forward to this project, and this is -- this is not for 27, this is going to be for -- for future years, but things that we need to start considering now of how we're going to be able to spend the money we've saved up within our expenditure limitation.

So first of all, options. Most obvious is we reduce spending in -- in other areas. You know, we reduce our spending on either capital or other operating expenditures of -- of those nonexcludable revenues, to free up the space to be able to spend it in the lake liner project. This will, obviously, affect other Council priorities, if we have to start cutting our existing spending, so probably not ideal.

New excludable revenues would be another option. So debt, we've talked a little bit about debt, that would be an option, if we issued bonds to -- to the project. One thing I want to clarify here, though, is not to -- this is not issue bonds to get additional money. I mean, we may -- so we got 17 million, we've got 10.5, 10.4 that's unfunded. So when I'm talking about the debt -- issuing debt here, I'm not talking about issuing it for, say, the 10.5 that we don't have funded, but issuing it for the 6.3 million that we already have the monies for. And that's because, as I mentioned before, if we're spending debt proceeds, it's not subject to our limitation.

So we could borrow the money that we already have -- or borrow for the money we already have, and then use that 6.3 to make the debt service payments. Not ideal, again, because it has to be long term debt. We would be incurring interest costs on money we already have. But that would be a possibility, you know, in order to get around the expenditure limitation.

MAYOR FRIEDEL: So you're talking about funding the whole package for the lake liner. And that 6.6 that we have saved, yes, we would incur extra costs, but we're also getting investment income on the 6 million that we --

STELPSTRA: Correct.

MAYOR FRIEDEL: -- have sitting there, too.

STELPSTRA: Yeah.

MAYOR FRIEDEL: And so there'd be a little bit of an offset.

STELPSTRA: Yeah. So that .3 million there, that -- that's excludable. That's the investment earnings we've already earned on that money, so -- and then also, if we can identify any grants or reimbursements, which is something staff is on the lookout for. But at this point we have not identified any of those, but certainly something we would -- we're trying to find.

GOODWIN: Michael, before you move on, I wanted to go back to the first bullet, which is reducing our spending. And I just want to point out that, obviously, like you said, that seems like the easy answer, except for the fact that if we are anticipating 17 million, even if you stretch that over two years -- cutting the cost from a budget -- what is it, 34?

STELPSTRA: 30 -- 36, given the current expenditure limitation.

GOODWIN: 36? I don't know how you cut that, given that more than half, or a smidge more than half, roughly, is just fire and police services, MCSO services. There's nowhere to cut that to that number, and to that point. Exactly. There's just nothing in there that you can suspend for a couple of years, in order to get this other expenditure and other project completed. So I just wanted to, kind of, make that point. While it sounds logical, when you start digging into it, it's just not a feasible option.

EARLE: Maybe this is too soon to ask, but if we did borrow money, and we paid it back faster, do we get -- is there a -- are we limited in doing that? Like, you know, you make a little more in your mortgage payment, pay it off sooner?

STELPSTRA: Mayor, Councilmember, it depends. So first of all, in order for this to be excludable, it has to be long term. So we do need to keep it outstanding for at least a year. And then beyond that, it's really going to depend on the lender, and what terms they're willing to accept is how quickly we can repay it, because there's usually some provisions in a bond as far as how quickly we could call that bond. So it really is going to depend on what terms we get on the -- on the bond, just how quickly we may be able to -- to repay it, bond or any other debt that we might use there.

SOLDINGER: And then I -- I would say, Councilwoman too -- with direct placements or a shorter time period, if you pay off the bond earlier, typically there's -- not a penalty, but a make-whole provision, or you pay a cost to do that, so you're almost paying for the interest anyways. So typically, there's a lot of different options for bonds or debt, but it's hard to avoid that component of paying upfront for those costs.

STELPSTRA: Okay. And the last option is really what I'm here to talk about today, is the -- the finding a new voter -- or getting a new voter-approved exclusion, and that is going to be through the home rule option. So I'm not going to explain just what that is right now, we'll get into that in more detail later. But I want to talk about just voter-approved -- it's voter-approved expenditure limitation options, generally. So there are two main voter-approved expenditure limitation options. One is an alternative expenditure limitation. That alternative expenditure limitation is the -- is the actual statutory wording. Common wording is home rule.

The other is a permanent base adjustment. So home rules used to be the most popular among municipalities. About two thirds of municipalities statewide used to be under a home rule. That number is now 37 out of the 91 municipalities, statewide. Permanent base adjustments, the last five to ten years, have become far more popular. And I'll get into both of what these options are. And right now, half of the -- half of the municipalities, statewide, have a permanent base adjustment, so they're very common. What I've listed up there for you is all the municipalities in Maricopa County that have one of those two options.

If you have the list of all the Maricopa municipalities memorized, you'll realize there's only one that's not on there, and that's us. In fact, we are one of only eight municipalities, statewide, that does not have one of these two options. And so that -- that does make it more challenging for us to manage our expenditure limitation, whereas these other entities have -- have chosen the home rule option or the permanent base adjustment to make -- give them more flexibility and wiggle room there. All right.

WATTS: I do, but it actually was at the prior slide.

STELPSTRA: Okay. I'll go back.

WATTS: But the question really is -- we're talking about 17 million for the lake liner, but there's a lot of other things in town that have life limitations on them. Shade structures is a good example. I mean, some of the equipment that we've got, do we keep some sort of an actuarial that we continue to increase that number? Because it could be 20 -- $2,025 million, as opposed to the 17 million. So are we looking at it in aggregate? And I just want to make sure we're prepared, as opposed to the -- what I think is a fiasco on the lake liner of not having the preparation, so do we keep it?

SOLDINGER: Yes. Mayor, Councilman, there's a lot of unknowns with the lake liner. We got an estimate in 2019, I believe, was the last time. It was lower than our current estimate. But there's a lot of different ways it can be done, so we really don't know. So later today, we're going to have a discussion where we ask the Council to consider including a million dollars in the budget for next year, for us to start that process, not necessarily the design process, but the planning, finding experts that can help us.

For me, at least -- I know, with Rachel, we've had these discussions. The main priority for the town is to get this done efficiently, and the right way, and to minimize the impact to the town economics. We don't want a lake liner that -- oh, I'm sorry -- a lake without water for three years. You know, we want to find the best way to do it, and so we need to go through that process, first, to get a better idea of what we actually even want to do before we -- we have an estimate, just as a placeholder, but it almost means nothing at this point. We're just saving towards it just in case, but we need to find out what's the best approach to doing this, before we even have those discussions further.

WATTS: So I get -- I'm not real clear on -- on what I was asking. Regardless of what the lake liner costs, there's a lot of other things that have life limitations on a known life, where we should have been preparing, much like the lake liner.

SOLDINGER: Uh-huh.

WATTS: Shade structures come to my mind --

SOLDINGER: Yes.

WATTS: -- as I drive around town, and there's a lot of shade structures, a lot of things that we know that have a 10-year life, 15, 20. Are we in the process of planning for those things, as opposed to reacting when we have a situation and have to manage it in the budget? Are we putting money aside, kind of an off the book?

SOLDINGER: Yeah. So facilities reserve -- that's what our facilities reserve fund is for. We did a facilities reserve study about seven or eight years ago, and we tried to update it before I started, a few years before I started. There were some challenges with that, so we put it on pause. It is something that's a priority. It's in the strategic plan, actually, and we haven't been able to get to it. But it is something that we need to plan better for, and we've talked about that frankly. It's something we need to do, and we're planning to do, going forward.

WATTS: But today, we don't have that in place?

SOLDINGER: No, we don't have a current --

WATTS: All right.

SOLDINGER: -- one in place, at this point.

WATTS: So at some point, I think the departments should identify those things that have a threshold, much like a depreciation schedule, and say that if it has this amount of money, it's going to require -- and it had this year, this amount of life, we need to start planning, based upon that timeline, to replace it, so we don't scramble at that 11th hour to find the funds to do that replacement. And shade structures again, just -- just right in your face. It's everywhere right now. We've got a lot of shade structures, and a lot of --

SOLDINGER: Uh-huh.

WATTS: But at some point, they're going to fail. Yeah.

GOODWIN: Councilman, just to, kind of -- sort of piggyback on what was just shared. Yes, we do the -- we've heard it referred to as the FRAD, the facility replacement -- facility reserve fund. At the time that that was developed, 2014-15, it was recommended that we be putting at least a million dollars a year, every year, into that fund. That didn't happen. We were doing, at best, 500 a year. So it has been significantly underfunded over the past decade. Additionally, that is what we've been pulling from when something comes up. So I don't want to set the idea or put the tone that we have no plan, it would just, you know, catch us off guard.

We've been proactively tracking things, but as we add new assets -- to your point, as we add new shade structures, as we add new equipment, you know, playground equipment, you know, tractors, things like that, we do have -- we do have them on a schedule. The problem is is we have not been proactively and accurately forecasting that. That's why, when we've done the budget transfers the last couple of times, we've asked for more money to go into that FRAD, so that we could take care of those things.

The roofs of our building is another really good example of what we're working through to make sure that we, you know, stay ahead of that, but we need an updated version.

And you're absolutely right in that it's got to be something that we move up the priority list, because taking them as they come is not a good plan. We have somewhat of a plan, but it's not the best one, so we need to -- we do need to be more proactive about that.

MAYOR FRIEDEL: And while the two are connected, they're actually separate, because we're talking about a funding option versus the list of things that have to be maintained or repaired.

STELPSTRA: All right. So let's get into what these options are. Permanent base adjustment, these are authorized by article 9, section 20, paragraph 6 of the constitution. And for permanent base adjustment, what would happen is the municipality puts a specific dollar amount in front of the voters and says, do you want to increase the base limit by X dollar amount? That then builds into our base -- builds into the base amount, that then is multiplied by the inflation and population factor. A permanent base adjustment, as the name implies, is permanent. It is, once it's approved by voters, it's built into that base limit, and all future EEC limitations are calculated based on that. The town did attempt to get a permanent base adjustment back in May of 2002; however, that failed by about 70 percent, so --

WATTS: Why?

STELPSTRA: I wasn't around then.

WATTS: Is it perceived as a tax or does it -- what's the negative consequences to the residents?

STELPSTRA: Well, it could be -- to point out, there also was the, on that same ballot, a proposition to authorize a primary property tax --

WATTS: Okay. That's why it failed.

STELPSTRA: -- and it failed by a similar dollar amount. Right. So you had both of them on the same ballot. But you know, it was long before me.

WATTS: But does it have a negative impact on residents if we want the permanent base adjustment option?

STELPSTRA: No. These are not revenue measures, they do not generate any revenue. Although we talk about, in terms of revenue, because that's the way the constitution defines it. These are not actually generating any new revenues, it's providing us the authority to spend the revenues we already are getting.

GOODWIN: Yes.

WATTS: That surely needs to be made clear, if we ever go that route again, that there's no negative consequences to voting for it, just giving us the allowance to be able to spend what we're entitled to.

STELPSTRA: Yeah. And ultimately, the permanent base adjustment is -- and why it's become so popular is it provides councils with the greatest amount of flexibility, because it -- you know, a lot of cases, they're moving the expenditure limitation up high enough that it's not even a consideration, won't be a consideration for years, and it's not restricted to a specific purpose, it can be used for anything, and it's permanent, they're not having to keep going back to the voters, so that's why it's become more popular. Certainly, it would make our jobs easier if -- if we did that, but we're not sure that that's viable at the ballot box.

EARLE: My question is -- so that, is it a percentage so that future years it might go up more, or is it a flat rate that never changes?

STELPSTRA: Well, the base adjustment is a -- is a specific, flat dollar amount. So like, in this example -- or not example, in the proposition that was put before the voters, it would be -- was to increase the base limit by $1 million. So we had a base, at that time of 3.3, it was to increase it to 4.3. That would have, then, become the new base, and any future calculation would apply to that. So the million dollars wouldn't change, but every year they're applying the new population and inflation factor.

EARLE: Yeah, that was my question. Yeah. So it would increase in that sense?

STELPSTRA: That's one point where that is confusing, because, you know --

EARLE: Uh-huh.

STELPSTRA: -- we would like -- in this case, we went to the voters to ask them to increase the permanent base -- the base, by $1 million, but it's actually -- impact on the expenditure limitation was far more, once you added in the inflation and the population.

EARLE: Do you have an idea of what that would be, what you would -- the number you would want?

STELPSTRA: Well, we haven't considered this one, because, as I said --

EARLE: Okay.

STELPSTRA: -- we're not certain that that's -- this is a viable option.

SOLDINGER: As an example, the City of Maricopa, they're three times the size of us, I believe, and they have a $700 million expansion limitation under a permanent base adjustment. So I mean, they -- they only spend, like, one hundred million or two -- so they have 500 million to work with, you know.

So again, in a way, it's good. You know, I think the residents, if they don't understand the expenditure limitation that much, it is -- it's a restriction. It restrict -- it makes the town think through their spending. We can't just go out and spend all our money, and we can continue to save. But it is -- it's a challenge. It's a challenge to maneuver. And it's something that most other local municipalities, especially our size, don't deal with as much as we do. It is -- it is pretty common for larger governments, like Maricopa County, Pima County, to maneuver around the expenditure limitation like we are. But it is another challenge. But luckily we have the experience, knowledge and abilities to -- to maneuver.

So anyways, my point is it would be much easier, and a lot of other local governments benefit from it. But it is a challenge in -- in another sense, too, because then we wouldn't have restricted spending.

EARLE: With our savings and Rainy Day Fund monies, if we increase that expenditure base, would we have then -- we could possibly use any of that other money for roads or the lake liner?

STELPSTRA: We could -- we would have the ability to use more of the nonexcludable revenue. You specifically mentioned Rainy Day Fund. There are specific restrictions as to when we can use Rainy Day Funds.

EARLE: Um-hum.

STELPSTRA: So it wouldn't -- it might free us up if we meet the restrictions to use the Rainy Day Fund, but it -- it doesn't automatically free up those Rainy Day Funds.

EARLE: Um-hum.

STELPSTRA: But other nonexcludable monies -- like we talked earlier, the excess monies that we're getting because of the conservative projections that are nonlocal --

EARLE: Um-hum.

STELPSTRA: -- it would free up the ability to spend more of those monies. And -- and that's not only through this option, but that -- that also is something that could be done through the home rule option as well. This -- just because it's permanent, and -- and it just increases the total limit, and it is -- gives the most flexibility here.

EARLE: So is there -- I'm thinking of a way to be able to explain this to the residents. It could help us get these things done without putting us into debt. But is there -- do we still have -- would this be -- putting this in place restrict us from overspending and getting, you know -- getting in trouble with our money?

STELPSTRA: Well, yes. Certainly we -- by having a larger expenditure limitation, we can spend more than those monies that we already have. There are penalties if we exceed our limitations. So we do not want to exceed our expenditure limitation.

For example -- or not example -- the worst-case scenario, if we exceed our expenditure limitation, our penalty could be up to one third of our urban revenue sharing monies for a year, so which would be, based on what Paul shared earlier, about $1.5 million in penalties.

EARLE: I think I already asked this. Do you have an idea what you would like that to be?

STELPSTRA: No, we haven't discussed that. But if -- if we take the -- the $1 million example, and that would be about increasing our -- our base limit by about 25 percent, so you apply that to our current limitation, that -- if we were to do a $1 million adjustment now, that would increase our -- our expenditure limitation by about $9 million once the population --

EARLE: Um-hum.

STELPSTRA: -- inflation factors are applied.

MAYOR FRIEDEL: Councilwoman, let me just add one thing. We'll still have to go into debt, in all probability, to get accomplished what we want. These give us options as to how we can spend the money. It's like an oversight.

EARLE: I'm trying to look at a way to not go into debt.

MAYOR FRIEDEL: Oh.

EARLE: Okay?

MAYOR FRIEDEL: Yeah. Yeah. That's fine.

EARLE: Trying to say, if we're not having to go into debt and then spend interest, pay interest and stuff, trying to see if there's a way to do that. And if we were -- if that's possible doing this, it's a way to --

MAYOR FRIEDEL: Um-hum.

EARLE: -- explain it to the general public.

SOLDINGER: I think the -- Councilwoman, the challenge with that is we are a smaller government, and so we only have a certain amount of buckets, right, and funds. And a lot of them are legally restricted. Like, development impact fee funds are a good example. We have maybe $2 million of -- of those monies set aside, something like that, 1.5 to 2 million. But we can only spend it on certain projects to maintain the levels of service, right? We can't just spend it on -- on road paving and things like that. So there's only a few buckets we can even pull from for these types of things, which would be the Capital Projects Fund, Facilities Reserve Fund, and -- well, the Street Fund for road repairs.

And so it would help, it would make things easier. We could probably apply a little bit more money to roads here and there. We could make it work in the budget. But it would be hard for us to go just do the lake liner tomorrow. You know, like -- the -- so there -- there are some nuances to it. But it would make things a lot easier for us.

