



**NOTICE OF WORK SESSION (BUDGET RETREAT) AMENDED
OF THE TOWN COUNCIL**

Mayor Gerry M. Friedel	
Vice Mayor Allen Skillicorn	Councilmember Hannah Larrabee
Councilmember Gayle Earle	Councilmember Peggy McMahon
Councilmember Brenda J. Kalivianakis	Councilmember Rick Watts

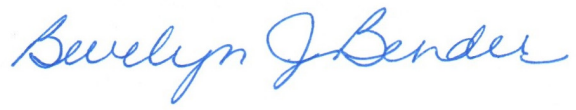
TIME: 8:30 AM - WORK SESSION (BUDGET RETREAT) AMENDED
WHEN: TUESDAY, FEBRUARY 24, 2026
WHERE: FOUNTAIN HILLS COUNCIL CHAMBERS
16705 E. AVENUE OF THE FOUNTAINS, FOUNTAIN HILLS, ARIZONA

Councilmembers of the Town of Fountain Hills will attend either in person or by telephone conference call; a quorum of the Town's various Commission, Committee or Board members may be in attendance at the Council meeting.

Notice is hereby given that pursuant to A.R.S. §1-602.A.9, subject to certain specified statutory exceptions, parents have a right to consent before the State or any of its political subdivisions make a video or audio recording of a minor child. If a child is present at the time a recording is made, the Town will assume that the rights afforded parents pursuant to A.R.S. §1-602.A.9 have been waived.

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. WORK SESSION AGENDA**
 - a. **PRESENTATION:** FY2027 Revenue Outlook and Budget Implications
 - b. **PRESENTATION:** Road Paving — Ongoing Revenues and Future Funding Options
 - c. **PRESENTATION:** Street repairs related to potholes and small asphalt repairs
 - d. **PRESENTATION:** Fire Department Overtime Issues & Personnel Request
 - e. **PRESENTATION:** Fountain Park Lake Liner Replacement Design
 - f. **PRESENTATION:** River of Time Museum and Exploration Center Lease Agreement
 - g. **PRESENTATION:** Community Contracts Overview - Update
 - h. **PRESENTATION:** Leases of Town Owned Properties and Land
 - i. **PRESENTATION:** Downtown Updates
 - j. **DISCUSSION:** Wrap-up of priorities
- 4. ADJOURNMENT**

Dated this 19 day of February, 2026.



Bevelyn J. Bender, Town Clerk

The Town of Fountain Hills endeavors to make all public meetings accessible to persons with disabilities. Please call (480) 816-5100 (voice) or AZRelay 7-1-1 the Thursday prior to the meeting to request reasonable accommodation.



TOWN OF FOUNTAIN HILLS

STAFF REPORT

Meeting Date: 2/24/2026
Meeting Type: Town Council Work Session (Budget Retreat) **AMENDED**
Submitting Department: Administration / Finance
Prepared by: Paul Soldinger, Chief Financial Officer
Staff Contact Information: Phone: 480-816-5160
Email: psoldinger@fountainhillsaz.gov

Request to Town Council Regular Meeting (Agenda Language)

PRESENTATION: FY2027 Revenue Outlook and Budget Implications

Staff Summary (background)

Finance staff will provide an overview of FY2027 initial revenue projections, discuss possible legislative impacts, and discuss other budget implications such as the MCSO Law Enforcement costs and recommended annual general adjustment for staff pay.

Related Ordinance, Policy or Guiding Principle

N/A

Risk Analysis

N/A

Recommendation(s) by Board(s) or Commission(s)

N/A

Staff Recommendation(s)

N/A

Suggested Motion

N/A

FISCAL IMPACT

Fiscal Impact:

Budget Reference:

Funding Source:

ATTACHMENTS

- | |
|---|
| 1. FY2027 Revenue Outlook and Budget Implications |
|---|

February 24, 2026

FY2027 Revenue Outlook & Budget Implications

Paul Soldinger, Chief Financial Officer



FY2027 Revenues Discussion



**FOUNTAIN
HILLS**



Budget Timeline

FY2027 Budget Milestones



- Initial Revenue Projections completed – 1/6/2026
- Departments submitted supplemental requests to Town Manager– throughout January 2026
- Council Retreat – Today (2/24/2026)
- Budget Open House – 3/11/2026
- Capital Improvement Plan (CIP) Work Session – 3/24/2026
 - Council provides direction on CIP and funding for projects

Budget Timeline

FY2027 Budget Milestones



- Proposed Budget Work Session – 4/14/2026
 - Council discusses proposed budget and provides direction for Tentative budget the following month
- Tentative Budget Adoption – 5/5/2026 Regular Meeting (Public Hearing)
 - Tentative Budget sets the **maximum** amount the Town may budget for FY2027
- Final Budget Adoption – 6/2/2026 Regular Meeting (Public Hearing)
 - Council considers adoption of final budget for FY2027 Town operations

Revenue Projections

Initial FY27 Revenue Projections

- Transaction Privilege Tax (Local Sales Tax) Revenue Projections by Category
 - Intentionally conservative to reduce risk
 - Projected increases of 3.0% across funds (2.1% in General Fund)

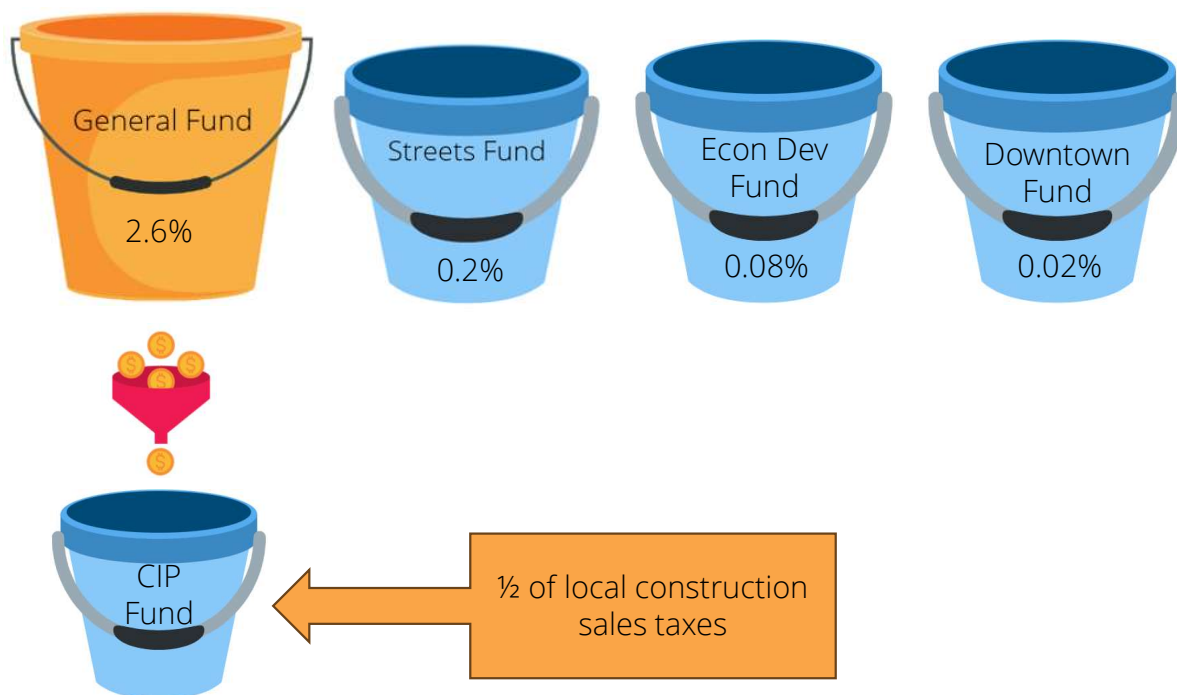


TPT Total Revenues	FY2025 Actual	FY2026 Projections	FY2027 Projections	\$ Change from FY2026	% Change from FY2026
TPT Category					
Construction	\$ 2,971,838	\$ 2,376,414	\$ 2,722,303	345,888	14.6%
Utilities	1,723,779	1,695,247	1,721,065	25,817	1.5%
Retail	\$10,604,441	10,260,360	10,306,400	46,040	0.4%
Restaurants/Bars	1,413,481	1,309,217	1,364,582	55,365	4.2%
Real Estate	970,416	681,444	632,545	(48,899)	-7.2%
Services (Leisure & Tourism)	2,466,878	1,691,040	1,801,954	110,914	6.6%
Other	40,438	0	0	N/A	N/A
Total Actual/Forecast Revenues:	\$20,191,270	\$18,013,723	\$18,548,849	\$ 535,126	3.0%

Revenue Projections - Splits

Local Sales Taxes – Split Revenues

- 2.9% local sales tax rate applied to almost all categories collected for in-Town purchases, based on past Council approvals to split revenues