GOODWIN: If I'm -- I'm going to chime in on a couple of different things have -- that have been said. It's going to start with Councilman Watts. You -- you asked kind of why it failed in 2002. And I do think, obviously, the primary property tax was probably the biggest factor. But I think given -- given the temperature that we've seen in other recent elections, like the school bond overrides and things like that, there's this sense sometimes that, you know, by giving an override or by giving this base adjustment, a permanent base adjustment, a perception of government overspending, the ability that it'll go, you know -- while in reality, we can't spend more than we have, it's still a misperception. And what that leads to is kind of your question, is, how do we -- how do we correct that misperception? How do we get that out to the public?

Regardless of which option we might move forward with, that's why we want to have this conversation today, so that we can start creating a runway and creating that opportunity to have public outreach, to put the information out there, to develop a communications plan that boils this down in ways that, you know, our community can understand.

The way I tend to talk to people about it -- and this is really how Michael and Paul had to explain it to me, for me to kind of get my arms around it -- if you have -- again, back to your personal finances, if you have $1,000 saved up, and I -- and you go, great, I'm ready to go, you know, on my vacation, and they go, actually, I know you have $1,000, but you're only allowed to spend 200 of it -- well, what do you mean I can only -- I have it all. It doesn't matter. Even -- they cap it at this number. Even if you have it built up in savings and ready to go, you can't -- you cannot go spend it.

And again, trying to put it in these terms that, you know -- again, folks understand their personal finances, trying to develop a communications plan that helps them see that, and what the benefit is to the community, whether it's the lake liner, whether it's more streets getting done, whether it's the flexibility to get out in front of other projects and things like that.

But I think those are all factors that we've kind of considered in-house when we said, is the permanent base adjustment the route we should go? The concern is that it wouldn't pass because of misperceptions or concerns about overspending, even though those may not be accurate. It's probably why we don't have a number in mind.

I think what we're going to go next is the conversation about home rule. And I think that that is where we landed as a staff to recommend. And we'd like to get your thoughts on that.

MAYOR FRIEDEL: So this is not a -- Gayle, this is not a funding option. It's a spending option.

UNIDENTIFIED SPEAKER: It's -- allows us --

(audio interference)

STELPSTRA: All right. So let's talk about the home rule.

As I said before, the actual statutory or constitutional wording, calls us on an alternative expenditure limitation. And really, that is a better descriptor of what this is rather than home rule. But home rule has been attached to it for decades. So that's the common name and what we call it. It is coming from a Constitution, Article IX, Section 20, paragraph 9. It does, like the previous option, require voter approval.

Now, there is a -- there is no specific guidance in the Constitution or statute of what this alternative limitation has to be. So this gives us a lot of flexibility on how we craft it. So unlike the permanent base adjustment, where we're required to put a specific dollar amount before the voters, this is something that we can craft in a way that gives us the flexibility to, I guess, make it more understandable to voters, be something that that is maybe easier to -- to explain, I guess, is what I'm trying to say, very awkwardly.

Now, there is a standard home rule that's out there, and that is put out by the Arizona League. And most municipalities that do have home rules follow that. What that home rule does is it essentially replaces the constitutional expenditure limitation. It allows the Council, as part of the budget process, to set the limitation at whatever the budget's going to be. So we're not recommending that. We think that's too broad to just allow any future council to set the expenditure limit limitation at whatever they want to. So our recommended option is going to retain the constitutional expenditure limitation but add an exclusion, as I mentioned earlier.

So what does that look like? First of all, what does it not change? One, it doesn't change the expenditure limitation. We're -- still be subject to the expenditure limitation calculated by the EEC. It doesn't change our existing excludable revenues. Everything that's currently excludable would still be excludable. It also does not change anything to revenue as we've -- related to revenue. As we've discussed before, it's not a revenue measure; it does not raise revenue. It also does not prohibit any -- any other revenue increases should the Council choose to do that.

The only thing that would change as far as what we're recommending would be that we add an exclusion to say that any expenditures we make for the lake liner project, regardless of what revenue they're -- they're being spent from, are not subject to our expenditure limitation. This would allow us to spend whatever revenues we have being at this revenues we've saved up that are non -- that are subject to the expenditure limitation. Any bonds or anything that we would need to -- to fund that project, we can do that outside of our expenditure limitation, not impact any of our current spending priorities that are currently within the expenditure limitation. So it gives us flexibility. Now, Council Member, I know you've asked -- you're -- you're looking at other projects. This is not the only exclusion. If we wanted to expand that and -- and put other exclusions in there, If we want to do something on streets, you know, we have a lot of flexibility. That's the great thing about the home rule. It does offer us, you know, very broad flexibility. As -- as I said, under the -- the league option, it totally does away with it. So you know, anything short of that, we've -- we've got an option.

So but what we're looking at specifically here is -- is to the lake liner and to -- you know, if we go back to those options I discussed earlier, this is to -- to give us the option to not have to impact those other priorities.

WATTS: On the surface of it, it doesn't look like that the home rule gives us the same flexibility that the permit based -- permanent base adjustment does. Is there a limitation on what we can establish as a permanent base adjustment? Three times our current budget, four times? I mean, when you talk about $700 million for a community that has $100 million base --

STELPSTRA: Um-hum.

MAYOR FRIEDEL: -- wouldn't that give us more flexibility than the home rule?

STELPSTRA: Yes, the permanent base adjustment would give us far more flexibility, and there is no limits. I -- I've seen adjustments up to 100 percent of the existing base. So I mean, if we wanted to increase our -- you know, double our expenditure -- or yeah, our expenditure limitation, we increase the base by 4.1 million. If we wanted to triple it, increase it by 8.2. Whatever we -- we want to put before the voters. But it is something that the voters do have to approve.

WATTS: So in either case, it's going to take extensive explanation to make sure that the -- the voting populace understands what they're voting for, giving us the latitude to continue to provide the same services that they've got today within the confines of our existing budgets?

STELPSTRA: Correct.

WATTS: Okay.

STELPSTRA: So that's what we're looking at. And -- and want to get this discussion started here.

Some background on the adoption process. It does require two thirds support of the Council to refer it to the voters. And then it also needs to be on a primary election ballot, or more specifically, on an election that has council members on it, because we don't know whether we're going to need a general election each year. We would want to do this on the primary election. We are recommending the 2028 primary election.

Because, as Rachael pointed out, give us some runway here to -- to, you know, get -- get voters on the same page here.

If it -- if it is approved, it is effective the fiscal year after adoption. So if we put it on the 2028 primary election, that is actually the beginning of fiscal year '29. So it would not be affected until fiscal year 2030. This is also convenient because that's when we're looking at possibly starting the lake liner project.

So -- and the home rule is only valid for four years. So this -- this is why municipalities are moving away from it, because they do have to go back to the voters every four years to -- to renew it if they want to continue.

But in this case, we're looking at this as an option because it's -- it's very tailored to one specific need. It's also short term. So that -- if approved by voters, it would be effective for fiscal years 2030 through 2033, the time period we're looking at doing the lake liner project. And when that's done, it expires. So if we wanted to add other -- other exclusions and continue those beyond that, then we'd also have to go back to the voters every four years and ask them to -- to continue to approve that.

WATTS: Is the primary -- is the permanent base adjustment permanent?

STELPSTRA: Yes.

WATTS: Okay. So then you don't have to go back every four years?

STELPSTRA: You never have to go back to the voters. Once that's built into the base, it's there. In theory, you could always decrease it. I've never seen that done or why anybody would want to do that. So -- but the only way to make any further modification in the -- in the base limit would be to do another permanent base adjustment.

WATTS: So is one of the kind of guiding principles, so to speak, is that we're making it more palatable for the residents if we go home rule because it has an expiration on it?

STELPSTRA: Yeah. Because it's where -- our thinking is It's more palatable because it has an expiration, and it's for a specific purpose.

WATTS: Okay.

STELPSTRA: Because the permanent base adjustment has no restriction on what we use -- use that for.

So going back to the -- the question from Councilmember Earle earlier, that limitation is -- is on any town expenditure. It's not related to anything specific. So if we did the permanent base adjustment, that would -- you know, it gives us the ultimate flexibility because we can use it on anything. But that may be not what voters want to do, to Rachael's point.

Here, we're saying, we're asking you for the authority for this specific project, or you know, whatever specific exclusion we want to build in there. If -- if we want to, you know, say, put in streets and say, we're asking you for the ability to spend more money on this specific thing. And then we would only be able to use that exclusion for expenditures for that, whatever the exclusion is applicable to.

KALIVIANAKIS: So when this would be put on the ballot, it would have this exclusion specifically for the lake liner?

STELPSTRA: That's what -- that's what we're recommending, yeah.

KALIVIANAKIS: So six years from now, if they wanted to do something else -- because if we do the permanent base adjustment, it's permanent forever.

STELPSTRA: Right.

KALIVIANAKIS: So would that give us the ability in ten years from now to spend on something else that we would deem necessary?

STELPSTRA: Um-hum.

KALIVIANAKIS: Yeah, and that's exactly right. And I think in 2004, when the voters voted against it, I think the voters are more conservative than we might give them credit for. If -- if they give us this body and this -- the people in this room that authority, it -- it could go for the lake liner and for some good projects. But there's also a chance it could go for things that are subject to the winds of change in the future. And there might not be enough trust in the electorate to say, well, you know, we trust that you'll spend it on the lake liner, but I'm not sure if we trust you enough that -- what's going to happen ten years from now. And we don't want to be the voters that were responsible for, in the future, reckless spending.

And so I -- I think the voters like the -- the buckets. They -- they like us collecting the money. They like knowing where it's going to go. And it's -- and it's been working pretty -- pretty correctly. I think later today we're going to be talking about a bond. If -- if the voters vote for a bond to do the lake liner, they have that option, correct?

GOODWIN: If -- if that's the -- so we have to get there. We have to get to a point where you guys decide that a bond is what you want to do and how might take to get --

KALIVIANAKIS: Right. I'm saying -- yeah, and that's later in the conversation.

GOODWIN: Right.

KALIVIANAKIS: But -- but then we wouldn't be opening up future mischief. We'd be saying, well, you know, we -- we've got 6 million, 7 million, maybe 8 million by then. You know, we're -- we're going to need another $12 million. And if you want a lake, and if you want a fountain, we're going to put it on the ballot, and you vote on it. Do you want to have a lake or not? It seems like it'd be a pretty easy sell -- in Fountain Hills to sell a lake.

But anyway, so I'm -- I'm not -- I'm just saying I'm not sure the voters don't understand what they're getting into. I think the voters might be a little more conservative in nature and not want to give this body that kind of flexibility in the future, even though they -- they might right now. Like, oh, yeah, we trust you to fix the lake liner. So I'm -- I'm just throwing that in there.

MAYOR FRIEDEL: They -- they like a sunset.

GOODWIN: And arguably that's why we were recommending the home rule conversation. Because it's specific, it's finite. Yeah. And it goes -- it sunsets after four years. It's a very -- you know, again, it's -- it's a very bound thing.

MAYOR FRIEDEL: Very project centric.

GOODWIN: Correct. Much like -- again, the comparison is probably the saguaro bond. Right, that passed, arguably because it was specific. People knew what they were getting. It wasn't -- you know, it was no more, no less, so to speak. Which is why internally, we've talked about, you know, if we create the carve-out exclusion for the lake liner, people understand what that is. They know -- they understand that it -- it's no more, no less. So if we want to go down that route, that's why there's -- we've talked about that.

STELPSTRA: And that's it for my presentation. Any further questions? Thank you.

UNIDENTIFIED SPEAKER: Thanks, Michael. Well done.

(Recess)

GOODWIN: Yes. Before we move on to the next topic, as I was just talking to the mayor about, I'd like to get some sense of what the Council would like to do potentially towards the expenditure limitation conversation. You know, how do you get -- how do you see this moving forward, or -- if at all? And then what would you like to do with it?

MAYOR FRIEDEL: Well, I'll start out. I think probably the home rule, because of the sunset provision, is probably the best thing to investigate and get it ready for a future agenda item at some point, maybe right after the first of the year. Is that time frame work?

GOODWIN: I'll work with the staff to figure out where that falls, especially within our budget process.

MAYOR FRIEDEL: Yeah.

GOODWIN: I know between -- if -- if it eventually gets to the point where it is on the ballot, we'll have certain deadlines we'll have to meet.

MAYOR FRIEDEL: Right.

GOODWIN: So we'll work with the town clerk, we'll work with the finance office, to make sure we have those kind of outlined and figure out the game -- the game plan there. But it does probably need to come back for full conversation. And eventually, we'll take a vote of the body to give that final direction.

SOLDINGER: Let me just clarify too, on the timeline. So Mayor, we are recommending the home rule for the 2028 election. So we do have a lot of runway, but we're doing it intentionally to have these conversations. So we have a lot of time to make these decisions is all I'm trying to say. So.

MAYOR FRIEDEL: Good.

SOLDINGER: It's a good amount of time before when need to start, really.

MAYOR FRIEDEL: Gayle?

EARLE: Yeah. The reason for waiting until 2028 is that because we're not ready to do the lake liner, and then we would have that four-year time frame that we'd have to get it done?

SOLDINGER: Yeah, Councilwoman. Two -- two reasons. Number one, I think all of us would love to do the lake liner later, you know. But eventually, the expected life is going to run out. So the idea right now is the 2030-through-2033 time is probably when we're going to construct, or do the construction, or replace the lake liner. So that's when we could use that home rule. And again, it -- it requires a lot of discussion, town halls, and -- and information for the public. So we want to give ourselves this -- this wiggle room and runway.

MAYOR FRIEDEL: A lot of education.

SOLDINGER: Yeah.

WATTS: I -- I think you just answered --

UNIDENTIFIED SPEAKER: Okay.

WATTS: -- when you said get the information to the public, inform them about what's going on. So more time, more -- more detail. Make sure we don't stumble again.

EARLE: So I support the -- I support the home rule, home life, home something.

MAYOR FRIEDEL: Brenda, what do you think?

KALIVIANAKIS: Yeah, I think that's a great idea. Let's do it for future consideration.

MAYOR FRIEDEL: I agree.

SOLDINGER: Okay. There's your direction.

MAYOR FRIEDEL: Yeah.

SOLDINGER: Great. Thank you.

GOODWIN: All right. Next up, we have Dave Trimble. He's going to be talking with us about the RideChoice. This is something we brought up back in the spring as we adopted last year's -- or this current year's budget. This has to do with our ride services for our seniors and disabled. It is a very popular service. Then our funding is -- is going to be changing, and we're not going to be having the same amount of -- of lottery funds and other things to support it. So we're going to need to have some conversations about if the General Fund should be used for it, and if so to what extent, and how you'd like to move forward with this.

All right. Dave, take it away.

TRIMBLE: Good introduction. And it was last June when we brought to Council, and when Council approved the yearly IGA, intergovernmental agreement, with Valley Metro that happens on a yearly basis. So this is just a quick update to show where things stand financially and to get your guidance, as Rachael said, as we plan for next year's budget.

In June, we recommended continuing the program without General Fund support. We thought we could do that for one more year. That's what we've done in the past. But at that time, we did note that, you know, rising ridership and funding changes would eventually require us to revisit that. And that is where we are today. So we'll look at some more data, and we'll talk about where to keep operating as-is, or as Rachael said, whether it may be time to start thinking about adding some General Fund dollars to just help sustain the program going forward. And it is a -- it's a tough decision, and there are tradeoffs both ways, for sure.

So what we're looking at for today is that indication of how Council would like us to proceed with that, with that program. And as staff, we will definitely make whatever adjustments are needed to carry out that direction.

So RideChoice for Fountain Hills began in the year 2015, fiscal year 2015. And since it started, it's been funded through a combination of both PTF, or public transportation funds, and Arizona Lottery funds. So those two funding sources comprised what we have been funding the program with. And the town has not used General Fund money for this in the past.

We did mention in June that PTF, that PTF portion, is no longer available for RideChoice under the new Prop 479 rules. So that's one reason that we are, you know, running short on funding for the program as it -- as it currently stands. It's completely funded currently through Arizona Lottery funds, or ALF, the abbreviation. And that's about

$60,000 a year. So we expect about 60,000 to come in in those Arizona Lottery funds each year.

That's been fairly stable, with the caveat that that's mostly based on our population and how much lottery play there is throughout the region. So since our population isn't growing as fast as some cities, such as, you know, Buckeye's and the Goodyear's, it probably won't increase. And if anything, it may -- it may decrease slightly over time. And at our -- at our usage levels today for the program, we'll likely fall short and have a funding gap next fiscal year, fiscal year 2027 coming up.

So looking further ahead, if you do some projections and do some math, the total costs are quickly expected to reach 160,000. So quick math, we're about $100,000 short. And that's -- brings up the question, do we want to start down the path of General Fund to keep the program running at its current service level? We have some suggest -- or some -- some different ideas as to how to maybe trim that. But -- but that's the main question that we're talking about today. We'll look at some of those possible options like eligibility or fare changes.

And the next slide just shows kind of how that ridership has grown over the years. You can see fiscal year 2022, we had about 900 riders. And in the past fiscal year that -- that closed, fiscal 2025, we were about 3,000. As the slide shows, that's a triple in about four years. And it does show, too, the fact that this is --this is a growing program and that it -- that it definitely fills a need for -- for some residents who rely on it for medical appointments and other essential trips.

And as our volunteer supervisor and the person that oversees the Give a Lift and home delivered meals program, Kimberly Wickland, who's here with -- I think she's here with us -- she can certainly attest to how valuable this service is for those seniors with limited transportation options. And I know she's been funneling people to the program for the past several years. So it's definitely, again, not a simple choice here.

And on the next slide, we'll look at factors that contributed to the increase, one of the factors that increased the ridership over the years. And that was with this new service model called the mileage option. Valley Metro allowed that a few years back, in addition to what was the classic RideChoice program. And you can kind of see the -- that it was economically better for people to choose the mileage option that generally are in Fountain Hills, where the longer trips are a lot less expensive under the new mileage option.

And in the example there, at the bottom of those two -- two screens there, two squares, typical 22-mile round trip from Fountain Hills to 90th and Shea, the rider cost dropped from about $18 under the classic model to just $6 under the mileage option. And the lower cost has likely led to more people using the program and using it more often, which has definitely, you know, driven the costs as well.

So on the next slide, we'll look at what that means going forward as far as the two options. One is, you know, continue without any General Fund support; and two is just look at some General Fund ideas. These are just two possible approaches. You know, if consensus is to continue without General Fund dollars, then we definitely need to, you know, implement cost control measures in both the -- the budget coming up and the IGA with Valley Metro. And time line wise, we're looking at -- we probably need to implement those by January of 2027, calendar year. So we have a little bit of time, but we got to kind of think about this.

There are three or four main things that we'd probably do or certainly consider doing. One, currently, we don't require ADA certification for our riders. If they're over 65, then they can join the program. We could consider implementing that. A lot of cities have that as a -- as a restriction. The other thing is we could revert back to the classic RideChoice version. We could add an income-based qualifier. Say, if you qualify for low income, then you qualify for the program. Another thing might be to potentially raise that minimum age. Instead of 65, maybe you raise it to 70 or 75.

And those are kind of the things that we would be looking at doing to try to get down to that $60,000 in available Arizona Lottery funding alone. And it'd probably take a combination of those things to get down there.

Quick example. That's about half of where we are right now. So we need to get down. If we don't include any General Fund money, we need to basically cut that ridership in half at current levels, so.

MAYOR FRIEDEL: So can I ask you a question?

TRIMBLE: Sure.

MAYOR FRIEDEL: If you were to go back to the classic RideChoice model, what are the General Fund ramifications of that model with the present ridership?

TRIMBLE: Yeah. That's a -- that's a -- it's really hard to nail down. I would say this. It's not necessarily the fare difference. It's the fact that the person is either in the program or not.

The fare difference isn't a ton of the expenditure, if I'm making any sense at all, so the fact that it cost $18 instead of 6. The fare is a very small chunk of the expense, anyway. So that -- like, that --

MAYOR FRIEDEL: So --

TRIMBLE: -- I mentioned 160,000, you're only gaining back a little bit of that.

MAYOR FRIEDEL: So -- so if the fare is only one part, what are the other costs that we're not seeing here that -- that are going to -- that are going to require 100,000 from General Fund? Is that a -- is that a fair question or do we know?

TRIMBLE: For example, it costs about -- round numbers, right, just from looking at the IGA and the expense -- it costs about $40 per -- per ride, as -- as an example. And as you could see in -- in my example, if -- if someone's only paying 6, and it's costing us 40, that's where the -- that's where the expense is.

MAYOR FRIEDEL: So the difference, so that 30, $34, that comes out of the 60,000 that were allotted from the lottery?

TRIMBLE: Right.

GOODWIN: It's more about how many riders we have, that we've tripled --

MAYOR FRIEDEL: Yeah.

GOODWIN: -- that. And so it's -- it's less about, you know, making up the difference between 36 or 22. Either way, we're subsidizing, to an extent. It's more about the quantity of trips that are -- are -- are taking place and the number of rides that are happening, from what I'm understanding. Is that right?

TRIMBLE: That's correct.

MAYOR FRIEDEL: Are these all medical-based rides? Is that what they're -- we're being told? Or do we know?

TRIMBLE: We looked at some of the numbers. It's really kind of hard to tell. We know that about 12 percent, for sure, are. But Valley Metro can't really nail it -- nail it down completely. So they can tell us it was at a strip mall, kind of in this area. So if that's the 90th and Shea area, that could very well be medical, because there's a lot of medical there. But you could also be going to, you know, Home Depot, or you know, the grocery store, or something like that. So it's -- it's not an exact science.

And that's another point, to your -- to your point, is any one of those factors -- we don't know exactly how it will throttle down the program if we need to go that route.

MAYOR FRIEDEL: So this is just me talking. And then, Gayle, I'll let you talk after me. I don't think we want to make it impossible for a person with medical appointments not to get to their medical appointments. But I think we need to dive down and find out exactly where this money -- where these rides are going. If we can get some more information on that, I think it would be smart. We have, what, a year basically? Or you need to -- you need to know sooner.

TRIMBLE: Yeah, I don't think --

MAYOR FRIEDEL: Yeah. We need to budget for it, if -- if that's the case. So.

TRIMBLE: Yeah. I think the -- the real question today is, do we -- do we for sure know that we just don't want to spend any General Fund money? Or if there's some room for that, then we can kind of look at it.

And I would tell you the numbers. I mean, I've gotten a breakdown of a spreadsheet. I don't know how precise I can get. I've -- I've got a new report just this morning from Valley Metro. It's okay. It's -- it's great. It's a lot of digging into stuff. But I don't think it, for sure, answers that exact question.

MAYOR FRIEDEL: Gayle, go ahead.

EARLE: Can you tell me again, what caused it to triple in the past year? Are we advertising this or something, or -- oh. Okay. And --

TRIMBLE: Yeah, I think the -- I think the -- the service model changed.

EARLE: Um-hum.

TRIMBLE: So it became -- instead of, you know, an $18 a ride, it became a lot more economically feasible. Became a $6 ride under that mileage option versus the classic.

EARLE: Okay.

TRIMBLE: So between that -- and yes, I think people started to realize that this existed and that it's out there --

EARLE: Um-hum.

TRIMBLE: -- and that we should go ahead and use it. I know, you know, Community Center, Kim -- Kimberly Wickland, she has been seeing this through her, you know, running the Give a Lift program and has seen this is now an economically viable program for people. So we've been promoting it that way. And now we're kind of seeing ridership is --

EARLE: Okay. I have a few questions.

So -- and then the other question is --

TRIMBLE: Um-hum.

EARLE: -- are other cities, towns, doing this for their residents?

TRIMBLE: Yes.

EARLE: It's common in -- and wondering where they get their finances for it. So just yes, you don't know where they get their finances, but --

TRIMBLE: They -- they get it from General Fund. They're --

EARLE: From their General Fund?

TRIMBLE: -- they're mostly funding it from General Fund. Yeah.

EARLE: Then --

TRIMBLE: Some have it in a dedicated tax. Some have a dedicated part of their tax that goes towards transit.

EARLE: Some of their tax? Okay.

And then my other thought was, I don't know how we can limit it if we did limit it to medical. Because now food you can't limit, because I mean, food, you can -- you can order food and have it delivered now. You can order -- I order everything offline because I don't have time to go shopping. I don't want to. Home Depot -- just bought some RYOBI items from Home Depot.

TRIMBLE: Yes. Hey. Hey. Now, I think if you did that --

EARLE: So --

TRIMBLE: -- you might be able to get there through the ADA certification.

EARLE: Um-hum.

TRIMBLE: You know, that would -- that would --

EARLE: Okay. Yeah. ADA --

TRIMBLE: -- probably -- probably do that.

EARLE: -- certification type? Okay.

TRIMBLE: It may not be perfect, but it might be a way to head in that direction.

EARLE: Um-hum. Okay. I guess that's it.

WATTS: Right, right. So I just want to know where I sign up.

TRIMBLE: You can sign up. Yup. Valley Metro --

WATTS: $18 to --

TRIMBLE: -- (indiscernible) --

WATTS: -- to go somewhere? Pretty cheap. Do you --

TRIMBLE: Actually 6 now.

WATTS: $6. Do you -- do you think there's any abuse of the system that the ADA certification would eliminate?

TRIMBLE: I -- I don't know that there's any abuse of it right now. I know that by the numbers, we have about 250 active -- I'm sorry, 250 people signed up for the program. About 74, I think, were the numbers that are active right now. So there are about 3,000 rides from those 75 people, could say.

WATTS: What was the original intent of the program?

TRIMBLE: I think it was just to allow seniors to be mobile, you know, when -- when maybe they weren't previously.

WATTS: Well, something had to drive that incremental increase between the last three, four years to where it is today. Could be gas prices, could be abuse, could be a lot of different things.

So I think as a kind of a first step, I'd be a supporter of going back to the classic ride model with ADA certification, supplemented by -- there's going to be some number in the General Fund that we might have to utilize. But then you'd have some data that maybe we can analyze a little bit deeper and say, we've accomplished it. We've gotten kind of halfway there. We've gotten all the way there. We've eliminated some of the abuse. But right now, it doesn't sound like you've got enough information to tell us about the demographics of what's going on, and you know, what has been the root cause --

SNIPES: So --

MAYOR FRIEDEL: -- of why the dramatic increase.

SNIPES: -- one of the things -- I don't know if this is on.

GOODWIN: It's on.

UNIDENTIFIED SPEAKER: It's on.

SNIPES: Okay. One of the things that -- that -- that we've done -- so we have a lot of volunteers that also drive people around to get them to and from places. We have far surpassed the number of people that we can help that way, because there just aren't enough volunteers to give that many rides. And so that's our Give a Lift program. That's an internally run thing by our -- our residents that volunteer to drive people to and from places. This is above and beyond that.

And what we've done is -- is tried to encourage our residents -- because we've maxed out our ability with our Give a Lift program -- to use this program as a subsidy for our Give a Lift program. And now that it -- now that we've been pushing it for the last five years to get people to understand, you know, that -- that it is an easy program to use, it does function very well -- now that -- now they're using it, and they're telling a friend, and they're telling a friend. And so it is absolutely growing because of word of mouth and where we've pushed them to go based on our direction.

And so pulling the rug out from under them is very difficult as well, because they've trusted us to give them a viable solution to -- to a problem that they've had. So I know that it takes -- that we're going to have to look into our ridership and -- and -- and see, more specific, what we have going on.

But I want to express the importance of this to the people that are on the program that either would make choices to drive when they shouldn't be driving, or they would not be able to get to places they need to get to if this program doesn't -- it's an essential service for most of the people that are using it, I think.

And so I, you know -- is there abuse? We can look into that in seeing -- seeing what is there. But I think that its primary use is essential.

WATTS: Is?

SNIPES: Essential.

WATTS: Okay.

WICKLAND: (Indiscernible) a lot of this -- a lot of things (indiscernible) is trying to do --

GOODWIN: To the mic.

WICKLAND: Oh. Sorry. Okay.

So say, the difference between Give a Lift and RideChoice has always been kind of, in town is Give a Lift. So we'll try to service as many requests as we can with Give a Lift essentially for medical, essentially to the grocery store and pharmacy in town within the city limits. If it's outside, if it's Phoenix, if it's Scottsdale and to Mesa, we've always referred to RideChoice.

And it's usually -- most of the requests are always medical for me. So yes, they could be, once they end the program, doing outside of medical. But everything that comes through me has always been medical. I know it's hard to pinpoint. But all the referrals that come through me, it's always been essential services. So my -- it's always outside of Fountain Hills is the referral I give. So that idea's.

MAYOR FRIEDEL: Can I ask -- can I ask a couple questions about Give a Lift? Is that primarily around town?

WICKLAND: Yes. It's within city limits --

MAYOR FRIEDEL: Okay.

WICKLAND: -- of Fountain Hills.

MAYOR FRIEDEL: And do we know how many of those we do?

WICKLAND: Yeah. I average about 15 a week. So yeah. It just depends. We fluctuate with the snowbirds and -- yeah, that are average.

GOODWIN: I remember when 30 month was a lot. 15 a week --

WICKLAND: We know.

GOODWIN: -- is even -- is -- far exceeds that.

WICKLAND: Yeah. It's -- it's a healthy program. Yeah. You know. We -- we fluctuate. But that's good.

KALIVIANAKIS: Thank you, Mr. Mayor.

When -- when -- and Kim, this might be one for you. When -- when these people --

WICKLAND: Oh. I'm sorry.

KALIVIANAKIS: -- when -- when these people -- when the people go to apply, are -- is there a criteria? I mean, do -- do they have to say, I'm using this for medical?

WICKLAND: For RideChoice? Or --

KALIVIANAKIS: For, yeah, ride share.

WICKLAND: Oh, for -- no. No, they don't have to.

KALIVIANAKIS: So they can just --

WICKLAND: Yeah, 65 and older is --

KALIVIANAKIS: That's just -- that's the only qualifier?

WICKLAND: Right. Correct.

KALIVIANAKIS: And then, that's for the -- and that's where the funding is coming from, from the town?

WICKLAND: Yes.

KALIVIANAKIS: Yeah. To me, this is kind of just a taxpayer issue. I -- I think people the average Fountain Hills taxpayer would be very sympathetic for people of limited means that have medical problems, and that we could all share the cost of providing them the -- that kind of transportation services. But if you have a -- a cashier making $40,000, or a waitress, you're making $35,000, you're paying for a 70-year-old that's clipping coupons, living in a $2 million house and has an income of $500,000 a year. But they think it's a great program, and -- and they're trying to use it. I -- I think that should be discouraged.

And I -- and I think we could we could solve the funding gap if -- if we restricted it. And even age, you know, I'm -- that's malleable. You could you could have a 52-year old that -- that, you know, might -- might need a ride to a doctor. So even the age, I'd be okay with lowering the limit.

But -- but I think the medical need, and an income threshold --

WICKLAND: Yeah.

KALIVIANAKIS: -- I think -- I think would cure it. I think it'd be fair. And even the people that were on it before say, look, we don't -- we don't have enough money. So we're either going to discontinue the program completely for everybody or we're going to continue it for people of limited means and that have medical conditions. And if they didn't understand that, then they're kind of hardhearted. Because otherwise, nobody's going to get a ride.

So you know, I -- I would be for -- for means testing it. Possibly medical necessity testing it, keeping the program for the people that really need it.

WICKLAND: Yeah. I mean, I can only speak for my experience, as the requests come through, that it is mainly medical, and they're only coming through these requests because they don't have any other transportation options. So I feel like there is a need, even if they wouldn't be requesting this (indiscernible) --

KALIVIANAKIS: Again, is that for RideChoice or the in-town service?

WICKLAND: That's both. But RideChoice for sure.

KALIVIANAKIS: Okay.

WICKLAND: And -- and Give a Lift, absolutely. There's --

KALIVIANAKIS: Okay.

WICKLAND: -- no other option. Typically there's no family. There's no other options. They've exceeded that, so. But yeah, absolutely there could be a look. I think, you know, bottom line, these programs need to exist. So we have to figure out how to do them. That said --

MAYOR FRIEDEL: Are they get -- are they getting RideShare to you to get on this program? How are they getting to the community center?

WICKLAND: For -- for?

MAYOR FRIEDEL: To sign up. Well, is that where they sign up, at the community center, or did they do that online?

WICKLAND: No. They can do it over the phone with RideShare.

MAYOR FRIEDEL: Okay.

WICKLAND: Or we do have information at the community center that we can give them. And we -- you know, we'll talk to them about it, but they have to do it through Valley Metro.

MAYOR FRIEDEL: Oh. Okay. All right. And then the next question is, if we put criteria on this, how much work is it for you and the staff to -- to deal with that?

WICKLAND: We definitely have to explain a lot, yeah, to everyone.

MAYOR FRIEDEL: And is there an --

David, this might be your question for you. Is there a possibility to raise that fare a little bit more? Does that help the bottom line or -- or no?

TRIMBLE: I don't think the fare is going to get -- is going to really get you there. You know, if you go back to the classic ride choice program, that kind of does that. That's kind of the fare end of it. So you know, that -- that's what would -- would, you know, make an effect and --

WICKLAND: Actually, that -- I don't actually think there'd be much pushback to go back to the classic. Like, that was fine, really.

MAYOR FRIEDEL: Well, the reason I asked that is because if we're at $6 now and we bump it to 18, is less coming out of the pot to service the program? So how much more can we get out of the program if we raise that fare to 20 or whatever it is? What does -- what does a typical ride cost now?

WICKLAND: You just --

MAYOR FRIEDEL: 50? 50, $60?

WICKLAND: He said about 40.

MAYOR FRIEDEL: Oh. 40?

TRIMBLE: That's kind of our -- our general cost to the town. The -- to be specific on that -- one of those slides, it's $3 to start. And then it's $2 a mile after eight miles. So since our geographic location and -- and to Kim's point, you know, the rides in town, it's not a big difference between these two programs.

But the longer trips, the ones out of town, that's where that mileage option really came into play where it's six bucks instead of 18 costing to the -- to the rider, the one -- not the town, so.

MAYOR FRIEDEL: All right. So how does that compare to, like, Uber or Lyft? If they had another option like if they could use Uber or Lyft --

TRIMBLE: Right.

MAYOR FRIEDEL: -- would that -- would that help fill this gap where we wouldn't have to necessarily take it from general fund?

WICKLAND: I think (indiscernible) considerably more expensive?

TRIMBLE: They sure can be.

WICKLAND: Yeah.