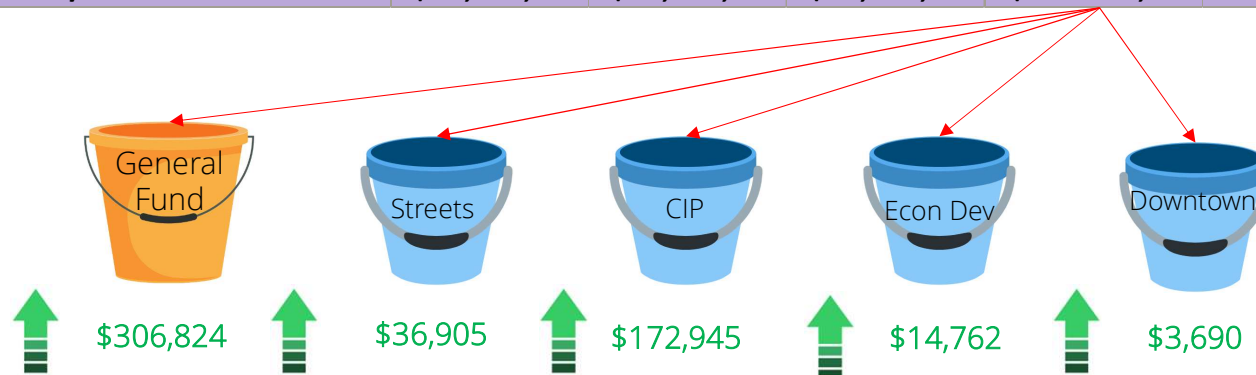


Revenue Projections

Initial FY27 Revenue Projections



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Revenue Splits

Local Sales Taxes - Split Revenues

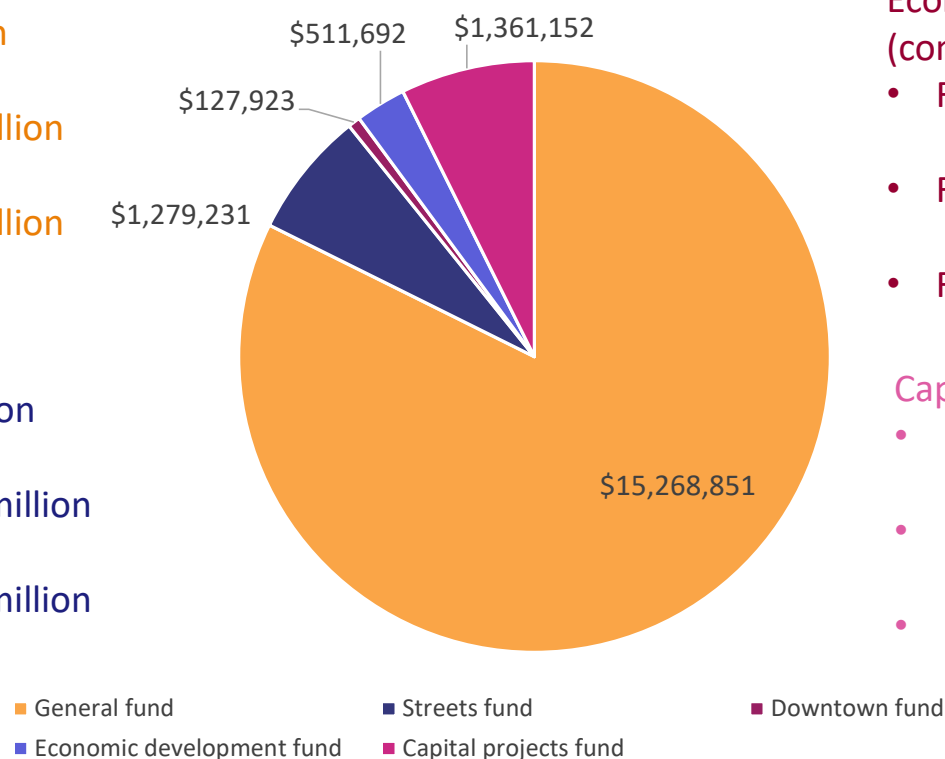
General Fund:

- FY25 actual: \$16.6 million
- FY26 projected: \$15.0 million
- FY27 projected: \$15.3 million

Streets fund:

- FY25 actual: \$1.40 million
- FY26 projected: \$1.24 million
- FY27 projected: \$1.28 million

Local Sales Tax – FY27 Initial Projections*



Econ/Downtown funds (combined):

- FY25 actual: \$696k
- FY26 projected: \$621k
- FY27 projected: \$640k

Capital projects fund:

- FY25 actual: \$1.49 million
- FY26 projected: \$1.19 million
- FY27 projected: \$1.36 million

*Based on past Town Council Ordinances

Revenue Projections

Initial FY27 Revenue Projections – General Fund



General Fund Revenues	FY2025 Actual	FY2026 Projections	FY2027 Projections	\$ Change from FY2026	% Change from FY2026
Revenue Source					
Sales Tax Revenues	\$ 16,616,599	\$ 14,962,027	\$ 15,268,851	306,824	2.1%
Franchise Tax/Fees	334,101	350,000	325,000	(25,000)	-7.1%
State Shared Revenues					
<i>Urban Revenue Sharing (Income Taxes)</i>	5,022,719	4,698,139	4,931,976	233,837	5.0%
<i>Sales Tax Revenues</i>	3,622,681	3,639,515	3,618,015	(21,500)	-0.6%
<i>Fire Insurance Premium Taxes</i>	95,892	75,000	330,000	255,000	340.0%
Licenses & Permits	952,127	876,787	855,170	(21,617)	-2.5%
Leases & Rents	368,171	379,914	387,055	7,141	1.9%
Charges For Services	278,368	260,000	275,000	15,000	5.8%
Fines & Forfeitures (Municipal Court)	214,389	210,000	300,000	90,000	42.9%
Investment Earnings	616,693	348,507	294,941	(53,566)	-15.4%
Other	356,642	252,000	215,000	(37,000)	-14.7%
Total Revenue Source:	\$ 28,478,382	\$ 26,051,889	\$ 26,801,008	\$ 749,119	2.9%

Revenue Projections

Initial FY27 Revenue Projections – Streets Fund



Streets Fund Revenues	FY2025 Projections	FY2026 Projections	FY2027 Projections	\$ Change from FY2026	% Change from FY2026
Revenue Source					
Sales Tax Revenues	\$1,392,501	\$ 1,242,326	\$ 1,279,231	36,905	3.0%
State Shared Revenues					
<i>HURF</i>	1,889,802	1,890,627	1,928,886	38,259	2.0%
<i>Vehicle License Taxes (VLT)</i>	1,300,912	1,277,830	1,314,887	37,057	2.9%
Investment Earnings	595,071	191,193	121,544	(69,649)	-36.4%
Other	15,301	131,000	41,000	(90,000)	-68.7%
Total Revenue Source:	\$ 5,193,587	\$ 4,732,976	\$ 4,685,548	\$ (47,428)	-1.0%



Projected FY26 Ending Fund Balance = \$6.1 million

Revenue Projections

Initial FY27 Revenue Projections – CIP Fund



Capital Projects Fund Revenues	FY2025 Actual	FY2026 Projections	FY2027 Projections	\$ Change from FY2026	% Change from FY2026
Revenue Source					
Sales Tax Revenues	\$1,485,919	\$ 1,188,207	\$ 1,361,152	172,945	14.6%
Grant Revenues	20,055	2,190,750	978,250	(1,212,500)	-55.3%
Investment Earnings	498,270	170,000	176,077	6,077	3.6%
Other	74,381	0	0	0	N/A
Total Revenue Source:	\$2,078,624	\$ 3,548,957	\$ 2,515,479	\$ (1,033,478)	-29.1%



Projected FY26 Ending Fund Balance = \$8.8 million

FY2027 Possible Revenue & Other Budget Impacts



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Legislative Possible Impacts

Legislative Bills – Possible Future Impacts

- Food for Home Consumption – Local Sales Tax
 - HCR 2021 – Last Legislative Session – Will be on November 2026 statewide ballot
 - Would cap Town's food tax rate at 2.9%, if successful
 - HB 2839 – introduced this Legislative Session
 - SNAP eligible food items would no longer be taxable; examples of exemptions:
 - Fruit
 - Vegetables
 - Dairy, etc.

	<u>Actual Revenues</u>		
	<u>FY2023</u>	<u>FY2024</u>	<u>FY2025</u>
<i>Food Tax (TPT Code 62):</i>	<i>\$ 2,081,908</i>	<i>2,179,521</i>	<i>2,084,109</i>
Total Local Sales Taxes:	\$20,586,294	\$20,559,929	\$20,191,270
Percentage of Total Local Sales Taxes:	10.1%	10.6%	10.3%
Total Town Revenues:	40,931,231	40,201,766	38,340,244
Percentage of Total Town Revenues:	5.1%	5.4%	5.4%



Legislative Possible Impacts

Legislative Bills – Possible Future Impacts

- Retail Local Sales Tax – Remote Sellers
 - HB 2118 – current Legislative session
 - Current tax guidance requires taxes on remote sales to be paid to municipalities where the goods are delivered (e.g. a Fountain Hills resident ordering a new mattress from an online retailer will result in the Town receiving the taxes, if delivered to a Fountain Hills home)
 - HB 2118 would change the taxes owed to be based on where the distribution warehouse is located (e.g. that same mattress was delivered to a home in Fountain Hills from a warehouse based in Scottsdale – then, Scottsdale would receive the taxes)

	<u>Actual Revenues</u>		
	<u>FY2023</u>	<u>FY2024</u>	<u>FY2025</u>
<u>Remote Sellers (TPT Code 605):</u>	<u>\$ 1,520,558</u>	<u>1,730,864</u>	<u>1,849,537</u>
Total Local Sales Taxes:	\$20,586,294	\$20,559,929	\$20,191,270
Percentage of Total Local Sales Taxes:	7.4%	8.4%	9.2%
Total Town Revenues:	40,931,231	40,201,766	38,340,244
Percentage of Total Town Revenues:	3.7%	4.3%	4.8%



Legislative Possible Impacts

Legislative Bills – Possible Future Impacts

- Income Tax Conformity
 - SB 1106 – Vetoed by Governor; other proposals are being discussed at Legislature
 - Would impact State Shared Income Taxes (Urban Revenue Sharing) beginning in FY2028 (in two fiscal years)
 - Urban Revenue Sharing is projected to start increasing again in FY2027; any tax conformity measures may reduce those future projected increases

	<u>Actual Revenues</u>			<u>Projected</u>	<u>Projected</u>
	<u>FY2023</u>	<u>FY2024</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>
<u>Urban Revenue Sharing</u>	\$ 4,518,501	6,302,824	5,022,719	4,698,139	4,931,976
Total General Fund Revenues:	\$28,254,987	\$30,774,289	\$28,478,488		
Percentage of GF Revenues:	16.0%	20.5%	17.6%		
Total Town Revenues:	40,931,231	40,201,766	38,340,244		
Percentage of Total Town Revenues:	11.0%	15.7%	13.1%		

Budget Reductions – FY2027

MCSO Cost Notification Decreased

- FY27 MCSO cost notification noted lower retirement and overtime costs have offset market-based pay adjustments, resulting in another reduction to our contract



FY2026 MCSO
Contract
\$5.76M



FY2027 MCSO
Contract
\$5.69M



Law Enforcement cost reduction of \$68k for FY2027

Annual General Adjustment (AGA) Policy — FY2027 First Calculation

Policy adopted Sept. 9, 2025 (Town Council Work Session) | Presented Feb. 2026 using PMI + ECI data

1) Policy framework (adopted Fall 2025)

Formula (fixed 50/50 split):

$$\text{AGA} = (50\% \times \text{ECI}) + (50\% \times \text{PMI})$$

ECI = Employment Cost Index (BLS), measured Q4-to-Q4

PMI = Peer Market Index (League of AZ Cities & Towns salary survey, January release)

Council retains discretion to override the formula in extraordinary circumstances.

2) FY2027 calculation (first application)

Inputs available for FY2027:

PMI	League survey (Jan 2026)	4.26%
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ECI	BLS ECI Q4-to-Q4	3.40%
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$\text{AGA} = (0.50 \times 4.26\%) + (0.50 \times 3.40\%) = 3.83\%$ (rounded to 3.8%)

Recommended FY2027 salary adjustment: 3.8%

Note: Implemented as an across-the-board base salary adjustment; rounded to one decimal for payroll/budget administration.