TRIMBLE: It -- it varies so much when you use those ride -- ride share options. But generally, they -- they would be more expensive than -- you know, than this program, so.

KALIVIANAKIS: If -- can I -- can I just weigh in real quickly just to follow up on your -- on your thought train, Gerry, because I think -- I think you're on to something. If we did go more with the classic rideshare, like, say, $20, I think there'd be two benefits. And I think that's what Gerry was alluding to.

Is that, one, you would bridge the funding gap by collecting nominally more money, but then people would be much more reticent to use the program if it was only $6 compared to 20. They might say, "You know what? It's 20 bucks. It's not worth it to me." So then you'd have a little more funding, and you'd have less ridership. And that's -- that's how you get to where we want to get.

TRIMBLE: So then if we had ADA certification --

UNIDENTIFIED SPEAKER: Yeah.

TRIMBLE: -- that -- that would be worth looking at, I think, in terms of the numbers.

WICKLAND: Yeah. I think we have to look at that a little bit more because, as you know, you have to go get certified.

GOODWIN: I was going to say, there's a couple barriers to that. Just to understand that in order to get ADA-certified, you have to go down to the RideChoice facilities?

WATTS: They'll need a ride.

TRIMBLE: Although I just got an email this morning from them that Valley Metro's willing to do workshops here to certify people in the -- you know, in our community center. They need a few rooms and things like that. And they need, I think, three weeks' notice, four weeks' notice. So we have some runway on that if we want to go that route. And so it might not be as bad as we thought initially.

GOODWIN: Yeah. And keeping in mind too, some of the users -- and I -- I say some and I -- I only know this from talking with Kim and -- and our Give a Lift is that they may not actually be to the point where they are ADA-qualified or ADA -- they meet that standard. But maybe they need -- they're on dialysis or they have other challenges, but it doesn't meet the threshold of, you know, true ADA minimum standards.

So there's a -- I know we've heard the concept -- you guys have been mentioning, you know, medically needed. Are we defining that by ADA, or are we defining that differently? So just, again, some questions that may come up as we pursue this. I don't think that there is a easy path forward.

I did want to mention -- Dave, you might know this more than I did -- there's an ask about other communities and how they fund it. Some other communities allocate upwards of $1 million for these services. I'm not saying that we should. I'm just saying that there are -- this is a very common service in a lot of communities. And given our demographics and where we're located, it's kind of a double challenge, i.e. we're not close -- you can't walk to Mayo, you can't walk to, you know, the -- the medical corridor down in, you know, Shea and 90th or whatnot. So there are some challenges there just to be -- keep in mind.

TRIMBLE: To tack on to that too, the other side of that coin, though, is most other ones don't do the age; they do ADA only. So when we implemented ours, it was anyone over age 65 or over. So anyway.

EARLE: So looking at this and that the word's getting out, it's going to be growing. And we have an older demographic, and that's seems to be growing. So it would be requiring more money if we keep funding it. So we'd have to be prepared for that. I do like the idea of the looking into medical. However, we're going to do that ADA or medical, like you said, and back to the classic ride choice, $20 is half of the 40, if that's what it really costs. If, I mean, that's the average.

And then my other thought is a question. On Medicare or anything, is there any funding -- federal funding or on your Medicare, do you get anything for to -- towards -- or as a senior citizen, is there -- when you're on Social Security, is there something --

WICKLAND: It depends on your -- as far as I know, it depends on your plan --

EARLE: Okay.

WICKLAND: -- that you a certain amount of rides, typically.

EARLE: Okay.

WICKLAND: And they're pretty limited as far as I know.

EARLE: Okay.

WICKLAND: From -- from what my clients will tell me. So it's definitely not consistent, and it all depends on what plan you've chosen. So these -- a lot of this is supplemental to -- to that.

EARLE: To that?

WICKLAND: A lot of times they don't have the -- the coverage they need.

EARLE: Um-hum. Okay.

WICKLAND: So and many times these -- there's way more appointments than -- than that can cover. So yeah. That's where we've come in to try and get them.

EARLE: Okay.

WICKLAND: Now I have clients that have physical therapy. They have three appointments a week. We're doing months at a time for appointments. So you know, there's -- there's -- there's a lot of need to get these seniors to where they need to go. So yeah, this is definitely -- there's -- there's a larger need here. That's why we can't -- you know, there's a lot of talk about the numbers, but there's -- also there's this factor of this people piece of it. So that's where we come in. We're like we can't stress --

EARLE: Sure.

WICKLAND: -- the essential piece of it enough, so.

EARLE: We just have to be prepared for it to be more than 100,000. So if we get a lot that, but it's going to be --

WICKLAND: Again, there's a balance. That's why we need to --

EARLE: Like, where do we take it from when we're just talking about we don't have money for other things, where do we decide to --

WICKLAND: Yeah.

EARLE: -- put it?

WICKLAND: That's why we're having these conversations.

EARLE: Okay.

WICKLAND: Yeah.

EARLE: Okay.

MAYOR FRIEDEL: Okay. Rick?

WATTS: So if you -- I assume that you took the 22 miles as an average mileage that -- of the ridership in general; is that correct?

TRIMBLE: A lot -- a lot of people go to that 90th and Shea area. So that was just a pure example.

WATTS: Okay. But if you took that 22 miles and you said that $2 a mile for the difference, that's $28 in addition to the three. So it gets you to $31 for a ride, which is probably maybe a little bit higher than an Uber or Lyft. So a couple of thoughts.

If you went back to the classic program, if you had a discount for ADA, and I'd suggest that we talk to Uber or Lyft and see if they don't have some sort of program that -- that they would give us a discount as well if the -- if the resident chose to go that way. So you got three options. But I'm still a supporter of going back to the classic with the mileage because, as Kim said, nobody squawked before.

WICKLAND: That's what there's -- also one other factor to consider that I hear with, well, Give a Lift for one, but also with RideChoice, is that they don't feel comfortable necessarily with Uber and Lyft because, with this, they kind of feel like it's a vetted program that Valley Metro is specifically for seniors 65 and older. And they can also call for the rides, and they're at a kind of a comfort level they've spoken. With Uber and Lyft, there's not always that comfort and --

WATTS: It's a changing world, and some of it --

WICKLAND: Yeah. I know, and there is --

WATTS: -- not a lot you can do. Waymo may be -- may be an option --

WICKLAND: I know.

WATTS: -- if they're not comfortable --

WICKLAND: But I'm just telling you there--

WATTS: -- with the drivers.

WICKLAND: -- there's definitely -- it's a gen -- it's a generational thing. And when you get into the higher 80s, like, it is something I hear day in and day out. And it's just something to consider with these programs that it's --

WATTS: Well, again, going back to the classic model, that gets you to 31 on if you're using 22.

WICKLAND: And that's (indiscernible) if we're talking about Uber and Lyft, that's a whole 'nother -- and Waymo? There's no way.

WATTS: Okay. So $31 versus the average cost of $40 gets you closer. And the ADA, if you had a discount for ADA compliance, ten, 20, 25 percent or something, we could do that. Then you'd have some validation and some incentive to get the ADA certification as well. So just a couple of ways to tweak things.

TRIMBLE: Yeah. It's good thoughts. I can tell you -- oh, sorry.

MAYOR FRIEDEL: I had a question for you. So if we went back to the classic RideChoice, based on the current numbers you have right now, 2,500 people in it, and you've got how many, 75 active? How long would the 60,000 last? Do we have any idea?

TRIMBLE: That's a tough question.

MAYOR FRIEDEL: Because I'm wondering if we -- if we said --

TRIMBLE: Longer, I would say.

MAYOR FRIEDEL: -- I said -- yeah. So if we -- if we --

TRIMBLE: Longer.

MAYOR FRIEDEL: -- if we said, you know, we could put another 25,000 into this program and you had 85,000. And once that was used up, what would happen? How much of a shortfall would it be? Do we have any projections or anything? Can we come up with anything that would --

TRIMBLE: We really don't.

MAYOR FRIEDEL: No?

TRIMBLE: We really don't.

WATTS: That's why I think you got to collect the data for a year.

TRIMBLE: Yeah.

WATTS: Go back to classic --

MAYOR FRIEDEL: Yeah.

TRIMBLE: That's how it --

WATTS: -- utilizing it, collect that information, and then make an adjustment after a year of ridership and see.

TRIMBLE: Unfortunately, that's what it is.

WATTS: Yeah.

TRIMBLE: What I've seen is you make -- you make an adjustment. It's, you know, in a certain way, and then kind of let it -- let it ride out is, unfortunately, probably the best way to go.

Getting back to Uber and Lyft, we talked to Lyft maybe six years ago. They don't want to have anything to do with us. They will -- they will -- we're not -- we're not a big enough fish to -- for them to deal with. And you know, you talked about a discount for ADA. I don't -- I don't think that we can administer something like that. And I don't think that

Valley Metro can either. And they're our administrators. So I hate to say -- just throwing those out there as -- as things that probably realistically can't --

WATTS: Well, then even going back to classic as it's -- as it's proposed here would get us a lot closer to where that $40 threshold is by getting to 31 on average.

TRIMBLE: Yes. Yeah.

GOODWIN: Just as an FYI, if you'd like to know, it's about $23 round trip right now for an Uber to 90th and Shea if you were to order an Uber right now.

UNIDENTIFIED SPEAKER: (Indiscernible)?

GOODWIN: I didn't. Someone else did. $23.

TRIMBLE: The other side of that coin, kind of to Kim's point, Uber and Lyft, I don't think you can use the telephone. The old school pick up a telephone. This -- this service, they can, which is one thing that I didn't think about going into it. So that -- there is value there. Again, is it worth -- someone might be able to pay that too, though.

So I get the means testing, the ADA-compliant part, classic RideChoice. It's just about what the sentiment is and kind of -- if I can redirect back to I think I'm hearing we don't want general fund money to be spent for this program, figure out other ways to fit it within is what I'm hearing.

SNIPES: Or a combination of the two.

TRIMBLE Yeah. Maybe it's not 100,000. Maybe --

GOODWIN: I was going to say, yeah, is it --

TRIMBLE: If it's a hard zero, then that's different than --

GOODWIN: I was just going to say, is it a hard --

TRIMBLE: -- 100,000.

GOODWIN: -- no general fund, or is it some is acceptable but we're not looking for that hundred -- hundred grand supplement?

WATTS: Again, I think you need to collect the data. You have to take a --

WICKLAND: Yeah.

WATTS: Somewhere, you got to establish a baseline.

GOODWIN: Agreed.

WATTS: Collect that data. We'll fund the shortfall, whatever that may be because it most likely is not going to be more than that $100,000.

TRIMBLE: Right.

WATTS: And then revisit a year from now and say, where are we?

SNIPES: Where are we. Yeah. I would propose that -- that we fund what we need to -- to get through another year and switch to the classic so we can see where the numbers fall. And then we can figure out for the next year based off of that what we want to do going forward. But that would give us a way to -- to check both sides of that.

EARLE: So you're asking us to fund open-ended for a year? There's no limit to that? I don't -- I'm not comfortable with that. I want to kind of -- I mean --

SNIPES: Changing to the classic Right Choice style so -- so that we can see where that --

EARLE: Okay.

SNIPES: -- puts us at. That will --

EARLE: In a year or now?

TRIMBLE: Yeah. What's your time?

SNIPES: Changing that for --

TRIMBLE: Because I was thinking --

SNIPES: -- for the next fiscal --

TRIMBLE: -- of mid-year.

EARLE: For 20- --

TRIMBLE: I was thinking mid-year was when I was going to try to do it. January of 2027.

SNIPES: Of '7, yeah.

EARLE: So we have a little over a year, and you're --

SNIPES: Just to -- and we have funding for a year.

EARLE: We do have -- we still have funding --

SNIPES: Yeah. We have funding --

EARLE: -- right now.

SNIPES: -- for about a year.

EARLE: Okay.

TRIMBLE: When we make it through this fiscal year, I think next fiscal year, which ends --

EARLE: July.

TRIMBLE: -- July of 2027, I don't know if we can make it under --

EARLE: July 2026, right?

TRIMBLE: I'm almost sure we can't make it.

SNIPES: Right.

TRIMBLE: So -- so if we change something --

SNIPES: And that's where I'm saying we need some funding for that period of time to make that get through --

TRIMBLE: Okay.

SNIPES: -- January of '27.

TRIMBLE: Did everybody understand that?

EARLE: No.

MAYOR FRIEDEL: So -- so David --

EARLE: Say that again.

MAYOR FRIEDEL: -- you want to implement this in January of next year?

TRIMBLE: That's what I would propose.

EARLE: When you say "next year," you're not talking about --

MAYOR FRIEDEL: January '26.

TRIMBLE: January of 2027.

SNIPES: '27.

MAYOR FRIEDEL: Oh, '27.

TRIMBLE: Yeah. So we have another entire year.

MAYOR FRIEDEL: So what would stop us from implementing it sooner? Can you -- can you -- does this money --

TRIMBLE: We could probably implement sooner.

MAYOR FRIEDEL: -- does the money from the -- from the -- from the fund that we're getting now from the lottery, does that roll over?

TRIMBLE: We get that once a year.

MAYOR FRIEDEL: Once a year. So what you don't use can be rolled over?

TRIMBLE: I'm sorry. They don't allow us to do that.

MAYOR FRIEDEL: Oh. Okay.

TRIMBLE: So we do have to spend it all.

MAYOR FRIEDEL: Okay. So you use it or lose it.

TRIMBLE: It's use or lose money.

MAYOR FRIEDEL: All right. So if we implemented this sooner than a year from now, we would have some data to bring back to this counsel, I think. And then we can make a decision as to whether we want to support going forward.

Am I looking at that wrong? Can somebody correct me?

GOODWIN: I think the only con -- the only caveat I'd throw out there is if we were to -- if we were to make this change this coming January, that's less than 60 days for them to -- for anyone that may have a challenge.

TRIMBLE: I don't think we could do that. I think the question is whether we do it in July.

GOODWIN: I think July would make more sense.

MAYOR FRIEDEL: Oh yeah. Yeah. That's what I'm talking --

TRIMBLE: July is -- July we could probably do --

MAYOR FRIEDEL: Yeah. And that would give staff time to get prepared for this and have our criteria set and everything else. So I think July would be better.

TRIMBLE: And that will be -- when we bring back the IGA will probably be in April, May, you know. And then we'll have those parameters set in there. They'll have a better estimate for us and we can, you know -- it's just an estimate. It won't be perfect, but.

WATTS: That makes a lot of sense because we've already got the funding this year. Level setting, we are here talking about '27 even though we're in '25. So we've already got '26 done.

TRIMBLE: Yeah.

WATTS: Move to '27 gives us time to ramp up, gives us time to do some more data analysis, and then move forward into '27.

TRIMBLE: So -- so I think I have consensus moving to the classic. What about ADA?

EARLE: ADA, yes, on my -- for me.

TRIMBLE: Because those are two things that can be implemented through Valley Metro.

WATTS: Valley Metro has the ability to administer ADA compliance?

TRIMBLE: They do. Yeah.

WATTS: Okay. Than I am.

TRIMBLE: Okay. Okay.

SNIPES: Then we can start maybe scheduling to have them come -- have an ADA come out --

TRIMBLE: Yep.

SNIPES: -- maybe quarterly to help facilitate getting people --

TRIMBLE: Yeah.

SNIPES: -- their ADA certification so they don't have to go to downtown Phoenix to get that.

TRIMBLE: Yeah. Okay. That'll make a -- that'll make a dent in our funding gap for sure. All right.

MAYOR FRIEDEL: Thank you.

TRIMBLE: Thank you. Appreciate it.

GOODWIN: I'd just like to point out we are right on time, so.

UNIDENTIFIED SPEAKER: As indicated by the pizza.

GOODWIN: Exactly. Well, we have one other presentation scheduled before unless the pizza is just calling to you.

EARLE: It's going to be cold if we wait.

GOODWIN: Well, I've got --

MAYOR FRIEDEL: You want -- you want to do the presentation? Do you want to have a working lunch?

GOODWIN: That's fine. That's up to you guys.

JACOBS: I'll be short and sweet.

EARLE: Are they going to be on camera (indiscernible)?

SNIPES: I can't believe he said that. That's awful. The short part or the sweet part?

JACOBS: Are we rocking and rolling or -- okay. All right. The -- the council has spoken. All right. Proposed entryway signs. The town has three. One as you're traveling from the Beeline onto Shea. The second one is if you've decided to leak our sales tax to 90th and Shea, and you're coming back because you live in Fountain Hills, this is the secondary location. And then another one at Fountain Hills Boulevard and McDowell Mountain Road, if I have that correct.

The economic development team, we look at what are visitors seeing? What are residents, what are potential businesses seeing? And we would like to propose that we update our signage for next fiscal year. We're wanting to keep this, again, short and sweet, very high level of do we have counsel support to spend time in putting this in the capital fund project? It would come through economic development championing. It would be a public works project, but we would spend time crunching numbers.

And so again we're proposing to update these. From an economic development perspective, they're old. They're outdated. It does not -- again, I used to be a visitor and now a resident. But it does not look like we are an affluent community when you look at some of these dated signs. This is just our perspective. These are examples. Again, just examples, concepts. We're not wanting to get into the design, but of what it could be if it were updated.