TOWN OF FOUNTAIN HILLS

STAFF REPORT

Meeting Date: 2/24/2026
Meeting Type: Town Council Work Session (Budget Retreat) **AMENDED**
Submitting Department: Administration / Finance
Prepared by: Paul Soldinger, Chief Financial Officer
Staff Contact Information: Phone: 480-816-5160
Email: psoldinger@fountainhillsaz.gov

Request to Town Council Regular Meeting (Agenda Language)

PRESENTATION: Road Paving — Ongoing Revenues and Future Funding Options

Staff Summary (background)

Finance and Public Works staff will present current financial information regarding road paving efforts in the Town. This discussion will update the Council on the projected fund balance in the Streets Fund for FY2027, ongoing revenues and challenges continuing to maintain the current levels of spending, and future funding options. Future funding options include issuing bonds:

- **General Obligation bonds**, which are generally the lowest cost of borrowing:
 - Voter approval required
 - Establishes a new secondary property tax on residents annually until debt is repaid
- **Pledged Revenue bonds:**
 - Voter approval not required
 - Council could pledge/restrict future annual revenues until debt is repaid; or
 - Council could raise sales taxes to pay the debt annually

Staff will provide debt scenarios of \$11 million (over 10 years) and \$22 million (over 20 years), which are based on recent estimates to complete reconstruction projects for Fountain Hills and/or Palisades Blvd in the Town (about \$11 million to reconstruct each of these roads), which are two major arterial roads. The Council could also choose a debt scenario to apply to a selection of roads selected by the BOSS data compiled by Roadway Asset Services. Regardless, if the Town Council determines it would like to consider issuing bonds in the near future, staff recommends that the bond measures are specific.

Related Ordinance, Policy or Guiding Principle

N/A

Risk Analysis

N/A

Recommendation(s) by Board(s) or Commission(s)

N/A

Staff Recommendation(s)

N/A

Suggested Motion

N/A

FISCAL IMPACT

Fiscal Impact:

Budget Reference:

Funding Source:

ATTACHMENTS

- | | |
|----|---|
| 1. | FY27 Road Paving Funding Options - 2.24.2026 |
| 2. | Town of Fountain Hills Bond Election Slides Feb 2026(700722730.1) |

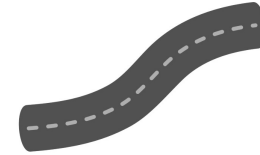
FY2027 Road Funding Options



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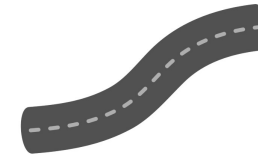


Road Paving Needs & Restrictions



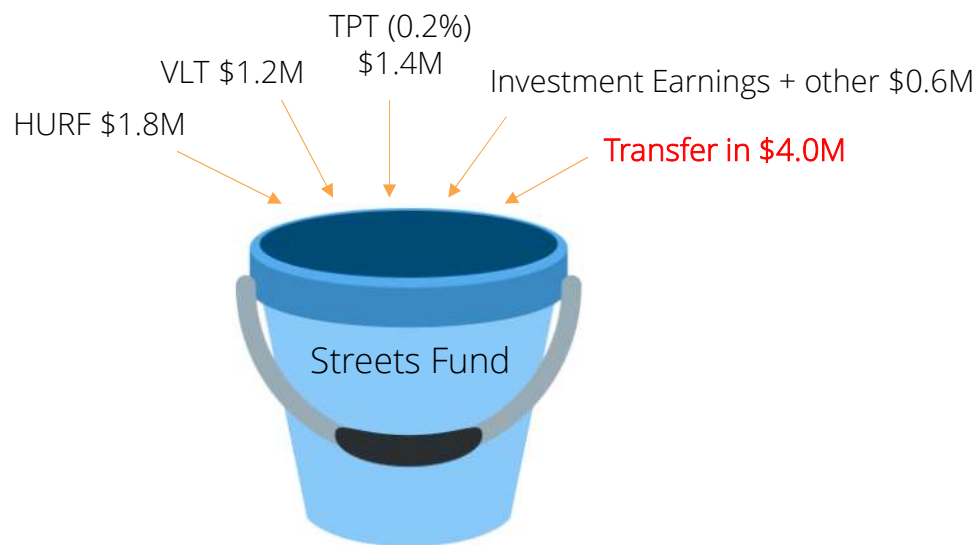
- Streets continue to be a topic of discussion
 - Town is spending about \$10 million on road projects this fiscal year:
 - Palomino reconstruction (capital project)
 - Richwood reconstruction
 - Thistle reconstruction
 - Other roads identified by BOSS data ([9/2/2025 Council meeting](#))
 - Based on previous discussions, Town roads need about \$30-\$50 million of additional roadwork (after \$10 million this year)
 - [New Town Dashboard](#) shows roadwork completed since 2019

Road Paving Needs & Restrictions



- Streets continue to be a topic of discussion
 - Town Council has continued making key decisions to put more funding into Streets Fund, including \$1.5 million this year
 - Finance projects that the Streets Fund will have about \$6 million at the end of this fiscal year (after completion of about \$10 million of road projects)
- Expenditure Limitation restricts Town from increasing spending
 - Town staff has taken steps to allow one-time higher spending in the FY2026 budget
 - Other options could increase near-term funding and spending, such as debt that goes out longer than one year
 - Spending debt proceeds and repayment of debt are excludable from the expenditure limitation

Streets Fund – FY25 Actual Activity



Total Revenues/Transfers \$9.2M

- Road Paving \$4.9M, and
 - \$0.7M for:
 - sidewalk repairs
 - concrete
 - striping, etc.
- Other Streets Needs \$1.7M (see next slide)

Total Expenditures \$7.3M

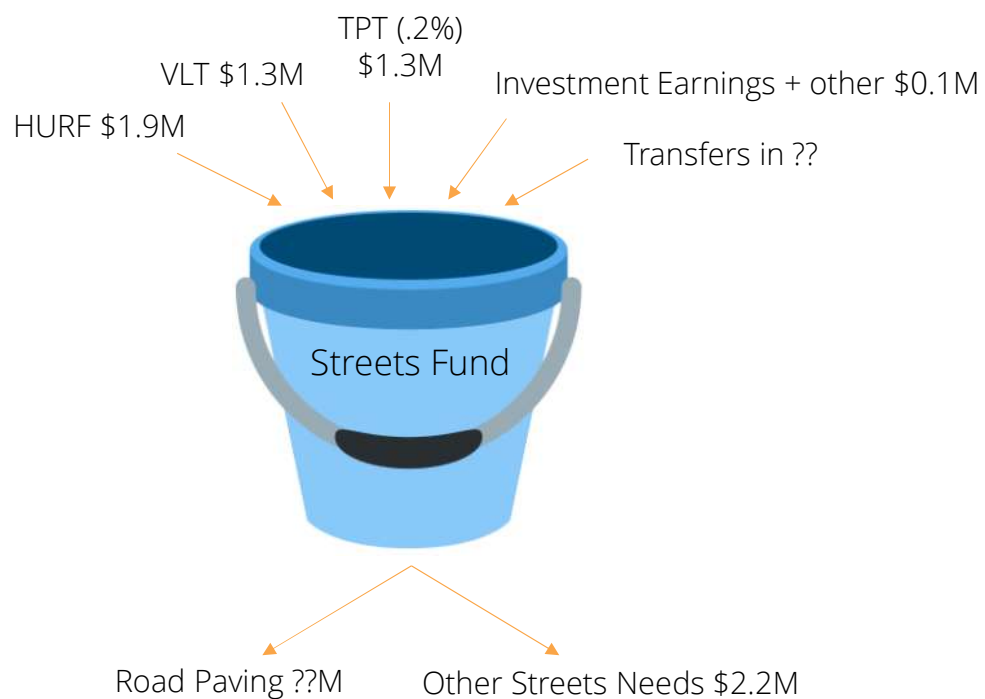


FY25 Actual Streets Fund – “Other Streets Needs”

- Streets Fund includes other expenditures:
 - Salaries & Benefits for Streets staff & other contractual services
 - About \$1.1 million annually
 - Rights of Way Maintenance
 - About \$500,000
 - Street Signs
 - About \$60,000
 - Street Vehicle Maintenance
 - About \$13,000



Streets Fund – FY27 Projected Revenues



Total Revenues/Transfers \$4.7M

Total Expenditures:

- \$\$\$ For Road Paving
- \$2.2 million for Other



Streets Fund – Ongoing Revenues



The Town has been able to budget more than this base amount because we have accumulated savings in our Streets Fund balance

Projected Streets Fund Balance and Situation



- About \$14M of transfers into Streets Fund over past 4 years have helped staff complete more roadwork (including about \$10 million this year)
 - \$6 million projected fund balance is about 15-20% of what's needed to complete all remaining road paving work.
- As discussed, the Expenditure Limitation restricts how much the Town can budget/spend each year
- Debt does not count toward Expenditure Limitation
 - Town can increase road spending
 - But, Town would pay interest on debt



Streets Fund – Expenditure Limitation

- Arizona Constitution and statutes require municipalities to spend below the expenditure limitation
- The Town's FY27 preliminary Expenditure Limitation set by the Economic Estimates Commission (EEC) is \$38.2M
- EEC adjusts Expenditure Limitation every year based on:
 - Inflation
 - Changes in population

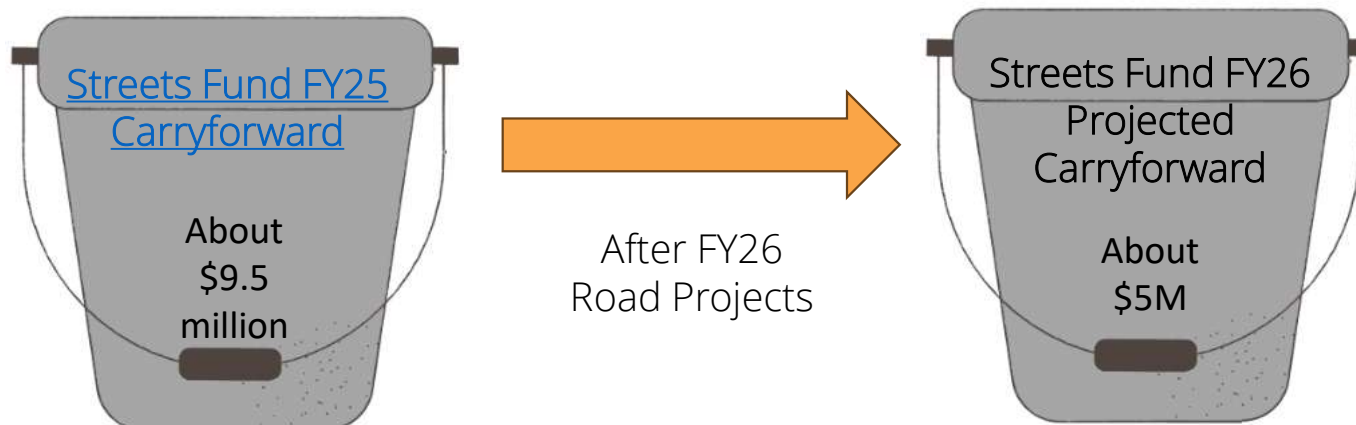


Streets Fund – Expenditure Limitation

- Council has authorized transfers of \$12.4M into Streets Fund from General Fund and Capital Projects Fund (FY23 through FY25)
 - Another \$1.5M has been transferred from General Fund in FY26
- Some revenue sources (exclusions) do not count towards expenditure limitation
 - Total budget can be higher, but must be below limitation after exclusions are considered
 - Unused excludable revenue can be banked, or carried forward to future years
- HURF is an excludable revenue of about \$1.8M per year and Investment Earnings are excludable
 - Staff re-evaluated past 3 years and maximized carryforwards for Streets Fund

Streets Fund – Expenditure Limitation

- Excludable Revenue Sources – Carried Forward
 - Highway User Revenues (Gas taxes) – about \$1.8M per year
 - Investment Earnings





Road Funding Options – What are bonds?

- A bond is a type of loan made by an investor to a borrower (or bond issuer)
- Bond issuers (e.g., the Town) pay principal and interest to investors
- Cities and towns across the country issue tax-exempt municipal bonds to finance capital projects (e.g., governmental facilities, infrastructure, etc.)



Road Funding Options – What are bonds?

- Arizona municipal bonds are typically repaid from utility revenues, excise tax revenues, or property taxes (general obligation or “G.O.”)
- Generally, the interest income on Arizona municipal bonds is exempt from federal income taxation, and exempt from Arizona income taxation
- Borrowing at “tax-exempt” interest rates enables Arizona cities and towns to have lower interest costs
- In some instances, issuers may also refinance, redeem or defease the bonds to restructure the payments, achieve savings, or pay off the debt early



Previous Town Attempts for Road Bonds

- 2011 GO Bond - Failed
 - For street/transportation-related purposes (**broad**)
 - \$29.6 million – Failed at Ballot (44% for the bonds)
- 2013 GO Bond - Passed
 - For transportation/street upgrades (including rebuilding Saguaro Blvd) – (**more specific**)
 - Up to \$8.2 million – Passed at ballot (about 67% for the bonds)
 - GO Bonds issued in FY2015 for \$7.6 million and repaid over 5-year period

Town of Fountain Hills - Road Funding Options for Council Consideration

GENERAL OBLIGATION BOND

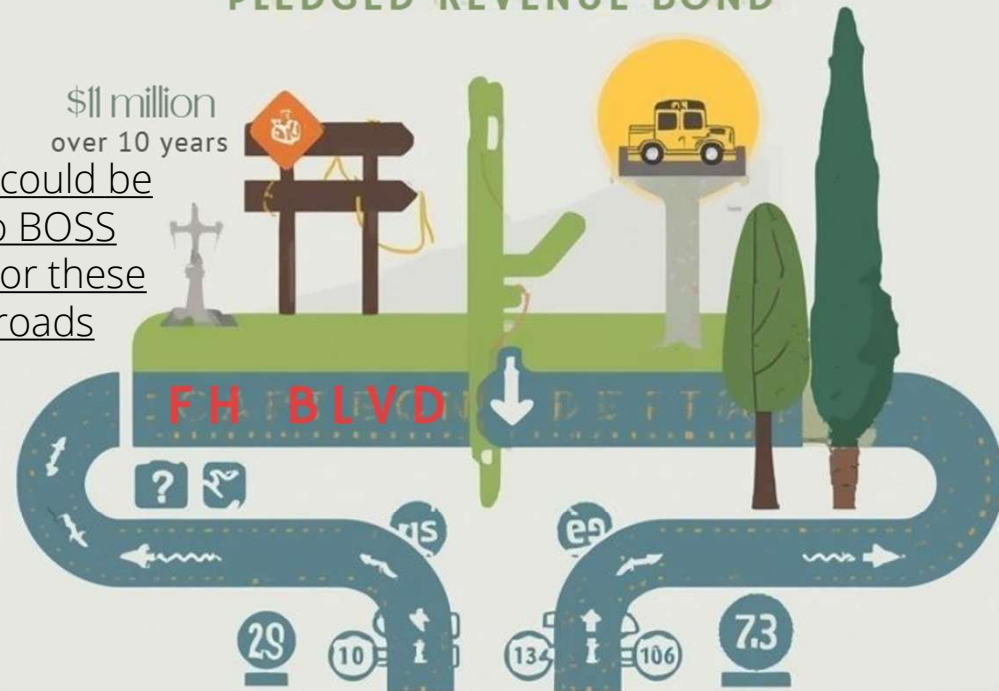


General Obligation Bond

Upon voter approval, the Town would levy a secondary property each year upon residents to pay off the debt until repaid.

\$11 million could be applied to BOSS data roads or these specific roads

PLEDGED REVENUE BOND



Pledged Revenue Bond

No voter approval needed. The Town would restrict future revenues to pay off the debt until repaid. Optional to raise sales taxes to pay off the debt (Council approval or optional voter approval).



Other Important Considerations

- [MAG includes Palisades Blvd \(between Shea Blvd to Saguaro Blvd\) in its future planned Prop 479 Phase IV projects](#)
 - **Between 2041 and 2046, MAG would pay for 70% of the Town's reconstruction costs, up to \$17 million**



Option #1

General Obligation Bonds

- Raises additional tax revenues to pay debt through secondary property tax levy
 - Town, by statute, will levy secondary property taxes to pay debt service on “new money” general obligation bonds (A.R.S. §35-458)
- Council approval required to proceed with election
 - Recommended election would take place in November 2027 – Special Election
 - Proceeds could be used starting in Fiscal Year 2028-29 (starting around July 2028)
- Typically, 15-25 years repayment period (10 or 20 years in our realistic scenarios)
- Very strong bondholder security: the borrower is obligated to levy property taxes in an amount sufficient to pay debt service. As a result, G.O. bonds are typically considered more secure than alternative bond types (e.g., revenue bonds), resulting in a lower interest rate for the issuer
- Proceeds and debt service payments do not count toward Expenditure Limitation

Option #1

General Obligation Bonds – Election Timeline



Town of Fountain Hills

Bond Election Timetable – November 2026 vs November 2027

This timetable compares placing a GO bond or GO-backed road bond question before voters in the November 2026 General Election versus a November 2027 Special Election.

Category	Nov 2026 – General Election	Nov 2027 – Special Election
Election Type	Statewide General Election	Town Special Election
Turnout	Higher	Lower
Cost	Lower (shared)	Higher (Town-funded)
Council Election Call	Early May 2026	Early May 2027
Publicity Pamphlet Final	August 2026	August 2027
Early Voting Begins	October 2026	October 2027
Election Day	Nov 3, 2026	Target Nov 2, 2027

Recommended timeline

Legal Authority: Arizona Constitution Art. IX §8; A.R.S. §16-204; A.R.S. §35-451-454

Option #1

General Obligation Bonds



- Per Arizona Constitution, the Town may only be indebted up to 26% of its net assessed full cash value
 - 6% category for general municipal purposes **About \$62M of borrowing capacity**
 - 20% category for “water, artificial light, or sewers, when the works for supplying such water, light, or sewers are or shall be owned and controlled by the municipality, and for the acquisition and development by the incorporated city or town of land or interests therein for open space preserves, parks, playgrounds and recreational facilities, public safety, law enforcement, fire and emergency services facilities and streets and transportation facilities” **About \$206M of borrowing capacity**

Option #1

General Obligation Bonds – Realistic Scenarios



TOWN OF FOUNTAIN HILLS, ARIZONA
Debt Service Requirements and Projected Impact on the Secondary Tax Rate
After the Issuance of \$11,210,000 of (Ad Valorem Supported) General Obligation Bonds

		\$11,210,000 General Obligation Bonds Series 2028 Dated: 4/5/2028				Additional	
<i>Fiscal</i>	<i>Projected Net Assessed Limited Property</i>	<i>Estimated</i>	<i>Coupon</i>	<i>Estimated</i>	<i>Debt</i>	<i>Est. Tax</i>	
<i>Year</i>	<i>Valuation (a)</i>	<i>Principal</i>	<i>Rate</i>	<i>Interest</i>	<i>Debt Service</i>	<i>Rate (b)</i>	
2026	\$649,988,612						
2027	682,488,043						
2028	716,612,445						
2029	752,443,067	\$775,000	5.000%	\$694,397	1,469,397	\$0.2056	
2030	790,065,220	945,000	5.000%	521,750	1,466,750	0.1954	
2031	829,568,481	995,000	5.000%	474,500	1,469,500	0.1865	
2032	871,046,905	1,045,000	5.000%	424,750	1,469,750	0.1776	
2033	871,046,905	1,095,000	5.000%	372,500	1,467,500	0.1773	
2034	871,046,905	1,150,000	5.000%	317,750	1,467,750	0.1774	
2035	871,046,905	1,205,000	5.000%	260,250	1,465,250	0.1771	
2036	871,046,905	1,270,000	5.000%	200,000	1,470,000	0.1776	
2037	871,046,905	1,330,000	5.000%	136,500	1,466,500	0.1772	
2038	871,046,905	1,400,000	5.000%	70,000	1,470,000	0.1776	
		<u>\$11,210,000</u>		<u>\$3,472,397</u>	<u>\$14,682,397</u>		

(a) The Fiscal Year 2025/26 is per the County's February Estimated Net Assessed Limited Property Value (NALPV) and is projected to grow at 5.00% in Fiscal Years 2027 through 2032 and 0% thereafter.

(b) Projected supporting tax rate per \$100 of assessed valuation. Projected tax rates assume 5% delinquent tax collections, do not include any adjustment for interest earnings, or an adjustment for rebate (if applicable).