And so what we're asking of counsel today is, do you support us putting something in the budget and spending time doing that? It does not mean, come February, when we have our secondary retreat, that you decide to -- to pull it. It's just do you want us to spend time looking into this? I see Councilmember Watts' light on.

WATTS: How many other signs in town do we have?

JACOBS: So there's three. So we were requesting three.

WATTS: Well, you have -- don't you have one at the park as well? Fountain Park. There's one on the corner of Palisades and Saguaro that is the same style.

JACOBS: So it's different. We're just proposing looking at our entryway signs coming into town, not looking at other signage at park, in the downtown. It's just these three entryway signs.

WATTS: Okay.

EARLE: Do you have an idea of what this would cost us?

JACOBS: We do not. So before we started to go through that, we just wanted to see, do you want us to spend time? As perspective, the council did approve us moving forward with the wayfinding sign, and I believe that was just shy --

EARLE: Okay.

JACOBS: -- of 300,000.

EARLE: Okay. So you're just -- you can tell -- you can go through, give us a price, and we can say, no, we don't want to do it?

JACOBS: Yep. Come February.

EARLE: Okay.

JACOBS: But is -- is there some level of interest to do that?

MAYOR FRIEDEL: Go ahead, Brenda.

KALIVIANAKIS: Thank you. Would that include refurbishing the existing signage and -- but then also replacing existing? Could that all be put in your proposal coming up?

JACOBS: That could be. Yep.

KALIVIANAKIS: Yeah. Because that might be a spray.

MAYOR FRIEDEL: Are you talking more than one option then?

KALIVIANAKIS: Yeah. Yeah.

MAYOR FRIEDEL: Yeah.

KALIVIANAKIS: Yeah, yeah. We could either refurbish and you can see what that would look like, repainting, maybe putting a new emblem or something beautiful like that. But if you could give us multiple options, that'd be great.

JACOBS: We could do that.

Okay. It sounded like Councilmember Earle said, "I like that." Did I hear that?

EARLE: Yes, I like that idea.

UNIDENTIFIED SPEAKER: Okay. We got two. Councilmember Watts?

WATTS: I think re --

MAYOR FRIEDEL: The mayor's nodding his head.

WATTS: I think refurbishing as opposed to replacing or even updating. I'm more of a fan of what we've got. It's more consistent with the -- kind of the motif, if you would, of Fountain Hills as opposed to the more modern sign that you're proposing. And I really can't support taking away from the ride share program and putting it into signs when we've got perfectly functional signs. I can't -- I can't go there. So refurbishing might be the middle ground, and that's where I would land.

JACOBS: Okay. So it sounds like we're bringing forth options come February of 2026. Okay. I see head nods.

I think, Ms. Manager, let's have lunch. Was I short or -- short and sweet?

UNIDENTIFIED SPEAKER: That was short. Thank you.

(Recess)

OTT: All right. Well, thank you for lunch. It's always a pleasure to be here when food's being served. And the candied bacon this morning was excellent as well. I'll be a little taller, but just as sweet as Amanda was. And I just want to start off with 500,000 under budget.

[LAUGHTER]

OTT: Let me say that one more time for Paul. $500,000 under budget.

MAYOR FRIEDEL: Can you do that next year, too?

OTT: Well, we're trying. You know, it's kind of an imperfect science on how you -- you budget the fire department. It was brand new for us. We had some unknowns where we wanted to go, what we wanted to do, what kind of service level we wanted to continue to provide the residents of the town and the business owners and our visitors. So it was with -- with David Pock's help, and we had a -- an old fire chief come in and kind of looked at our budget to begin with. And he also teaches at the National Fire Academy. So we had a little bit of input on the budget to begin with, but a lot of it was still kind of unknown as we were moving forward.

Again, our -- our staffing model is a little bit different, and there's some certain -- some things tied into that. And I'll get into that in a little bit. But one of the things that the --

used to come out of the -- the FRAT, or the facilities replacement or replenishment fund, which had been around for a while. And Paul always tells me this is not the right time to bring this up, but we had equipment replacement in that facilities. And probably not the best place for it from a financial standpoint. But over the years, we'd always budgeted for our big dollar items like our self-contained breathing apparatus, our portable radios, our mobile radios.

Some of that type of equipment that we need to replace on a regular basis, we'd always kind of budgeted for that in the facilities replacement fund. And as things came up, we'd had the -- the portable radios budgeted in there. But at that point, they were still serviceable. And Randy Roberts was here at that point as well. We kind of felt like it wasn't necessary to spend the money at that point for things that still worked, were still serviceable.

Now, we've kind of gotten past the point where our radios are serviceable. Motorola calls it "end of life." They do the same thing with our -- our defibrillators and heart monitors in that they only support them for a certain amount of time, and then you really can't get them serviced if there's problems. So as our radios kind of age out, maybe the -- the cases crack or the antennas break or the buttons stick or the knobs come off, we can't really get those serviced anymore.

So we're at a point where, in that technology, we need to upgrade. And every time that Motorola does a new model, you can pretty well take that 7500 model portable radio and that's going to put a dollar sign on there. And it's about what -- what each radio is going to cost you from Motorola. We're pretty well locked into having that type of radio; Motorola as a supplier. There's really -- they're really the only sole source for that type of thing. So it's not like we can shop around and -- and go to Target and buy a couple radios that -- that work for a hundred bucks or 200 bucks. So we're pretty well stuck with that.

The same thing with our SCBAs. They're to the point now where we really can't service those. There's new revisions that come out every time that they do an update. On the standards forum, there's some sort of new safety measure that was tied into them. I remember starting with you had a hose that just you screwed onto your regulator. If you ran out of air, you stuck it in your coat because your coat had a wool lining on it, and that wool lining would protect you for a little bit until you could get out of that smoke-filled environment. Not really the right way of doing it. Not really the best for -- for all the employees and the firefighters.

So each new revision on the self-contained breathing apparatus has some sort of new safety feature tied into it. And as we're moving forward, the -- the current ones we have are to the point where they've aged out, they're not really serviceable, even though we service them every year. We can still keep them -- keep them running, but they're not going to be serviceable for very long. So between the portable radios and the SCBA's, we've got about $600,000 worth of equipment that needs to be replaced. We've applied for grants. We've gone for two cycles. Again, we weren't eligible to apply for the grant as a rural metro, but as we transitioned into the town fire department, that opened up some more opportunities for us.

We did not get awarded in the first grant cycle that we applied for. The second grant cycle, I think at this point is still up in the air because the people that are on those grant commissions are not currently working right now. Hopefully that will end here pretty soon and -- but we still don't know where that's going to be. So looking forward and not banking on getting the grants, we'll still apply for what we can, where we can, but we're going to need to -- to replace that equipment moving forward.

One of the things -- the SCBA's we pretty much have to buy all of them at one time because they can't have Firefighter A in an older SCBA and Firefighter B in a newer SCBA. They're not really compatible. It's just not a safe way to operate, but. So the SCBA's we would need to replace all of those at one time. The radios, we can kind of break that up.

FRIEDEL: What is that SBGA or what?

OTT: Self-contained breathing apparatus.

FRIEDEL: Okay.

OTT: It's the air tank and the --

FRIEDEL: I wanted to make sure everybody knew what that was.

OTT: Yeah. I think Rick enjoyed having one on at one point. But the -- the radios, we can kind of piece those together and buy four or six at a time, whatever that makes sense to do, and start replacing those. Moving forward, we can keep the -- the older radios, cannibalize some of those as those need replaced, but we'd be able to cut that dollar amount down a little bit.

Did I say $500,000 under budget? So it was kind of the first part of the -- the -- my presentation this afternoon was looking at -- at the possibility that we've got some excess funds not all from my department, but that moving forward, not being able to count on the grant, we might need to look at replacing the self-contained breathing apparatus. So we're just looking for a little direction there, and -- and don't want it to be a surprise if we come to you and ask for that -- that money as we move forward.

I think we can piece it together with some of the budget -- some of the -- the budget that we have right now with a little bit of fund transfer probably moving forward.

WATTS: But -- but the rationale on the SCBAs is because they don't have the same interchangeability, they don't have the same octopus connections on them. They don't have the same communication protocols. Is that the reason that you do them wholesale as opposed to individually?

OTT: Correct.

WATTS: Okay.

OTT: They do have -- they all have what they call a buddy breather. That's a universal fitting. But then you kind of change from there on what your communications are or what your past alarm is, which is what would -- the alarm that would go off if you were in a position where you couldn't move. They've got built in signaling so that we'd be able to tell where somebody was if -- if they went down and they had a problem, they couldn't move, they couldn't get out of the situation they were in.

Those are all things that are kind of built in integral as parts of it. You also get to a point where some of the tanks aren't as serviceable. Some of the regulators aren't as serviceable. That's the needed upgrade on -- on those.

WATTS: Would you still do things like hydrostatic testing every year on all tanks and that sort of thing?

OTT: Yeah. The tanks I think are five years on the hydro. They do get an internal there are certain things that are annual testing, and we have a company come in and do that for us.

WATTS: And the new versions have GPS so they can get to me quicker next time I fall over, and they can find me and drag me out sooner?

OTT: You bet.

WATTS: Okay.

OTT: They've got a big beacon light that, so. But yeah. Every one that comes out is -- is got newer and better technology upgrades. Bluetooth for your radio tie in for your communications. And part of what we looked at in replacing these is going through a GSA or goods and services agreement and did not pick the most expensive SCBAs out there. Not that we don't like good stuff, but I don't feel the need to spend money on things that aren't necessarily going to benefit us the way that -- that being more prudent with the money is.

WATTS: So and the reason you can't change the radios parts partially is even though they operate on the same frequencies because of the failure of -- like the -- even the on off. I mean, if you don't have a contact point on them, if you don't have a push to talk, that works properly. So but they are same frequency as you're currently using, aren't they?

OTT: Right. Yeah. They would upgrade the same. It's just that it's the newer model. More bells and whistles on them. I don't want to say they have higher reliability, but that -- that's always our kind of hope is that when they redesign things and move forward, that they're better than what the older ones were. But it's just even the simple things. They can't send it to Motorola and have them -- have them replace the knobs or -- or even the case. If a case cracks, it's no longer intrinsically safe because the water can get into the electronic components of it. I can't get that repaired.

So as we're starting to get some that are out of service, I can kind of steal some of those parts and put those back together. But at some point that inventory gets down to where you don't have anything other than parts and no working radios.

So we've been talking about trying to replace those for about two years. With -- with Michael's help and some of the other staff, we were able to get -- get the grant applications in. They look pretty good. We think that they're well written, but there's only so much money that -- that ends up getting given out by that. And we're kind of hoping to roll off of some of Kevin's success with being able to get grant money.

SOLDINGER: But can I add to that real quick, Chief? Just information for the Council. We did apply for a grant to replace all the equipment, around $550,000 first time around. Was it a year and a half ago?

We didn't get it. We got notification from the federal government we didn't get that grant. We applied for the same grant and we're currently waiting to hear back from FEMA. It's the assistance to firefighter's grant. If we do win that grant or get that grant funding, we would come to Council with that and that would allow us to replace all the equipment. We'd have a small match. Once we get that notification, we'll know better on how to proceed moving forward.

But what I'll say is going through that process, I know Michael went out and looked at the scuba units -- SCBA units and they are outdated. They're well past the federal standards for critical replacement. The standards are 10 years and they're about 14 years old at this point. So it's something that is a critical need for the fire department for safety -- safety reasons.

OTT: Thanks, Paul. Are there any questions on that? We'll bring that back to you if that -- if we don't get the grants, and that's the direction that we need to go, so.

Now one of the other big questions is whether or not you would like us to pursue what would be necessary to move forward with the town-run fire department, run ambulance service or transport service. The first part of that would be a certificate of necessity. That would be probably where we would start, if that's the direction you want to look at.

If we did it in house, it's kind of hard to put a cost to it. But if we hired a consultant, those are about $30,000 to do all the paperwork, submit the application to the state. From the state standpoint, once they get it, whether we would -- we would process that request or we would hire someone else to do that for us. The minimum the state would take would be 180 days. And the reality of it is that it takes about a year from our past -- recent past experience for Department of Health Services to approve those CON requests.

One of the things that works in our favor is that Scottsdale recently started a fire department run ambulance service. Mesa just started theirs, I think Maricopa, and Casa Grande. So there's some numbers out there that would be able to give us a good basis for looking at -- looking at what the -- the operational costs are, what the startup costs are. And as we move forward, they'll be a little bit more information coming in on what their cost recapture will be on that.

And that's kind of -- I've never been a big fan of -- of wanting to run an ambulance service. Part of that is the billing aspect of it. And as things go to collections, you get less and less money out of it. We don't necessarily have a billing mechanism in town, so that's something else that we would need to take a look at. The programs that I've seen that are more successful are the ones that have medical billing people doing the ambulance billing, because coding is a big part of it. If you don't code something right, it doesn't -- it doesn't get paid or doesn't get paid on time.

So I don't really have a good feel at this point to be able to tell you that if it costs us $1 million to set up the ambulance service, that we'd have a return on investment in that and two years or five years or -- or ten years. But I think as we -- as we get a little bit further into it with our neighboring departments, those costs will be able to -- those will be figures that will be more available. But if that's the direction you'd like to take, we'll -- we'll be willing to start on that. And just see where it takes us and -- and let you make the final decision on whether or not that's going to.

GOODWIN: Can you comment on why we might need to be talking about this?

OTT: Well, I think it's always good to have a backup plan. And -- and there are no -- I don't have any reservations about our current provider, which is AMR. They've provided excellent service for us. It's really been at a minimal cost to us. We actually take in a little bit of money through the rent that they pay to stay at the station. And they've done a great job of making sure that once the unit that's stationed here is on a call, that we get another unit backing them up.

Those are things that we'll have to look at as well when we design our -- if we design our ambulance service is what's our redundancy for it. And it's not just redundancy on an ambulance being available for another call in town. It's also having -- if we ran two units we would need to have three, so that if one breaks down or one has to go in for service, that we still have that same level. So just from that aspect, if -- if we chose to do one ambulance, if we felt that that would cover our needs, we would need to have two actual ambulances so that we have one as the backup. Wouldn't need to necessarily be a brand new front line one. We could get one that was gently used. We might have to rework our vehicle replacement or vehicle acquisition policy because I think currently we don't necessarily lease or buy used. But those are all options that we would kind of consider to and the startup costs.

We would have additional staffing requests. If we run one ambulance that's going to require six people, two per shift for the three shifts that we have. So that's another added increased cost in there. But if it's your direction, we'll go ahead and put a package together for you to look at and see if that's the direction that you would like to move forward in.

KALIVIANAKIS: So can I ask currently are we making -- I think you said we do take in some income right now?

OTT: What's the rent?

SOLDINGER: Yeah. Just the rent.

OTT: 40,000 a year.

SOLDINGER: So Councilwoman, just the rent revenue that AMR is paying the town for the space that the fire department, is it 30 to 40,000? Somewhere around that amount is what we're bringing in.

KALIVIANAKIS: Okay. So if we --

OTT: About 40 a year, I think

KALIVIANAKIS: We go down this route, would you expect there to be income from that, more income than now or it would be an expense?

OTT: We would be able to recoup more than $40,000 a year from our transports.

KALIVIANAKIS: You think so? Okay. And then you did answer -- my other question was we would have to be adding employees.

OTT: Correct.

KALIVIANAKIS: Is that within that still making income?

OTT: To me, that's kind of the -- the tough part where private ambulance companies make more money is on the -- they call them GT's, general transports. That would be taking someone from Fountain View Village to the Shea Hospital, not on the rideshare or what Dave's program is.

GOODWIN: That's an expensive rideshare.

OTT: But that's -- that's guaranteed money. It's pre-approved by the insurance company. That's where they're making all their money. A lot of private ambulance companies will tell you that they don't make any money on 911 services. And to some extent, I think that when we saw what two ambulances from AMR would have cost us, which would have been about $1 million in subsidy to AMR, that kind of gives you their level of what the two ambulances would -- would cost them to provide service here. One ambulance, they can kind of break even on. The second ambulance because there's some downtime on there, it's not always a transport, but when you need it, you need it. That's where that additional money would have come in from or to AMR at that point.

So kind of with that in mind, I don't think that we would be able to -- to start anywhere -- just throwing a number out there, I don't think we'd be able to start less than $1 million by the time you look at a new ambulance is about $350,000, and that's not stocked. You're going to have a close to another $100,000 in equipment between gurneys, heart monitors, all the additional things that go in there. Plus, we're buying more medical supplies that then would need to be -- hopefully end up getting get reimbursed off of the insurance billing. But again, those are outlying costs that we would have.

At some point, it would end up if you can cover all your medical supplies and part of your labor, I think you're doing pretty well to provide the service for the residents.

KALIVIANAKIS: Then my last question is what would -- what's the liability to the town having our own ambulance service? Is that going to --

OTT: I don't know, but I'm sure that the -- the -- the liability -- I'm sure that there's enough information in the pool.

SOLDINGER: We could get that. I'm sure it won't go down.

OTT: No, no.

KALIVIANAKIS: Okay.

OTT: But you're right. There is an increased liability. Not knowing what those total numbers are. But -- but it will be an increase to that part of the policy, so.

WATTS: Is knowing we're -- without knowing where we are on the auto dispatch program that we're in the process of getting approved for, does -- is that inclusive of surrounding areas with their fire departments? Do the fire departments include ambulance service for those that own them?

OTT: That's kind of new territory as well, with additional municipalities adding their own ambulance service. Right now, it's currently that it would be a mutual aid request for the ambulance opposed to an automatic aid request, where that ambulance is automatically included in there. It comes down to how many ambulances are available in that municipality before they're willing to send their ambulance out to another municipality.

So the -- the idea would be that if it's available and it's not their only resource, that that would be something that would be available. We've used Maricopa Ambulance out of Scottsdale in the past when our AMR units have -- either we've had more calls than -- than the available units could handle, or we're waiting on another unit to move up from Mesa when that call kicks out. We use Fort McDowell quite a bit. And Rio Verde is available, but not readily available. But if we actually needed one from there, it -- it would be a mutual aid request for them to send that even if we were in auto aid.

WATTS: How many ambulances does Rio Verde have?

OTT: They have -- they have two. They actually staff one. And they would drop staffing off of their two engines to staff the second one if they needed it. So that's kind of a hybrid. That is something that we would definitely consider looking at to see how well it works. And -- and they don't run a lot of calls out there. So it's not a high volume.

And taking that into consideration also looking at what we could do, there's always a possibility that we could set ourselves up to do GT's, which might end -- add a little bit more revenue. But again, you don't want to have your 911 ambulance committed on general transport when you need it for the 911 system, so.

WATTS: So it sounds like if we could work in the mutual dispatch with inclusive of ambulance services, that'd be the best of both worlds. But it doesn't sound like it would make any sense to only go with one ambulance. We'd always want a minimum of two in addition to the mutual aid, whether it's automatic or manual, correct?

OTT: Okay. I would agree with that.

WATTS: Thanks.

GOODWIN: Do you want to go or do you want me to go?

FRIEDEL: Am I correct, like 95 percent of our calls are medical related?

OTT: Well, if you take out the snakes, yeah.

FRIEDEL: All right. So minus the snakes. And how many of those include transport, would you say as a percentage?

OTT: Well we probably average three transports -- three to four transports a day. And we're probably 85 percent medical calls, realistically. A lot of those are -- are just more public assists. Someone who's fallen, they don't need to be transported. Or we get there, and then they decide that either they'd rather go have someone drive them there or just completely refuse to go to the hospital. So not everybody gets transported.

But I think the -- we'd always figured that we were at about three a day, sometimes four, and sometimes it seems like gravity hits all at once and we have a lot of people fall and we'll have three or four transports, which is a little taxing on the system. It's taxing on anybody's system, not just not just what we have in our region.

FRIEDEL: So would you say 60 -- 70 percent of the 85 percent are transport?

OTT: Yeah. If that works out to like 40 percent or 50 percent, yeah.

FRIEDEL: Yeah.

OTT: I would say realistically that's probably where we're at. We're -- we're lucky some of them can go to Fountain Hills Medical Center or Shea, but Shea is a -- it's a 40 minute round trip. So.

GOODWIN: I have a question, Chief.

OTT: Okay.

GOODWIN: This is more about AMR. I mean, obviously, you just said that they're good to work with and have been, you know, suitable for our needs out here. Is there a concern that they aren't going to be a long-term provider? Or is there a reason we would need to talk about moving into providing it in-house? And kind of piggybacking on that, is there a tipping point of when it should be in-house versus contracted?

OTT: I think that some of the area departments that have gone to their own service is based on the fact that then they -- they're in control and they can control what's best for their residents and the people that they -- they actually have medical control over at the scene. I have not seen or heard anything -- and looking at AMR across the country, they're still -- they're still doing well. They've got good leadership.

I don't see them -- even though they're losing more market share in the Valley with 911, I don't see any immediate need or fear that they would close up and -- and go away tomorrow. But I think that that's something that you always need to be prepared for if you're not the one providing the service. And even to some extent if we were providing that service and couldn't do it financially responsible -- responsibly, or be able to manage it with with the amount of personnel that it would need, I think that that would be something that we would look at going the other direction.

But I think one thing that that is kind of a given would be having the certificate of necessity and not necessarily needing to run an ambulance service, but we would have that in hand. And I'd also talk to AMR management about that and at one of the Council meetings where we talked about it and it kind of -- it goes through the grapevine on the -- the people who work here go to their boss and say, oh, they were talking about a CON at town Council the other night, and -- and they're going to start their own and we're going to be gone. And then squashing those rumors and having the conversation about, well, getting a CON for the town makes -- makes good sense.

They didn't look at that that they were going -- that we were going to start our own ambulance, that we were going to kind of kick them out and -- and say goodbye to them. They have a certificate of necessity for a lot of the areas in Maricopa County, and they need to provide service for that for the people that don't have their own ambulance service. So to some extent, they're kind of here to provide that service for as long as they can. So I -- I think that the relationship that we've had with them in the past is -- is good. I think it continues to -- to be that way. So the thought that they would not be here tomorrow is not a -- not a huge concern of mine.

FRIEDEL: Getting back to that certificate of necessity I don't think it's a bad thing to have it. Is that something we can do in-house?

OTT: It just takes time. Like I said, the difference would be there's consultants out there that will do the whole start to finish for you for about $30,000. That might have gone up a little bit over the last couple of years, but there are plenty of the departments that have just recently started their own service that have done it in-house. So the nice thing about the fire service is that a lot of cut and pasting can be done and learning from other people's mistakes.

So there's a lot of help being offered from other departments on how to do that and how to become more self-sufficient, if you will, on that side of it.

FRIEDEL: Do you need direction from us to proceed with that or?

GOODWIN: We'd like to get a sense of that some -- somewhere you'd like us to, you know, kind of put some time and effort into to see what it would take to get the CON. And then I think you mentioned whether we do it in-house or we work with a consultant to get to do it; is that right?

OTT: Correct. And I think part of that too, would also be doing the cost analysis of what we think it would -- if we don't think that we can financially afford to do the -- the fire -- the ambulance service, I don't know that the CON is -- putting the time in to get the CON is -- is that beneficial. We can get the CON and not have to decide that we're going to go out and buy ambulances and we're going to hire more EMTs and medics and go that route. But I think having that overall cost is -- would be part of the CON process to be able to say, if we did it today, this is where we think we'll be if we do it in five years, with Paul's help -- with Paul's help, you know, we'd be able to -- to maybe get those costs.

FRIEDEL: Paul is running away right now.

OTT: He should be. Are you finishing the pizza?

FRIEDEL: Rick?

WATTS: I think you got two components. One is the SCBA and the radios, and I'm a supporter of doing that and getting it in our budget. And secondly, I think kind of putting together, whether it's a cost analysis, a business model to understand where we're at and where we could go, and then making a determination as to whether to utilize the services of an account -- of a consultant or doing an internal.

I'm actually probably more of an advocate to using an outside party that is -- does this on a regular basis. So we don't take away from what your staff currently does and needs to do. But I'd like to see the business model first and then make a recommendation to move forward from there based upon it.

OTT: Okay. And I would agree with that. That would be part of what I would look for, direction from you would be that the staff time, that it would take them away from doing what their normal duties would be to -- to kind of add this -- add this additional service.

WATTS: Thank you, Mr. Mayor. I mean, if you could tell us that, you know, we can proceed with the CON and do it with staff time, it's not much of a decision. Just I'd say absolutely yes. So if that's the way we're going, I'd be definitely for it and I hope the Council would be.

To allocate the funding to do it, I'm a little more reticent to go that direction. Again, you know, because we're talking, trying to save money and pinch -- pinch pennies sometimes. And so but you definitely got my vote if you want to proceed and that seems prudent. We can figure out the costs later. But if it's going to take over a year to just get to CON, let's get it started.

OTT: It is a slow process. So thank you. Okay. Is there anything else I can add?

GOODWIN: Did you need to talk about staffing or overtime or any of that kind of stuff yet or is that something for another day?

OTT: Well, we can just kind of throw it out there. I know that at some point we kind of felt like developing the department with our staffing model. And -- and one of the things that we have that's unique -- two of the things that we have that are unique to the firefighters, as opposed to some of the other town employees, is that we if somebody is off, we have to fill their spot. We can't let that go. We can't let the empty seat go on the on the truck. So that adds a little bit to it.

The other thing is that part of their normal payroll ends up being overtime. So unlike other departments that just work 40 hours, for our people, if they work -- we've got it set up they're on a 14-day pay period. If they -- they work over 106 hours, anything over 106 hours in that 14 days is overtime. What they normally have in a two-week period would be four shifts, which would be 96 hours. So there's no overtime involved in that.

About every third check that they get is a 96-hour paycheck. So it doesn't have overtime on it. So that means the other two checks that they get, they all have at least 14 hours of overtime because their next pay cycle would be 5 days, which would be 120 hours. So that's 14 hours over 106. So the 14 hours per paycheck then would be overtime. So our costs are a little bit more just designed on what the -- the -- what their work schedules are.

So one of the things that we've been kind of talking about not -- he should run away for this one. But Michaels looked at it, but would need to look into it a little bit further, I think. On what that breakeven point is if we added another employee per shift to cover the times where somebody's gone, somebody's hurt, somebody's -- right now we're a little challenged overtime wise, but we're still within budget. But we had three people get hurt, so they were out. So those positions automatically need to get filled. Some of that's overtime, some of it's not overtime. But I don't want to confuse the overtime to fill positions with the overtime that's part of the normal -- normal salary.

And then just to kind of throw this out there too, if our guys work a five day paycheck or pay period, if they take a day off in there the vacation time or sick time doesn't necessarily apply to what their overtime would be. So they actually make more money -- make less money if they're sick a day, or if they're -- they take a vacation day on their five paycheck weeks. And that's something that we've kind of talked about, too, on how can we bring that back in and -- and bring that across the rest of the town employees that sometimes it might make a difference, sometimes it might not. But we've never really proposed to do anything that would not benefit all the town employees and the fire department only.

So that's something that's -- that's probably going to be a future conversation coming up, because that would be an employee handbook kind of change on how sick and vacation time gets -- gets looked at as a whole, so.

WATTS: I know you rattled off all those numbers very quickly, so I couldn't follow. And did a great job of that.

OTT: Thank you.

WATTS: So that's good.

OTT: I tried.

WATTS: But I think it's one of those things where if we saw kind of pen to paper and we did see an analysis to figure it out, then it'd be -- it's a math issue.

OTT: Right.

WATTS: So if it works out and if Paul can put something together like that, just a single slide and show us that the economics are cheaper than paying overtime to hire a new FTE --

OTT: Right.

WATTS: -- then we're better off. But yeah. You confused me, so thank you.

OTT: Okay. And I would -- I would have to say that I don't know that Paul would really be -- that's in his wheelhouse, but it definitely is in Michael's wheelhouse. He is very good at figuring all that -- all that out, so. So that's kind of the -- the fire department update on where we're looking at and where we think we're we need to go.

And you're right, I -- I did rattle that off just so that you didn't have time to write it all down, but.

KALIVIANAKIS: Can I just make some comments on there? I definitely support the equipment needs and hopefully we get a grant for that. The ambulance service, I feel like we're still kind of getting settled in with having our own fire department. Like we're still working out how we pay for it, working out equipment, upgrading all that stuff. And the outside ambulance seems to be working now, so I'm not sure how I feel about doing that right now. Going towards getting our own maybe a few years down the road.

And I was going to ask, what is the cost of overtime that we're spending now and what would be the cost of a new employee? So I guess that's something that we'd get later. Which one would be less expensive?

OTT: Right.

KALIVIANAKIS: There you go, Rick. That's it.

SOLDINGER: Chief Ott's right. Mike would be better, so. But I'll try -- I'll try to answer. Michael's been helping the fire department a lot in evaluating and monitoring and managing their overtime challenges. There have been a lot more this year than last year. We spent about 550,000 -- 560,000 overtime last year. But remember, with the fire department, there's a lot of scheduled and required overtime to have a certain amount of staff in place and based on their scheduling. So it's not like they're just going above and beyond their regularly scheduled time. A lot of that's built in to their regular -- their regular schedules already.

We've had this conversation about we don't have any concrete numbers. Each firefighter is going to run you about 100,000 after benefits, and it's definitely not going to save us as much as that if you add one, but it will bear the brunt of the overtime and the challenges with the overtime across more staff. And it could help morale, it could help staff. So it's not just a numbers dollars and cents kind of conversation. It's a little bit more nuanced than that.

WATTS: But it does start with a dollars and cents.

SOLDINGER: Yes. Yeah. There is there is a savings there. And it's also a very, very challenging thing to really even predict how it will impact. This year's a little bit disproportionate compared to last year because right now we have three or four firefighters out. One's on military leave for the entire year. A couple have been sick on sick leave, other leave. So there have been more challenges this year than last year with overtime. So.

WATTS: Our sick leave or disability, when they're hurt on the job, it continues their pay effective that date or is there a waiting period?

SOLDINGER: Michael, do you know that or would that be Chief Ott that -- tremble. Yeah. We're all kind of working on this. This is a challenge.

WATTS: This is like passing the buck. I mean.

SOLDINGER: It's a challenging topic.

STELPSTRA: I'll take a crack at it. I think usually they're -- the firefighters leave would -- would kick in day one, so they'd have sick leave. If they're hurt on the job, that's a different -- that's a different thing. That's worker's compensation. So I think we're talking -- you know, we do have short-term and long term disability that kicks in. So we have -- you know, some of them have -- because we just started the firefighter -- fire department, they don't have a lot of leave built up. So some have, you know, run out and gone on unpaid FMLA type leave. So like you said --

WATTS: Be curious to know if it is, you know, one day or there's a five day, seven day, fourteen day waiting period because most disability policies have some sort of a waiting period. Maybe this one doesn't.

The other question is, is this something -- and this goes back to Paul. So you guys can play checkers or whatever. Is this something that would make sense to roll into the home rule if we went that way? Is there a benefit there at all?

SOLDINGER: Councilman, that would certainly be unique if we did something like that.

WATTS: Well, I mean, the whole thing with the ambulance service and all that stuff, because the order of magnitude of it is pretty significant.

SOLDINGER: Sure.

WATTS: Could we have any benefit from it?

SOLDINGER: I mean, I don't know. Is that something we could do, like a fire -- yeah. We could put that as an exclusion in the home rule. It is our biggest department right now at around $6 million. So that would help us in our budget and other categories. And I think that is a department that the public certainly supports, you know, so that could -- that could make sense. But yeah.

WATTS: Well, I think you just hit on when you said that the public supports it. It could also be the incentive because we want to make sure that we've got a first -- a first class fire department. And the services that go along with it could be an incentive. So just -- just saying.

FRIEDEL: You'd have to watch the timing too though.

SOLDINGER: Yeah. With the home rule it's only four years remember. So that would be -- yeah. But if we were trying to set up an ambulance service and it was a couple million dollars of startup that could help. I mean, that would be something definitely I think the residents would probably support.

So all right. I'm next, so. All right. Another relatively short and sweet presentation, but could lead into conversation for community contracts.

GOODWIN: Paul, before you get started, I was just going to kind of tee this one up for -- the discussion for this topic is really to make sure that everybody is aware of the contracts that we have going out the door. I've had a couple of questions of, oh, I didn't know we did that or oh, where does this money come from? Or how does this work? So Paul and I were looking at it.

There's a -- there's a bigger conversation that we're having internally about making sure that we have checks and balances with this. So if there are deliverables that are expected from the recipients, we want to make sure that we're following up and getting what we need. But I wanted you guys to understand what is going out the door and how much and to where. So that if there are questions about it in the budget or changes you want to see, now's the time to let us know.

SOLDINGER: Yeah. Thank you, Rachel.

So Mayor and Council, we do budget a certain amount in our general fund. It's in that general government department, that central department, to support community organizations. And we call these community contracts.

We've been doing this for a long time for several of these contracts. It's a historical precedence. It has been previously discussed with Councils. I was not here for those conversations, but at some point they were discussed. And so currently in the fiscal year 2026 budget, there's $73,700 allocated to community organizations. There is more on top of that that's in the budget. But that's what's specifically been going -- that's going out the door for this year.

Like Rachel mentioned, we are working to -- this is one of the areas we are looking to improve internally realizing we need more information. We need to learn what these organizations are doing with the money. We need to have accountability to provide to Council, provide that information to you. So we are already taking steps to do that. We're trying to bring them out to Council meetings to provide presentations, maybe not every year, but regularly to let you know what they're doing with the money that the town is providing them.

So with that, I did attach some of those deliverables in the packet if you'd like to look at those. But these are the five line items that are in that general government department related to this subject. Number one is an emergency voucher for domestic violence victims. It hasn't been used in the last -- or this year or last year, but we did spend $264 two years ago. And I don't know if that's more of a Chief Ott question or MCSO, but the way that I understand these work is if there's a victim of domestic violence, they can go stay at a local hotel and the hotel can bill the town and we'll pay for it.

So we have $12,000 in the budget for that. It hasn't been widely used. I don't know if there's a lot of -- or if people know about it. That's something to discuss, maybe, but that is there on the budget.