- 10-year repayment period
- Assumes 5% coupon rate
- About \$1.47M payment per year
 - \$694k interest in first year
 - \$70k interest in final year
- \$14.7M of total debt service for \$11.2M bond

Option #1

General Obligation Bonds – Realistic Scenarios



TOWN OF FOUNTAIN HILLS, ARIZONA
Debt Service Requirements and Projected Impact on the Secondary Tax Rate
After the Issuance of \$22,335,000 of (Ad Valorem Supported) General Obligation Bonds

Fiscal Year	Limited Property Valuation (a)	\$22,335,000 General Obligation Bonds Series 2028 Dated: 4/5/2028				Additional	
		Principal	Estimated Rate	Coupon Interest	Estimated Debt Service	Debt Service	Est. Tax Rate (b)
2026	\$649,988,612						
2027	682,488,043						
2028	716,612,445						
2029	752,443,067	\$430,000	5.000%	\$1,383,529	1,813,529	\$1,813,529	\$0.2537
2030	790,065,220	715,000	5.000%	1,095,250	1,810,250	1,810,250	0.2412
2031	829,568,481	755,000	5.000%	1,059,500	1,814,500	1,814,500	0.2302
2032	871,046,905	790,000	5.000%	1,021,750	1,811,750	1,811,750	0.2189
2033	871,046,905	830,000	5.000%	982,250	1,812,250	1,812,250	0.2190
2034	871,046,905	870,000	5.000%	940,750	1,810,750	1,810,750	0.2188
2035	871,046,905	915,000	5.000%	897,250	1,812,250	1,812,250	0.2190
2036	871,046,905	960,000	5.000%	851,500	1,811,500	1,811,500	0.2189
2037	871,046,905	1,010,000	5.000%	803,500	1,813,500	1,813,500	0.2192
2038	871,046,905	1,060,000	5.000%	753,000	1,813,000	1,813,000	0.2191
2039	871,046,905	1,115,000	5.000%	700,000	1,815,000	1,815,000	0.2193
2040	871,046,905	1,170,000	5.000%	644,250	1,814,250	1,814,250	0.2192
2041	871,046,905	1,225,000	5.000%	585,750	1,810,750	1,810,750	0.2188
2042	871,046,905	1,290,000	5.000%	524,500	1,814,500	1,814,500	0.2193
2043	871,046,905	1,355,000	5.000%	460,000	1,815,000	1,815,000	0.2193
2044	871,046,905	1,420,000	5.000%	392,250	1,812,250	1,812,250	0.2190
2045	871,046,905	1,490,000	5.000%	321,250	1,811,250	1,811,250	0.2189
2046	871,046,905	1,565,000	5.000%	246,750	1,811,750	1,811,750	0.2189
2047	871,046,905	1,645,000	5.000%	168,500	1,813,500	1,813,500	0.2192
2048	871,046,905	1,725,000	5.000%	86,250	1,811,250	1,811,250	0.2189
		\$22,335,000		\$13,917,779		\$36,252,779	

(a) The Fiscal Year 2025/26 is per the County's February Estimated Net Assessed Limited Property Value (NALPV) and is projected to grow at 5.00% in Fiscal Years 2027 through 2032 and 0% thereafter.

(b) Projected supporting tax rate per \$100 of assessed valuation. Projected tax rates assume 5% delinquent tax collections, do not include any adjustment for interest earnings, or an adjustment for rebate (if applicable).

- 20-year repayment period
- Assumes 5% coupon rate
- About \$1.81M payment per year
 - \$1.4M interest in first year
 - \$86k interest in final year
- \$36.25M of total debt service for \$22.3M bond



Average Home Full Cash Value:
\$681,335

Average Home Limited Property Value:
\$459,405

Estimated Property Tax Impact on Average Town Resident:

**\$11M GO Bond
\$109 per year for 10 years**

**\$22M GO Bond
\$135 per year for 20 years**

Option #2

Pledged Revenue Obligations – Excise Tax Pledge



- Does not increase Town tax revenues
 - Principal and interest payments are made from existing excise tax revenues that the Town pledged towards repayment of the debt
 - 0.2% of 2.9% TPT = excise tax for Streets Fund
 - About \$1.4M per year
 - Town Council may send a local sales tax rate increase to voters (must be in even years), but is not required to do so
- No voter authorization required.
 - Can move forward with Council approval.
 - If accompanied by excise tax increase, November 2026 is next allowable election
- Funds can be available to Town within months
 - Since this financing type does not require voter approval, the financing could be complete as early as July 2027 (FY2027-28)
- Typically, 15-25 years repayment period (10 or 20 years in our realistic scenarios)
- Proceeds and debt service payments do not count toward Expenditure Limitation



**FOUNTAIN
HILLS**

Estimated Fees for a Bond Issuance

\$11,210,000.00

Fountain Hills, Arizona
General Obligation Bonds, Series 2028
(10 year amortization)

\$22,335,000.00

Fountain Hills, Arizona
General Obligation Bonds, Series 2028
(20 year amortization)

Detail Costs Of Issuance

Dated 04/05/2028 | Delivered 04/05/2028

COSTS OF ISSUANCE DETAIL

Municipal Advisor	\$40,000.00
Bond Counsel	35,000.00
Trustee Fee	3,000.00
Rating Agency Fee	30,000.00
POS/Official Statement	20,000.00
Miscellaneous	7,000.00

TOTAL	\$135,000.00
--------------	---------------------

\$50,000.00
40,000.00
3,000.00
65,000.00
20,000.00
7,000.00

\$185,000.00

Council Questions?



**FOUNTAIN
HILLS**



Town of Fountain Hills

Bond Election Overview

FEBRUARY 24, 2026

Jim Stricklin | jstricklin@columbiacapital.com | 602.345.9239
Zach Sakas | sakasz@gtlaw.com | 602.445.8456

General Obligation Bonds

- General Obligation Bonds
 - Election Required
 - Must be a November election date, presently in odd or even years
 - Repaid with property taxes
 - Town, by statute, will levy property taxes unlimited as to rate or amount sufficient to pay debt service on “new money” general obligation bonds (A.R.S. §35-458)
 - Per Arizona Constitution, the Town may only be indebted up to 26% of its net assessed full cash value
 - 6% category for general municipal purposes
 - 20% category for “water, artificial light, or sewers, when the works for supplying such water, light, or sewers are or shall be owned and controlled by the municipality, and for the acquisition and development by the incorporated city or town of land or interests therein for open space preserves, parks, playgrounds and recreational facilities, public safety, law enforcement, fire and emergency services facilities and streets and transportation facilities”

General Obligation Bond Election

- Early activities, prior to calling the election:
 - To the extent deemed advisable by the municipality, citizen groups or committees will convene to identify projects for potential bond financing
 - Municipal staff will develop preliminary project budget estimates, and consult with financial advisory firms to ensure sufficient bonding authority is submitted to voters
 - Of note in recent economic environment is inflation of costs for materials. Projects planned in 2019 as part of bond packages now may face funding shortfalls because of increased costs.
 - Council, staff or citizen committees may determine priorities for projects as well, or eliminate projects from what will be presented to voters
 - Staff will work with outside advisors and legal counsel to prepare the resolution calling the election and ballot language that matches projects, amount to be authorized, and other parameters
 - Clerk will begin preliminary contact with County Elections Department to be prepared if Council adopts the resolution calling the election

General Obligation Bond Election

- A.R.S. § 35-452
 - Election may be called by governing body (i.e. Town Council).
 - Election is held on the November election date in any year.
 - Election passes if a majority of the qualified electors voting at the election vote in favor of the general obligation bonds.
 - Bond election expenses must be paid from current operating funds of the municipality.
 - Transaction costs for each bond issuance may be paid from bond proceeds, but election costs must be paid from the current operating funds.

General Obligation Bond Election

- A.R.S. § 16-226
 - General obligation bond elections called pursuant to A.R.S. § 35-453 are excluded from this statute that requires other elections to be called not later than 180 days before the election date.
 - However, many County Elections Departments need advance notice of an election and will want the municipality to call the election at least 180 days prior to the election date.
 - Town Clerk should discuss any such requirements with County Elections Department to ensure the election is called with sufficient time, even if not required by statute.

General Obligation Bond Election

- A.R.S. § 35-454
 - Informational pamphlet pertaining to the general obligation bond election is required
 - Certain language must be included in the ballot question, for example “the issuance of these bonds will result in a property tax increase sufficient to pay the annual debt service on the bonds.”
 - Certain language must be included in any written materials provided by the municipality pertaining to the election, for example “the estimated average tax rate for the proposed bond authorization is \$____.”
 - General obligation bond authority does not expire, giving the municipality flexibility to manage the property tax levy related to general obligation bond debt service.

General Obligation Bond Election Timetable

- **Prior to Calling the Election**
 - Citizen education by the municipality is permitted, for example Council presentations describing past successful bond-financed projects or fiscal discipline to repay bonds early.
 - To the extent a citizen committee was appointed to select projects, disband this committee so it can become an advocacy group.
- **Approximately 180 Days Prior to Election Date**
 - Council adopts a resolution calling the general obligation bond election, approving the form of ballot language, setting a deadline for pro/con arguments to be submitted, and authorizing municipal staff to take further actions in connection with the election.

General Obligation Bond Election Timetable

- After Calling the General Obligation Bond Election
 - Municipality must be neutral and not advocate for a desired election outcome. Municipal resources may not be used unless information is presented in a neutral, factual manner. For example, no “vote yes on bonds” bumper stickers on municipal police vehicles.
 - Municipality enters into intergovernmental agreement with County Elections Department
 - Maricopa County offers a “menu” of services that the municipality can select. Municipality typically must make “menu” selections at least 150 days prior to the election date.
 - County Elections Department will have a timetable of deadlines and requirements to finalize ballot language, etc., and municipal staff and outside advisors will review draft materials.
 - Municipal staff work with advisors to prepare the informational pamphlet
 - Certain language must be included, and some language must be in bold font.

General Obligation Bond Election Timetable

- Town clerk coordinates publication of the notice of election, and publication of the call for pro/con arguments.
 - Sufficient time should be built into informational pamphlet printing schedule to allow for receipt and verification of pro/con arguments (usually deadline in August).
- At least 35 days before the election date, the informational pamphlet must be mailed to every household within the political subdivision that contains a registered voter
 - Town clerk should coordinate early with the printer on timetable – mailings for other elections may go out later, so the printer should be aware that this is a general obligation bond election with the 35-day requirement for the informational pamphlet.
- 30 days prior to election – voter registration deadline
- Early voting period prior to election date
- Election Day
- Within 20 days after the election, the governing body must canvass the votes cast and certify the result.
 - Town clerk records a certificate stating the purpose of the election, total number of votes cast and the total number of votes for and against the general obligation bond question. If approved by voters, the certificate states the general obligation bonds are so ordered.
 - In recent years, certain County Elections Departments have been delayed tabulating election results, and therefore local political subdivisions canvassed elections slightly after the 20-day period. There are statutory exceptions to the 20-day period for these situations.

Excise Tax Revenue Obligations

- Pledged Revenue Obligations (Excise Tax)
 - No voter authorization required
 - Town may send a local sales tax rate increase to voters, but is not required to do so
 - November election, only in even years
 - No statutory authority; this structure is in accordance with Arizona caselaw (the “Civic Center” cases)
 - Relies on Town’s ability to enter into contracts, including installment purchase agreements and trust agreements
 - Payments made from revenues or from a special fund not obtained from general taxes
 - Trend over the past 20 years is to use a corporate trustee instead of a municipal property corporation
 - Bonds which are not payable from general funds do not constitute a debt of a municipality within constitutional or statutory debt limitation
 - Transaction document covenants may require Town to increase local sales taxes and fees in order to maintain certain debt service coverage levels
 - Customary coverage covenant is two times annual debt service

Council Action Summary

- General Obligation Bonds
 - Call the election and canvass the election (two resolutions)
 - Resolution(s) approving each issuance of bonds from the voter authorized amount
- Pledged Revenue Obligations
 - Excise Tax - Call an election to raise local sales taxes and canvass the election (two resolutions; optional)
 - Resolution approving the execution and delivery of a Trust Agreement and Installment Purchase Agreement, and authorizing the pledge of specified revenues
- Resolutions approved by Council in connection with a bond issuance will delegate authority to Town staff to carry out the details of the transaction within a permissible set of parameters determined by Council



TOWN OF FOUNTAIN HILLS

STAFF REPORT

Meeting Date: 2/24/2026
Meeting Type: Town Council Work Session (Budget Retreat) **AMENDED**
Submitting Department: Public Works
Prepared by: Justin Weldy, Public Works Director
Staff Contact Information: Phone: 480-816-5133
Email: jweldy@fountainhillsaz.gov

Request to Town Council Regular Meeting (Agenda Language)

PRESENTATION: Street repairs related to potholes and small asphalt repairs

Staff Summary (background)

Staff evaluated the feasibility of performing pothole repairs and small asphalt restoration projects using in-house forces versus contracting the work to a qualified paving contractor. The analysis considered capital equipment costs, staffing requirements, and ongoing operational expenses.

In-House Operations – Capital & Staffing Requirements

To perform pothole and small asphalt repairs internally at an acceptable standard, the Town would need to procure specialized equipment, including:

- Double Drum Smooth Vibratory Compactor – \$63,271.97
- Cold Planer with Integrated Water Tank (Skid Steer Attachment) – \$26,910.04
- Tack Trailer – \$36,256.65
- Trailer-Mounted Crack Filling Unit – \$32,500.00
- Asphalt Hot Box – \$57,204.00

Total Estimated Capital Investment:
\$216,142.66

This does not include:

- Skid steer ownership and replacement costs
- Equipment maintenance and repair
- Fuel
- Storage
- Insurance
- Depreciation and lifecycle replacement

Additionally, a typical crew would require:

- 1 Supervisor
- 1 Equipment Operator
- 3–4 Laborers

The Town would incur ongoing salary, benefits, retirement, workers' compensation, and overtime costs for this staffing level, regardless of daily production needs.

Contractor Pricing Structure

Contractor pricing is equipment- and labor-based with 4-hour minimums and includes supervisory oversight. Representative rates include:

- Dump Truck – \$152/hr
- Skid Steer – \$90/hr
- 3-Ton Roller – \$90/hr
- Grade Tractor – \$98/hr
- Plate Compactor – \$25/hr
- Supervisor – \$95/hr
- Equipment Operator – \$72/hr
- Labor – \$42/hr
- Asphalt Material – \$162–\$187 per ton (market-adjusted quarterly)
- Crack Seal – \$38 per gallon
- Dump Fees – \$250 per load

Under this model, the Town only pays for services when work is performed. There are no capital expenditures, no long-term staffing obligations, and no equipment maintenance liabilities.

Cost Effectiveness Considerations

1. High Upfront Capital Cost:
The Town would need to invest over \$216,000 in specialized equipment before performing the first repair.
2. Utilization Risk:
Pothole and minor asphalt repair work is often reactive and seasonal. Equipment may sit idle for extended periods, reducing return on investment.
3. Ongoing Maintenance & Replacement:
Pavement equipment requires regular service and eventual replacement, adding long-term financial obligations.
4. Staffing Burden:
Maintaining a full asphalt repair crew increases permanent payroll and benefit liabilities.
5. Market Flexibility:
Contractor services allow the Town to scale work up or down based on need, weather events, or funding availability.
6. Risk Transfer:
Contracting shifts equipment breakdown risk, labor shortages, and material price volatility to the contractor.

Conclusion

Based on the required capital investment, ongoing maintenance costs, staffing obligations, and limited utilization of specialized equipment, performing pothole and minor asphalt repairs in-house is not cost effective at this time.

Utilizing qualified contractors provides operational flexibility, eliminates significant capital expenditures, and allows the Town to pay only for services as needed. This approach represents the most fiscally responsible method for addressing pothole and small asphalt repair needs.

Related Ordinance, Policy or Guiding Principle

Town Procurement and Contracting Authority

The Town's purchasing and procurement policies allow the use of outside contractors when doing so is in the best interest of the Town and provides the most cost-effective delivery of services. Contracting for specialized pavement repair work is consistent with these principles.

Risk Analysis

N/A

Recommendation(s) by Board(s) or Commission(s)

N/A

Staff Recommendation(s)

N/A

Suggested Motion

N/A

FISCAL IMPACT

Fiscal Impact:

Budget Reference:

Funding Source:

ATTACHMENTS

1. Public Works Pavement maintenance and small asphalt repairs
--

Town of Fountain Hills Street Repairs Related to Potholes and Small Asphalt Repairs Update

Presented by

Justin T. Weldy, Public Works Director

Town Council Retreat
February 24, 2026



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Asphalt Hot Box \$57,204.00



Double Drum Smooth Vibratory Compactor \$63,271.97



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Tack Trailer – \$36,256.65



**FOUNTAIN
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Cold Planer with Integrated Water Tank (Skid Steer Attachment) \$26,910.04



**FOUNTAIN
HILLS**



Trailer-Mounted Crack Filling Unit – \$32,500.00



**FOUNTAIN
HILLS**



Questions



**FOUNTAIN
HILLS**





TOWN OF FOUNTAIN HILLS

STAFF REPORT

Meeting Date: 2/24/2026
Meeting Type: Town Council Work Session (Budget Retreat) **AMENDED**
Submitting Department: Fire Department
Prepared by: Paul Solding, Chief Financial Officer
Staff Contact Information: Phone: 480-816-5160
Email: psolding@fountainhillsaz.gov

Request to Town Council Regular Meeting (Agenda Language)

PRESENTATION: Fire Department Overtime Issues & Personnel Request

Staff Summary (background)

Through its first 2 years as part of the Town, the Fire Department has experienced challenges with overtime. This has become more of a recent issue due to several staff being on leave. Finance will lead this presentation with an overview of the Fire Department's overtime data and the Fire Department will discuss its personnel request for the FY2027 budget.

Related Ordinance, Policy or Guiding Principle

N/A

Risk Analysis

N/A

Recommendation(s) by Board(s) or Commission(s)

N/A

Staff Recommendation(s)

N/A

Suggested Motion

N/A

FISCAL IMPACT

Fiscal Impact:

Budget Reference:

Funding Source:

ATTACHMENTS

- | |
|--|
| 1. FY2027 Fire Department Overtime - 2.24.2026 |
|--|

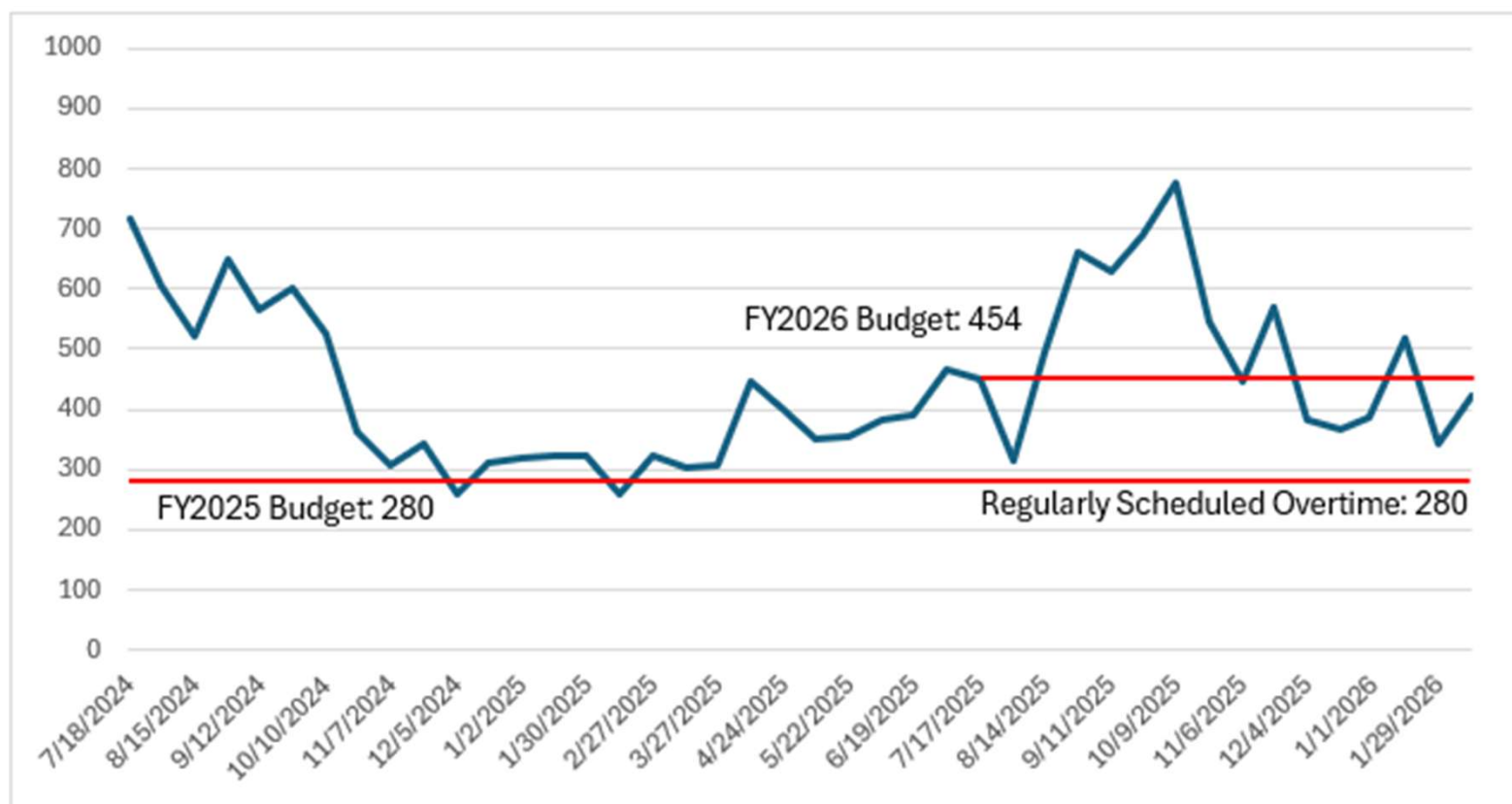
Fire Department Overtime



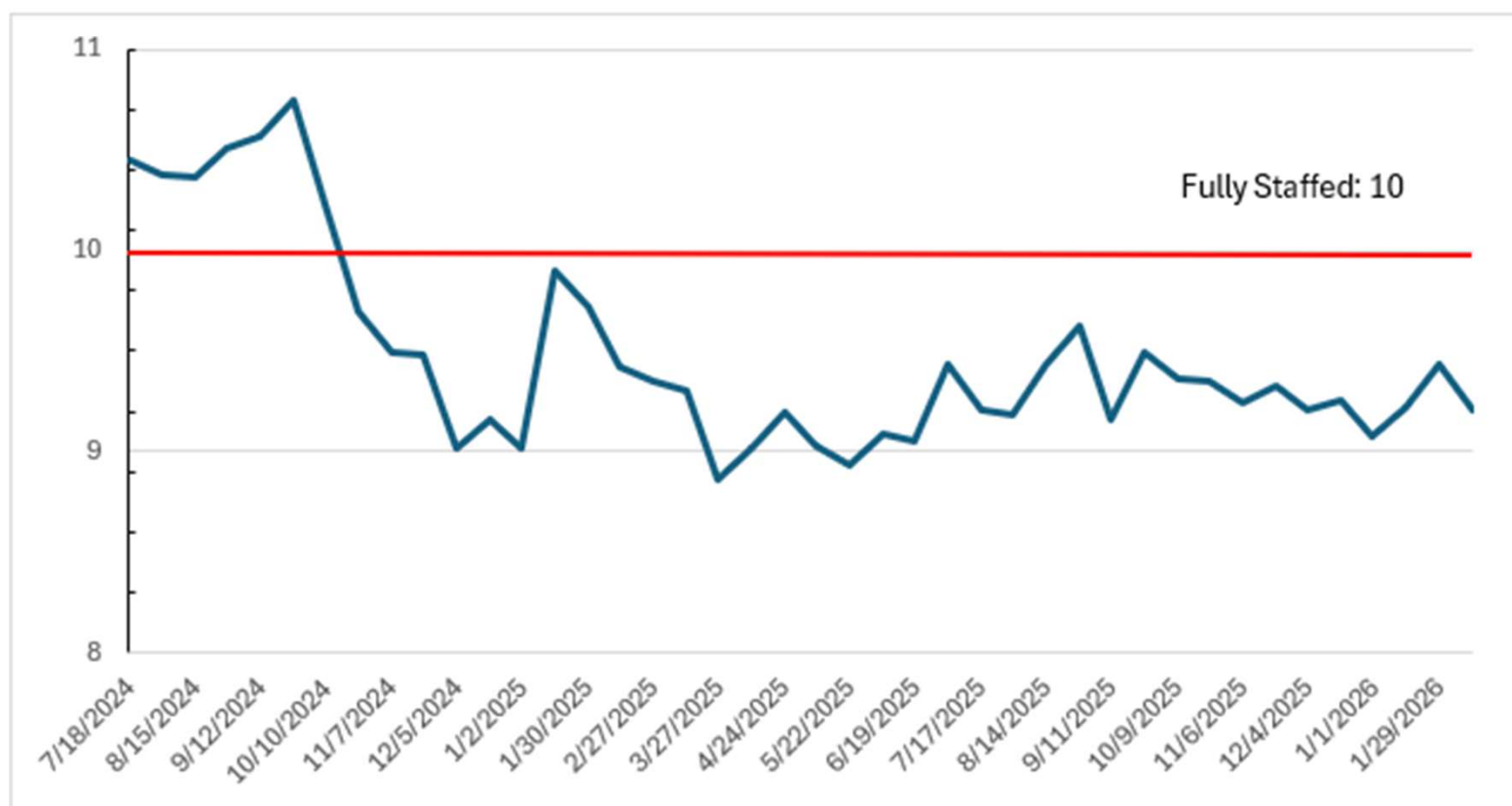
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Overtime hours by pay period



Average personnel working per shift by pay period





TOWN OF FOUNTAIN HILLS

STAFF REPORT

Meeting Date: 2/24/2026
Meeting Type: Town Council Work Session (Budget Retreat) **AMENDED**
Submitting Department: Community Services
Prepared by: Kevin Snipes, Community Services Director
Staff Contact Information: Phone: 480-816-5178
Email: ksnipes@fountainhillsaz.gov

Request to Town Council Regular Meeting (Agenda Language)

PRESENTATION: Fountain Park Lake Liner Replacement Design

Staff Summary (background)

The Fountain Park Lake liner is a critical infrastructure component that maintains water retention for the fountain and irrigation for the park, protects underlying soils, and supports the overall functionality and appearance of the lake. The existing liner, when it reaches the end of its useful life, will require proactive planning to prevent potential water loss, structural concerns, and more costly emergency repairs in the future.

This project will fund the professional design and engineering services required to prepare construction-ready documents for the replacement of the lake liner. The design phase will include site evaluation, material analysis, phasing recommendations, permitting review, cost estimating, and coordination with fountain operations to minimize service disruption. The consultant will also evaluate opportunities to improve durability, maintenance efficiency, and long-term performance.

Completing the design now positions the Town to plan and budget appropriately for construction and schedule the work during an optimal seasonal window to reduce community impact. Advancing this project demonstrates proactive asset management and protects one of the Town's most recognizable and heavily utilized community amenities.

Related Ordinance, Policy or Guiding Principle

N/A

Risk Analysis

Choosing not to move forward with this project increases the risk of needing to do emergency planning and could lead to underfunding the project for when it needs to be completed.

Recommendation(s) by Board(s) or Commission(s)

N/A

Staff Recommendation(s)

N/A

Suggested Motion

Consensus to move forward

FISCAL IMPACT

Fiscal Impact:

Budget Reference:

Funding Source:

ATTACHMENTS

1. Lake liner

Lake Liner Replacement Design Playbook



Fountain Park Lake Liner Design



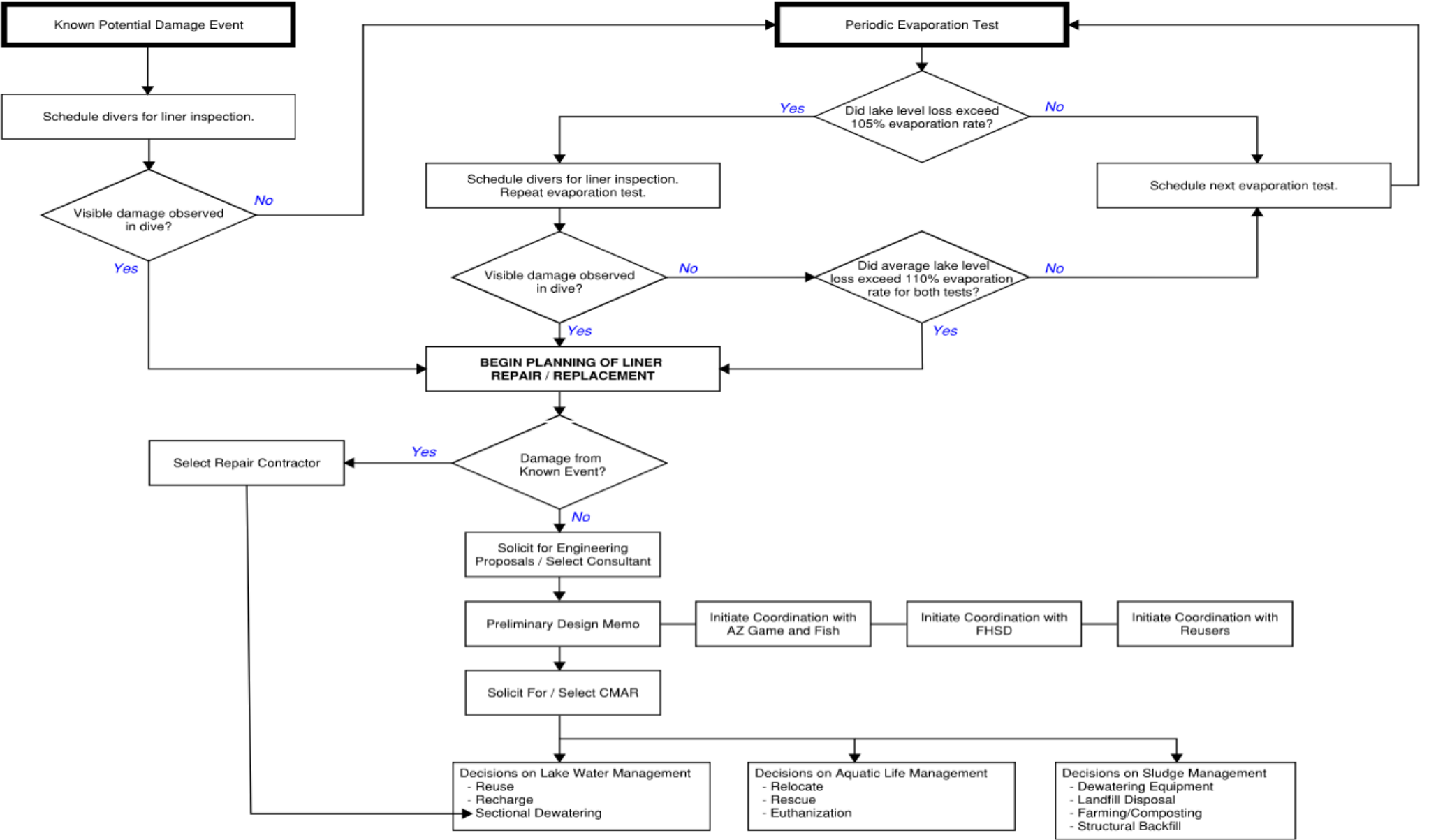
Better Planning Better Results



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Lake Liner Leak Flow Chart



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Leak Test



Evaporation Test Results

Once evaporation tests have indicated a lake loss greater than 110% of the pan evaporation, then it is recommended that planning begin for the liner replacement.

- To Date there has been zero indication of any lake liner outflow
- Repeat testing every 5 years

Repair Options

Inflatable Cofferdam

- Large geotextile tubes unfolded and filled with air and water
- This enables one section at a time to be completed
- Takes longer and is more difficult to install the liner



Repair Options

Aquaphor Recharge

The lake water stored by groundwater aquifer recharge and then recovered for later return to the lake.

- Pretreatment Filtration
- Pretreatment Disinfection
- Microfiltration Membranes to remove suspended solids
- Dechlorination and UV Disinfection to remove undesirable by-products
- Aquifer Storage and Recovery from Well



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Repair Options

Direct Reuse

- Alternative to trying to directly treat the lake water to a high level for aquifer recharge.
- Provide a balance between the lower TDS AWTF water and the higher TDS lake water
- Acceptable TDS concentrations for turf-grass irrigation is 200 ppm to 500 ppm.
 - TDS of the Lake reclaimed water has been measured to be over 1,180 ppm.