FRIEDEL: I will comment on that, that MCSO is aware of that voucher program.

SOLDINGER: Okay. Great. Yeah. I appreciate that, Mayor.

So we have a line item for sheltering services. Right now we're paying $15,000 for this fiscal year to Central Arizona Shelter Services. It's a shelter in Phoenix -- the City of Phoenix, and they provide a reserve bed contract for us. We have talked about it. To my knowledge, it has not been used. No beds have been used by town residents.

I know we've talked internally about the challenges when MCSO encounters an unsheltered person in the parks or something like that. When given this option to go stay at the shelter, they have turned MCSO down. So we do have this reserve contract in place.

Last year we paid more. We negotiated that price-down. We paid 30,000 last year. Actually in '24, we didn't pay anything out of this budget. But the two years prior to that, we paid a different sheltering service, A New Leaf, $40,000 per year. I know there's been discussions around this subject on how to move forward, but we do have $50,000 actually still in the budget for that purpose. So if we want to continue doing that, we can or we can make changes as well.

Boys and Girls Club, the local McKee branch, we've provided them 24,500 per year for several years now to support their local youth programs for the -- for the youth in our town. And Extended Hands Food Bank, we've provided them 24,200 for several years now to provide support for their local community program and outreach.

And the Sister Cities, this one's a little bit more nuanced.

Mayor, you may have been on the Council at this time.

But I think around 2019, the -- we used to have a commission for Sister Cities, and then we got rid of the commission as a town. And the Sister Cities nonprofit organization took over the kind of responsibilities or was like the liaison for the town to administer this program. And so we've been providing them $10,000 for a few years now to support that -- that kind of partnership.

So with that being said it says 39,200. That's what's gone out the door already. We have 73,000 allocated to these contracts. That's actually gone out the door, but we have 120,000 in the budget in the general fund for these purposes. And we're kind of bringing up the conversation to -- to seek your feedback going forward.

KALIVIANAKIS: What is the $10,000 go for with the Sister Cities? What is it spent on?

SOLDINGER: So there is an annual report in your packet that has some of that information. They spend it -- it's basically, you know, when they're bringing people in from the Sister Cities, they're hosting them. They're bringing them out to certain events, bringing them to the town -- town hall.

FRIEDEL: Promotion and -- and showing them a good time when they come into town.

KALIVIANAKIS: It helps facilitate?

FRIEDEL: Yeah.

GOODWIN: So just pulling it up. You're right, it's in the packet. So thanks for mentioning that. It mentions, you know, coordination of the student exchange. We -- they had twelve students and three chaperons hosted here for two weeks. It helps fund the different activities that they do, whether they go to Grand Canyon or they go to a baseball game or whatever it is that they do, it helps facilitate that funding, as well as when our students from Fountain Hills visit their cities. I know that they had a group that went to Poland, I think right after school let out in May. So it helps facilitate some of that.

To the Mayor's point, if they do any type of promotions or things like that, it's a flat fee to help support.

FRIEDEL: They have a dinner too, and they have the students at the dinner and that kind of stuff too.

SOLDINGER: Yeah. And so it used to be a town program, but it's not. And that was the town's way at the time to still support the program. It's kind of like a town program, but quasi is how I understand it.

KALIVIANAKIS: So under the 127,000 -- 120,700 whatever, that's the -- oh, that's everything there. Got it. Got it. Okay. So the 12,000 set aside, budgeted. Where does -- when you didn't spend it on the domestic violence vouchers. Where does that money go?

SOLDINGER: It just remains in the budget, Councilwoman. And if it's needed, we could always move it if that's something that Council.

KALIVIANAKIS: I mean, have you built up all the money that wasn't spent or is it just 12,000 a year?

SOLDINGER: Yes. So the savings would go into the general fund, excess reserves that we talk about at the end of the year.

KALIVIANAKIS: Okay.

SOLDINGER: Yeah. So this would be in the general fund.

KALIVIANAKIS: Okay. And the homeless one, have we ever -- anybody in all these years here ever taken advantage of that -- the bed?

SOLDINGER: Not since I've been here.

GOODWIN: So to chime in. Prior to the CASS contract -- and my understanding is, prior to the CASS contract, we contracted with A New Leaf, which is much closer, but it's limited to, I believe, only men and they have a certain intake time. So it's not like you could just access it 24/7. And that was a direct -- I'm going to call it a -- a direct payment. There was no guarantees. It was not a contractual agreement. We just gave them funding to support the efforts of their sheltering services.

FRIEDEL: And if they were full, we didn't get anything.

GOODWIN: Correct. We moved then in, basically at the end of FY 24, we began negotiations with CASS to say we need something that's a little more guaranteed. I wanted to know that my money is getting me something. So we moved into a contractual agreement with CASS that says they will guarantee that we have beds. We went for a year with them. It was a good contract, but again, it was never used.

So we said, okay, how do we do this and how do we get the most for our money? And Paul and staff worked with them to negotiate it down, to say, clearly not a big user, if at all, for the CASS services. Again, there's a hardship. The reason we also did this was -- and this kind of overlaps with some policies that we've talked about recently. At the time there was a Ninth Circuit Court decision that said you had to provide beds as an option for unsheltered if you want -- otherwise you had to let them be where they were.

So if you went into the park and you said, hey, you can't be here. You had to have an option for them to go. They didn't have to take it, but you had to be -- in order for them to be, you know, moved along, they had to have that option.

That has since been rescinded. And so I know we've been talking about that. So by having this contract, it gave us that ability. We are no longer bound by that because that decision has been turned over. And I think we talked about that at a recent Council meeting, and we're trying to decide. So that's why I'm looking for a little direction as to do we want to maintain the service as a essential service for our community? Is this something we want to renegotiate? Is it something we want to take out altogether because it's no longer required by this legal finding?

KALIVIANAKIS: So for even back with A New Leaf, was it ever used?

GOODWIN: They did not. They were not required to give us any details as to any reporting. So I can't say yes or no. I would say if it was, it would be very little. We had very little reports from MCSO or any other engagement mechanism just to even facilitate that.

KALIVIANAKIS: Okay. It seems like a lot of money if people don't use it.

SOLDINGER: Yeah. We agree. I mean, that's -- that's kind of part of the reason why we're here, to have this discussion and seek your feedback.

WATTS: And just to, like, fill in the circle. I don't believe it was the town staff that was recommending that expenditure that was done by the prior Council. And it was done because we wanted to pass a very tough homeless law, which was actually passed by the previous Council. And then when the Maricopa County Sheriff's Office gave the directive to pick these people up and get them out of the parks, they said it's unenforceable because you have to have beds available.

And so the decision to put this as a budget item came from the previous Council that wanted to enact a very difficult homeless regulation that at that time was unenforceable. And so then the staff, to do the Council's bidding, sought out -- located bedding so those people could be, if they didn't leave voluntarily, they could be grabbed and brought to a facility. If I believe that's my recollection is correct. Yeah.

The Ninth -- the Ninth Circuit Court did have a fairly recent ruling that said that is no longer a requirement. So the Council -- we could rescind all funding to homeless facilities and just save the money, period. Or if you want to keep partially funding them, because we did want to have some place to put them, we could do it, but that would be up to this Council.

GOODWIN: That's what we're looking for direction on.

WATTS: Right.

FRIEDEL: Well, and I'll also say we didn't grab anybody, but we wanted to have a service available to offer people in a respectful and dignified way.

EARLE: And I think MCSO has told us that, yes, they offer the solution and the solution was declined in every situation. But my question really is we had $30,000 in actual expenses for 2025. Why did we go back up to $50,000? And why not take it back down to $30,000 just from a budgetary standpoint?

SOLDINGER: The simple answer, Councilman, is there's a lot of items in the budget, and it's not something I specifically looked at last year, but that's why we're talking about today, to see if Council or the town manager -- if we need to reduce some of these budgetary amounts. Because if we do, it'll -- it'll give us more of our wiggle room in the general fund or if we want to make adjustments.

EARLE: I don't -- I don't think that we should ignore it, but I think we ought to minimize the impact and from a budgetary standpoint. I don't want to pull the rug out from under anybody. And I want to have an offer of some sort of solution, whether or not that offer is accepted or declined, much like Sister Cities. I'm not so sure we get value out of the money, but maybe so I would be in favor of keeping it, but I would be in favor of reducing it from 50 to $30,000 again.

GOODWIN: And if I can, I'll add to that that that is a conversation we're also having with MCSO about other options. Because to the point when you offer and say, hey, we have beds available at CASS, people go, I'm not going down there. It's too far. So they recognize that there's a lot of barriers beyond that. And MCSO has been working with us and some of their resource officers to identify better or new options or alternative options outside of just CASS. It feels like sometimes it's -- it's CASS or nothing that has evolved over time. And so MCSO has some more resources that we're going to be working with as well.

EARLE: Even more reason to keep it in at least a $30,000 nominal amount of money.

GOODWIN: Sure.

SOLDINGER: And so if Council decides or if we decide to continue with the CASS contract, I know that's a little bit up in the air. It seems like we could reduce that down to 15. There's no really no problem.

EARLE: That was going to be my suggestion. Why leave it at 30? I would just leave it at 15 and be -- and be done. We have we have an option then.

KALIVIANAKIS: My suggestion is we don't pay it. We take it out of the budget. We're paying for something that's not used. It's an expensive for something that's not used. And looking into all the other options that MCSO is offering.

EARLE: Yeah. But for the -- my concern is that economic times are not necessarily improving for lower income folks, and having some sort of a solution for those that are not in a similar situations as we are lucky enough to be in, that it gives some sort of a safety net. It gives us the ability to offer something. And we do so much for so many other people in town, residents and so on, why not put something aside where we can at least offer some helping hand for a short period of time? So 30,000; 15,000; something in there? 15,000, I'll be supportive of that.

SOLDINGER: Gayle, I'm not against hearing what other options MCSO has got as well. So maybe we leave it at 15 and get those other options and we can always --

GOODWIN: We can still pull it.

SOLDINGER: We can still pull it -- yeah -- at budget time.

KALIVIANAKIS: Yeah. I'm just saying, you're actually spending that. That's what we're paying. You're saying that we could -- we could spend 50,000. But you -- you actually spent 15. But in the --

EARLE: I think we have that -- I think that contract's not up till next year -- next summer, right?

SOLDINGER: June 30th.

EARLE: June? Yeah. June 30th.

KALIVIANAKIS: But up to this point, no one's ever used it.

SOLDINGER: Right?

KALIVIANAKIS: So we spent 30, 45,000; is that it? Pardon me? It says in 2024 there was never an actual spent.

SOLDINGER: Yeah. We had a contract, Rick, that we did pay, whether we used it or not for the one.

KALIVIANAKIS: Yeah. The other one. But what I'm saying is -- we have very --

SOLDINGER: We're good right now until June.

KALIVIANAKIS: -- few homeless people that we are working with in our town right now, I believe, and nobody has wanted to go -- go there. So there you go.

EARLE: We're good -- we're good until next June.

KALIVIANAKIS: Right.

EARLE: I think we have time right now to get some other options from MCSO, find out what those are, and then we can always pull this at budget time.

SOLDINGER: We could have -- I can approach CASS and see if they'd be willing to just bill us on a resident by resident basis.

KALIVIANAKIS: That I would be more than happy to support.

EARLE: That's a great -- that's a great idea.

SOLDINGER: I'll do my best.

KALIVIANAKIS: Save this $50,000 $ insurance policy.

SOLDINGER: Yeah. I understand. I mean, no. It's a nuanced conversation, you know. It's an important topic. But we don't want to be wasting money either, one hundred percent. Rachel and I are on the same page as Council. We want to have services available. We want to make resources available, but we don't want to waste money frivolously. And that's why we're here today to discuss it.

KALIVIANAKIS: Pay as you go.

SOLDINGER: Yeah. So I'll approach them and see what they think. We'll see what they say. They might be able to do that, but not like reserve a bed for us, which might be a reasonable alternative for the town. So I'll look into that.

Anything else on any of the other line items? Any discussion or direction? Great. Thank you.

KALIVIANAKIS: Can I ask about the Boys and Girls Club? Do they get money anywhere else, or how do they -- how do they function? Is it just from the town? I know we did give them the building too, right?

GOODWIN: So keeping in mind that the Boys and Girls Club, the McKee branch, is part of the Greater Scottsdale Boys and Girls Club. So we're just one branch of the -- of the overall. So they do get funded through, you know, their participation fees or operational, you know, registration fees and things like that. They do get a number of other grants and things.

FRIEDEL: Donations too.

GOODWIN: Donations. I think the biggest thing we contribute to them is obviously they provide essentially after school care. Right. And that -- it prevents -- they are one of the few providers for after school care for school age kids. So this is our way of supporting that need in our community, as opposed to us trying to facilitate that. So they do it in lieu of us. But yeah. They have lots of other funding outlets, but they are a nonprofit at the same time, so I'm sure that they are -- they'd be happy to take as many donations as they as they can get -- they can get.

KALIVIANAKIS: Okay. It seemed like they needed more than that to survive.

GOODWIN: Yeah. I would think.

KALIVIANAKIS: That's good to know. Yeah. Thanks.

SOLDINGER: Before I turn it over, I know the Sister Cities are coming to the Council meeting on the 2nd to present what they've been doing with -- with the monies to the town Council. So look for that.

GOODWIN: Okay. The next up is everybody's favorite. It's a capital project preview. I want to be really specific and let you know these are not all of the capital projects. These are just a preview of a few of the -- a few of the ones we'd like to get some direction on. There are others that need to happen. They are continuations of other things. They're, you know, second year, third year of -- of multi-year projects. But there are a few that are coming -- that are coming down the pike that we'd like to get your input on so that we can either keep them in -- accurate -- do some more work on, or kind of put to outline years and not take the time and resources needed.

Kevin's going to walk through a few and then I think Justin has a few as well.

SNIPES: Correct. Alrighty. So our first one to talk about is Golden Eagle Park.

We share currently a lake with the golf course across the street, and that's where we get our irrigation water from for the park. In sharing a lake and a pump house with -- with another entity, it's not always the best practice for making sure you're able to do the things you need to do and control the things you need to control.

One of the big problems that we have is out of the lake, we pull Bryozoa out of the lake and their shells clog our sprinklers. That's a sprinkler filter there. In Golden Eagle Park, we have around 300 sprinklers. And so when that comes through and clogs 300 sprinklers, you can imagine how much time that that takes for cleaning out. We do a treatment to our lines to help treat for that. But it still creates quite a lot of havoc in the park around the June, July, August time frame when we need to do a treatment for it.

Other things that we found is -- is just in general, there being different philosophies on -- on how the pump house should be run. There's a rental fee that we pay for -- for the -- for the pump house. And we've been looking into doing this for years. Right now we're at about 13,000 a year for the -- for the rental of the space.

We have had conversations with the sanitary district. The red line there that you see running through the parking lot is a sanitary line that feeds the lake across the street. And we've come up with a way that we could tap into that line and set up our own pump house over near the basketball courts there, as you can see, so that we could have an in-ground tank, which would eliminate the ability to -- to have Bryozoa or other infestations and make it to where we wouldn't have ongoing issues with our water. The other thing that it provides is our ability to be able to use any of the chemicals that we need to use with reclaimed water so that we would get better yield out of our turf and our plans that are at the park.

KALIVIANAKIS: What is Rissoa?

SNIPES: It's a snail that gets into the water of the lake, and then we pump it into our irrigation system. And so that's what you're looking at in that picture is what the snail looks like.

KALIVIANAKIS: Just smooshed -- that's smooshed.

SNIPES: That's what happens when they shed their shells.

KALIVIANAKIS: And then that blue area where it says pump house and water tank, is that what you'd want to put the --

SNIPES: That's correct.

KALIVIANAKIS: -- the thing. You just tie off there.

SNIPES: That's we're -- I mean, to put it.

KALIVIANAKIS: Okay.

SNIPES: We have main lines that run through that general area. And we think that we could get with a design team to help figure out exactly what our best route would be to run it. But we have a looping system that's in the park so that we could easily tap into it there and do it as cheap as possible.

EARLE: Kevin, am I wrong in thinking that the Sanitary District has given a preliminary support of this project?

SNIPES: Yeah, we've talked to them about it and they are -- we found a way that we -- we can set this up so that it would be successful.

WATTS: So right now, we're getting -- we store our water as part of Sunridge Canyon's storage area?

SNIPES: Uh-huh. Correct.

WATTS: Similar to the --

SNIPES: Yeah, to the lake across.

WATTS: -- that lake that's across the street. All right.

SNIPES: Correct.

WATTS: And so whatever feeds that lake, which is sanitary or the sanitary district's water, we're going to tap off of that?

SNIPES: It's the same water, yes.

WATTS: And we'll meter it separately so we know what's going in?

SNIPES: Exactly.

WATTS: And then treat accordingly for the salt containment and that sort of thing and --

SNIPES: Correct.

WATTS: And just as an FYI, I'm not so sure servicing a sprinkler head with wire strippers is the smartest thing I've ever seen.

SNIPES: That's just pulling out the filter.

WATTS: I understand.

GOODWIN: I want to articulate a little bit, and I -- Kevin and I have gone through this recently, which is why it's on top of mind is there's a challenge. Again, any shared resource, there's always different viewpoints because obviously, their priority is the golf course and their user experience of the golf course. Our priority, of course, is the park and they have different needs and different demands. And it has been -- there have been some challenges especially because there's a shared resource in terms of utilities as well. And you know, the electric, the water, et cetera, and there's a lot of challenge as to saying what portion of the electric and water are ours.

And we've done our due diligence and have the right systems in there to sort of parse it out and make sure that we're -- what we're reporting is accurate. And yet there still continues to be challenges that it's faulty or misfunctioning or whatnot. We've got the sanitary district involved. We've had meters on. There is simply a disconnect as to how the shared facility can and should be used. Over and above the fact that when you have control over the water, you can treat better and you can target the specific needs of the park.

Again, we can't use fertigation systems in there. We can't treat for the Rissoa from there. They have specific prohibitions on things that we can or cannot do in the shared pump house. So this gives us a lot more leverage to better treat our park.

MAYOR FRIEDEL: It gives us control and --

GOODWIN: It does.

MAYOR FRIEDEL: -- and we're paying $13,000 a year in rent. What do you estimate the cost to be on the new project?

SNIPES: I'm not sure at this time. This is preliminary to see if you guys --

MAYOR FRIEDEL: I'm interested because I think we could pay it back with the rent being gone. And also, the big thing is no aggravation. We deal with our own water, our own way, and we can take care of what we need to take care of.

GOODWIN: Exactly. And I think it also will pay dividends. And what you see in the park, the turf, you know, management, all of the other pieces of that will continue -- will support that too.

SNIPES: Yeah.

MAYOR FRIEDEL: And you've got electric close enough to that you can tap into, right?

SNIPES: Correct. Yeah. The other big thing is, you know, when you have an exposed lake, the water evaporates off, the salt stay behind. We've talked about that with Fountain Park being a huge problem. It happens in smaller lakes too. So by having this be in an enclosed tank, we minimize that substantially to where that -- we are actually getting the best quality water that we can get from the sanitary district to use our park.

WATTS: Yeah, I think I'm going to be I'm absolutely a supporter of it. I think regardless of -- not regardless of the cost, but we'll get more benefit out of it than it will cost us, so. I'm a supporter.

SNIPES: Okay. Thank you. We'll move forward with that one then.

The next one is the fun one. For the Fountain Park Lake liner design, we've talked about this several different times about wanting to get knowledge on paper to where that we can make sure that we're making the best choices possible when we do it. So this is in 2000 when they did the lake liner replacement. As you can see, it's no small task. And the bigger factor to me is making sure that we're prepared when we go to do it. There's a lot of things that were done on the first time they did it where it was rushed. It was, you know, the town had just gotten the lake and immediately found out that it was leaking. And so they had to jump on to getting it repaired as quickly as possible. So they didn't have the time that we are, right now, have the luxury of having, and that's our lakes not leaking right now.

We don't have any issues with it, but we could get this planned out. And with having the Black & Veatch study that was done, we have a lot of knowledge there. And in getting with a designer to figure out exactly what to do, things like that middle picture where they dumped all the sludge out on the turf. You want to know why we're still not growing grass in some areas of the park.

UNIDENTIFIED MALE: Covered with concrete.

SNIPES: That's why. So the salt levels that were in the sludge was astronomical. And even when we went in and we put the new shade structure next to the splash pad, that was another area. They dumped all their sludge and about 6 feet underground, it was still a black layer of sludge that was left behind. So we don't want to do that at all. It was their best solution at that time. We can do better than that. Making sure that the base repairs are done where there's cracks or anything like that. Once we get into it, we want to make sure that we get those repairs done before we put back in another liner. The cracks and heaving and anything like that that we do find, which we didn't find any issues like that when we had Black & Veatch here and was doing the, the underwater study on the lake itself, but more than likely there'll be some here and there that we're going to have to do, so we want to kind of have a, an idea of, of what we want to expect for that.

And then finally, the environmental factors of fish, turtles, bald eagles, bobcats, everything else that we have around here that use the park as a wildlife refuge, we want to make sure that we're cautious of that as well, and that we're doing the best we can to turn this around as quickly as possible to have a minimal effect. The other major factor is when the lakes -- if there's no water in the lake, there's less reason for tourism to come. And if there's odor issues with the sludge that we're pulling out, there's less issues for people to come. And as Paul will tell you, that's bad for business.

So what we really want to make sure is that we turn this around as quickly as possible, but get the high quality product that we need. And what we don't know yet is there's several different ways that Black & Veatch throughout that we're different ways to do it. And so now is the time to kind of dive into that further and see which one has the best cost to quality product that we need moving forward. So with that, we're looking to just get a design done so that we can start to plan and figure this out. And again, this is one where it's a pretty big project, so there is a substantial amount said a million was put in.

BRENNEMAN: Yeah. So a lot of numbers have been discussed, but I know discussing with the town manager, we're thinking asking counsel for a million next year to start the design process is more like planning. Finding experts that can, whether it's in Arizona or nationwide or wherever, that can help us put together the best plan for the town. So it's more of an initial step towards design. It's not going to be the full design maybe not, maybe it is, I don't know. We just don't know. But just giving us $1 million to be able to start the process and start putting the design to moving forward.

SNIPES: When we did the Black & Veatch study, I was fortunate enough that I was able to get ahold of a lot of different experts. And so getting them back now versus in five or ten years when they may not be around anymore could potentially be easier to get more information out of those same people as well. You know, I spoke with the person that works out at the Palo Verde nuclear power plant. And you know, being able to pick those brains and see how they do things versus how we're going to do it, I just think that it's critical to get this plan in place so that we're ready when the time does come.

WATTS: So when you look at to engage for a plan that million dollars, I assume that's going to include the federal EPA, the Arizona Department of Environmental Quality, all of those, because what --

SNIPES: It is involve.

WATTS: -- wasn't an issue 20 years ago, that sludge may be an issue today.

SNIPES: Absolutely.

WATTS: You know, not only the removal, but the containment and the disposal all of those things.

SNIPES: We're going to get rid of that.

WATTS: So we're going to do cradle to grave --

SNIPES: Yep.

WATTS: -- in the design aspect options to look at how to phase it in or do it in total?

SNIPES: I want to have it be a full playbook where we go ten years from now, 20, 30, 40, 60 years from now when we have to do it, we can go. This is our plan. This is what we're going to do. Let's roll and we'll be ready.

WATTS: Thanks.

SNIPES: We're good with that. Okay.

Our next one here is a project that we've been working on for at least three years now, maybe four. Kiwanis came to me and said that they had some money that they were willing to help put in a bike park for the smaller kids to learn how to ride on. And we've been looking for a spot and looking for a spot. And we looked at schools, we looked at parks. We went through a whole bunch of different ideas. This year, I kind of came up with this spot, which is right next to the pump track and the skate park that's existing, which I think would be great. We'll connect the two across the sidewalk there. But getting it to where that our less talented skill wise kids can learn how to ride a bike safely, which is great for our streets and for our other parks as well. And their donation is 100,000. We're looking to match that with another one hundred to where that we can have it be a good quality park for the smaller kids. This is just a rendering of the idea that we're looking into but giving them lots of little skill sets to help improve their, their writing quality.

KALIVIANAKIS: Does this include areas that are covered for the parents to sit and watch the kids?

SNIPES: So that's one of the great things about this location. There's just below the track. There's a Ramada and then up by the playground, we just put in a new Ramada there with the blue top. And so they'll actually be spots on both ends of the track to have that.

WATTS: And then you said provide services for less skilled children. Is this going to include instruction too or just paying for the track?

SNIPES: This is just for the track. Uh-huh. As far as instruction, that would be through --

if we wanted to do any classes like we have classes where we teach kids how to skate and that works out really well where we take -- where we have smaller kids that have never ridden the skateboard and want to learn how, and we run them through a class to teach those skills.

KALIVIANAKIS: I think the Kiwanis in the past have done bike safety days. And you know, they've done like volunteer programs where you can come out and they will teach you how to pump up your tires, you do different things, make sure you have reflectors on your bikes, things like that. I could definitely see them utilizing the space as a community service type thing.

SNIPES: Yeah.

WATTS: Those little green circles, what are those in the path? What is that? Is that a tree?

SNIPES: It's just -- so it's like a technical skill area where they'll have either things that are turning or bumpy or.

WELDY: (Indiscernible) or something.

SNIPES: Yeah. Exactly.

KALIVIANAKIS: Oh, fun. Okay.

SNIPES: Any other questions on that? Absolutely. Yeah. And then you could donate a dollar for any kids that pass you on the bike path. Does that work or I'm just kind of feeling this out?

WELDY: No, a dollar on the contract.

SNIPES: Yeah, I remember. I seen you. So are we good with moving forward on that one as well? Okay. Thank you.

Then this one's -- with our third year at the linear park, we're looking at -- we've had -- since we put the shade structure at the other end, we've gotten lots of requests to do one on the west half as well. This would be right outside of the parking lot for MCSO. The first fountain on this side and doing one that's similar to the other one. It's gotten lots of use already. When it was interesting going out on Wednesday to see the farmer's market going on and we've moved -- we've added some picnic tables to this spot, and seeing the people sit all the way to one end, squished on top of each other, trying to get the shade from one of the trees that's there was definitely an eye-opening vision of seeing how much it is needed. And it's definitely created a different space where people are hanging out a lot more on the avenue in those spots.

KALIVIANAKIS: So you're just asking to go forward. So you're going to bring us a design --

SNIPES: Uh-huh.

KALIVIANAKIS: -- because I know there was some people that don't like the metal circle hole on the other one. Just interesting.

SNIPES: I am not -- heard from anyone, so.

KALIVIANAKIS: You haven't heard that from anyone. Is he joking?

SNIPES: No, not at all. I mean, no one's -- like what --

KALIVIANAKIS: Well, I did.

SNIPES: What happened is how much they like seeing the shadow, the actual sunspot that's on the ground.

KALIVIANAKIS: Well, that's not true, because I did talk to you about that, or maybe it was you. And I've heard that from other people, too, so. Didn't like the way that looked, so. There you go. That's it.

SNIPES: We're probably in the same ballpark as we were on the other one, around 200, 250. It's a little bit smaller, so I'm hoping it'll come in a little under, but.

MAYOR FRIEDEL: Will it affect any of the Christmas display that goes up?

SNIPES: Absolutely not.

MAYOR FRIEDEL: Okay. And I see are there two smaller shade structures there now?

SNIPES: Yes, there are. Yep. Same as what there was on the other one.

MAYOR FRIEDEL: Will those be removed or will those be --

SNIPES: Those will be removed.

WATTS: Can we eliminate the roundabout at the same time?

SNIPES: You want to put a shade over that?

WATTS: Not that I've got an opinion, but yeah. Put a shade structure over the roundabout. Oh, my God.

WELDY: I guess for me, I have no problem going forward. I'm not sure if we're going to get the support, but if you want to proceed, get renderings and estimates, I got no problem with that.

WATTS: I think of anything that sells. It's going to be the uniformity --

SNIPES: Yeah. That's --

WATTS: -- from the other end to this end.

SNIPES: That's the way I look at it. It needs to be complementary to the one that's already --

WATTS: Well, let's see where we're at as far as budget, and then we can always say yay or nay, but.

SNIPES: And this is one that's planning on -- so we have 200 that we did over the multi-year. So that's already planned to be in. And then whatever's over that, we were planning on using development fee funds to cover to try and bridge that gap. So we're not needing to get more money out of that.

WATTS: Let's see what we've got and --

SNIPES: Yeah.

WATTS: -- make it a little more public than we did last time. So that --

SNIPES: It was -- that was --

WATTS: Not that there were any complaints.

SNIPES: -- very, very public last time.

WATTS: Well, in the eyes of the certain people, it wasn't, so. Yeah. I'm just saying.

SNIPES: That's it for me. I'd love to, but.

WELDY: How's everybody this afternoon? I'm the closer. I have 155 slides. We should be out of here by dinnertime. So what we're going to discuss, and I have a PowerPoint with about six sheets, if you'd like to see it. But what we're going to discuss are the roofs on the town hall campus buildings. We've had numerous discussions about this in the past. We know that we have some discrepancies in regards to the different types of construction and material that were used as part of the original construction. Council approved a firm to come in and do an evaluation of them. That included observations to look at the roofs and all the different types of material, and a destructive analysis where they drilled holes in it and looked at all the different compositions.

We've brought back to you the results of that and the recommendations in the past few weeks and months, since the last time we've discussed this. It has been proposed to us by the professionals that we really focus on using the recoding. We've agreed to that internally after discussions with the town manager. Currently, they are scheduled to come out and do some adhesion testing on the three different buildings in several different locations. That's really where we're at. And so we just want to bring you up to date with that and remind you that we had already received permission to get to this point, and we are certainly willing to answer questions.

I'm limited on that because it's not my specialty, but we have the facility supervisor here. He is far more qualified and very professional to answer any of the technical questions. We had hoped by this time, but we do not have it yet, to have some estimates for each one of the campus buildings in regards to the cost for this recoding, but we do not have that at this time.

GOODWIN: So again, this is a preview of -- well, we were hoping to have an actual cost to kind of prepare you for the number that's coming in for the roof repairs, but it will be in the CIP budget as an ask for the next fiscal. Is that accurate, Justin?

WELDY: That is correct.

GOODWIN: Well, do you anticipate that we'll be able to do all three-town hall camp or town campus buildings in one fiscal, or will we need to stagger them, do you think?

WELDY: That's a challenging one to address right now simply because of -- and I've said this before, there's no convenient time for construction, and roof construction is included in that. And even if you're just doing a recoating, it can be very disruptive to the use of the facility. And there are going to be limitations. And again, I'm starting to get out of my wheelhouse here in regards to temperature fluctuations and what will and will not be appropriate in regards to highs and lows. We're not yet at that point.

Ideally, one contractor run through all of them and get it all done, and then we're done in a timely manner. But I'm not able to give that commitment right now.

WATTS: Justin, do you know offhand if the consultant that did the review and the coring. Did they do a structural analysis, and if so, what kind of a wait are you inducing by just doing a coating? Do you have any idea what that? How many additional pounds per square foot or yard?

WELDY: Council member, they certainly have a structural engineer working for them, and I'm not certain that they're at that point right now, since the type of material that's going to be used has not yet been selected. But as part of their analysis and their recommendation, we will ensure that they have addressed that question.

WATTS: Thank you.

GOODWIN: Any concerns with us moving forward with that project?

MAYOR FRIEDEL: I say move forward. We need to get those roofs.

EARLE: My only concern is for the workers. You don't do it in the summer.

WELDY: We appreciate those. Well, we've got 4.5 hours, so what would you like folks like to do? That's all I have on the roofs. Thank you for your time.

GOODWIN: All right. The final item is really about the wrap up of the priorities. So I think we've gotten through the staff presented items. Is there anything from the council that you would like us to see or concerns or approaches to the budget as we get ready to initiate this next year budget process? I'm not hearing anything. Okay.

There was one -- I will I understand that Councilman Skillicorn is not here, but he has indicated his continued desire for us to have a St. Patrick's Day parade. Is there any support for that? Okay. All right. Going once. Going twice. We will -- you will see just kind of as a housekeeping. You'll see -- Paul has already come up with our schedule for the budget process. We'll be returning back in February where we'll do the final kind of workshop, introducing certain items, kind of getting final feedback. That is the rule -- that at that point, we are about six weeks away from adoption and moving through, so that's really the last time we really get into the weeds on things. We will do a separate meeting workshop, just specific to CIPs, where we'll go through all of them not just the ones that you saw here today, but all of the other ones that will be coming down as well. So that schedule is out and ready to go for the new year; is that right?

BRENNEMAN: Yes.

GOODWIN: Okay.

BRENNEMAN: It's on our website. I can also email it to the Mayor and council as well.

GOODWIN: Okay. Did you have any other final items?

BRENNEMAN: No. Just happy -- are we on schedule?

GOODWIN: We are very on schedule. I'm very impressed. Exactly.

BRENNEMAN: We'll make it through another retreat.

GOODWIN: All right. Mayor, you can take a motion to adjourn if you'd like.

MAYOR FRIEDEL: All right. Can I get a motion to adjourn?

WATTS: Motion to adjourn.

ALL: Second.

MAYOR FRIEDEL: Motion second. All in favor?

ALL: Aye.

HAVING NO FURTHER BUSINESS, MAYOR GERRY M. FRIEDEL ADJOURNED THE WORK SESSION OF THE FOUNTAIN HILLS TOWN COUNCIL HELD ON NOVEMBER 12, 2025, AT 1:51 P.M

APPROVED:

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GERRY FRIEDEL, MAYOR

ATTEST:

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BEVELYN BENDER, TOWN CLERK

CERTIFICATION

I HEREBY CERTIFY THAT THE FOREGOING MINUTES ARE A TRUE AND CORRECT COPY OF THE MINUTES OF THE WORK SESSION COUNCIL MEETING OF THE TOWN COUNCIL, FOUNTAIN HILLS, ARIZONA HELD ON NOVEMBER 12, 2025. I FURTHER CERTIFY THAT THE MEETING WAS DULY CALLED AND HELD AND THAT A QUORUM WAS PRESENT.

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BEVELYN BENDER, TOWN CLERK