Aquatic Wildlife Removal

- Regulatory Requirements Arizona Administrative Code R12-4
- Arizona Game and Fish Department
- Identification of lake species
 - Transfer to a different lake
 - Rescue aquatic life by private organizations
 - Euthanizing and disposal of wildlife



Lake Sludge Disposal

Organic and inorganic solids accumulated in the lake must be removed, dewatered, and hauled away for disposal

- Air drying out solids not optimal



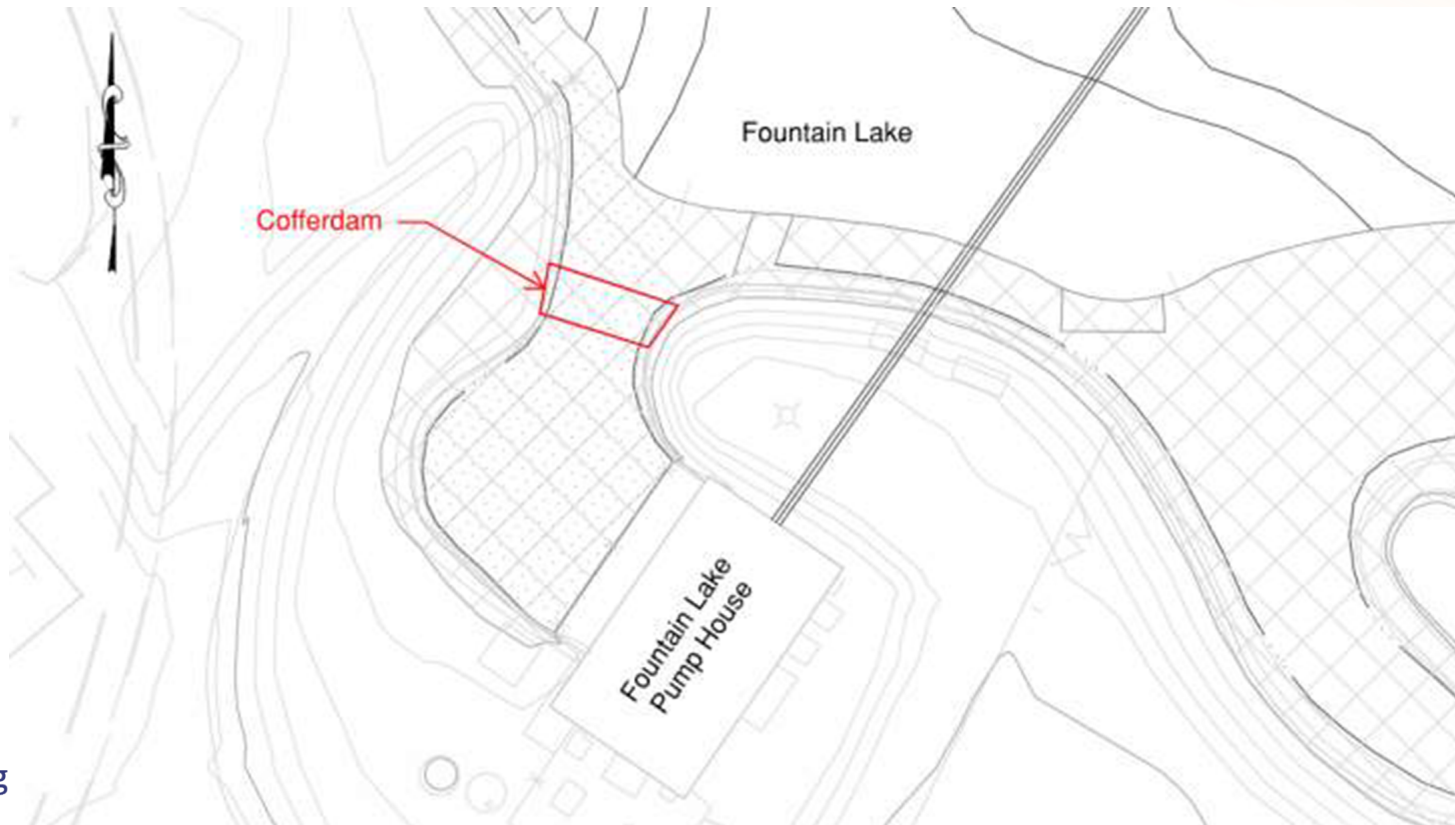
Mobile Belt Dewatering

Dewatering filtrate could be returned to the lake or a temporary storage area



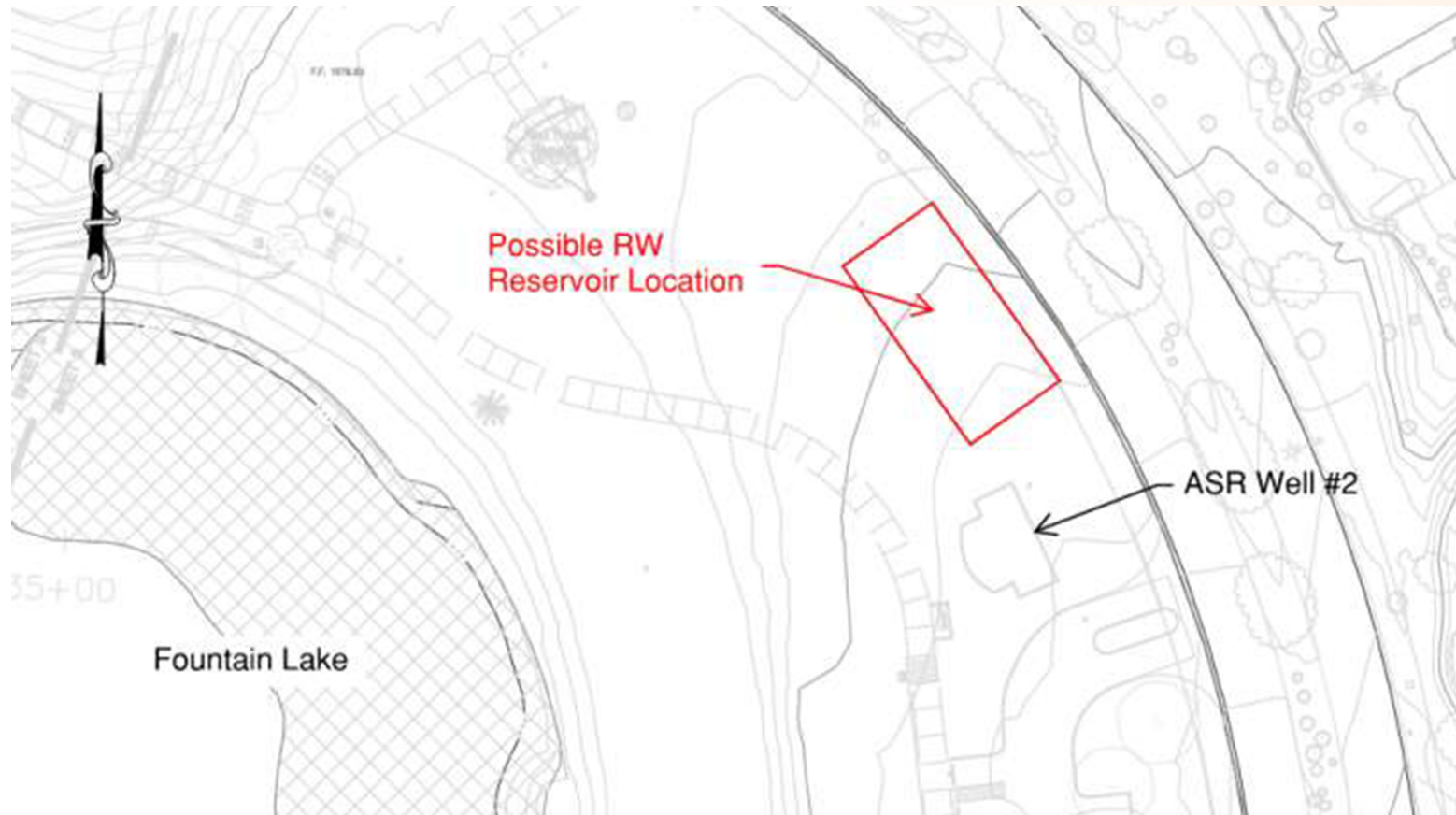
Park Vegetation Maintenance

- Cofferdam the pumphouse cove making 200,000 gallons of water available to irrigate



Park Vegetation Maintenance

- Dedicated Irrigation Storage of 500,000 gallon reservoir
 - 80 long x 40 wide x 21 depth



Review

- Failing to Plan is Planning to Fail
 - Emergency planning is costly
 - Proactive planning allows for scheduling replacement vs emergency replacement
- Water Evaporation Testing Until 110% is reached
 - No difference currently, existing liner could last 50+ years, 2050s
- Design Plan:
 - Aquatic Wildlife Removal
 - Removal of lake water
 - Sludge Disposal
 - Park Vegetation Maintenance
 - Liner Replacement
 - Refilling Lake



Questions



**FOUNTAIN
HILLS**





TOWN OF FOUNTAIN HILLS

STAFF REPORT

Meeting Date: 2/24/2026
Meeting Type: Town Council Work Session (Budget Retreat) **AMENDED**
Submitting Department: Administration / Economic Development & Tourism
Prepared by: Amanda Jacobs, Economic Development Director
Staff Contact Information: Phone: 480-816-5104
Email: ajacobs@fountainhillsaz.gov

Request to Town Council Regular Meeting (Agenda Language)

PRESENTATION: River of Time Museum and Exploration Center Lease Agreement
Staff Summary (background)

Background

The Town of Fountain Hills and the Fountain Hills Lower Verde River Valley Museum/River of Time Museum and Exploration Center (Museum) entered into a lease agreement on August 16, 2001 (Attachment 1). The agreement expires on August 15, 2026.

Key provisions of the agreement include:

- Approximately 5,000 square feet of Town-owned space was leased to the Museum at a nominal rate of \$1 per year for 25 years (total rent collected: \$25).
- The Town contributed \$210,000 toward exhibits, displays, lighting, and permanent improvements at the inception of the lease.
- Throughout the lease term, the Town has paid for building maintenance and utilities, including water, gas, electricity, sewer, trash removal, and base cable television service (excluding telephone and equipment costs).

Over the past 25 years, the Town and Museum have maintained a longstanding partnership focused on preserving and interpreting the community's history.

Current Considerations

As the lease approaches expiration, the Town must evaluate potential next steps in a manner consistent with state law and the Town's fiduciary responsibility to ensure the highest and best use of Town-owned assets.

In assessing fair market value for comparable commercial space in Downtown Fountain Hills (Civic District), staff reviewed available market data for similar properties in the Avenue District, including galleries, retail spaces, and other commercial uses.

According to CoStar, estimated commercial lease rates for comparable properties range from \$15 to \$17 per square foot annually. Using the lower end of this range:

\$15 per square foot × 5,000 square feet = **\$75,000 annually.**

This analysis provides a baseline for evaluating future occupancy scenarios.

On January 26, Town staff met with the Museum Director and Board President to provide notice that the Town does not intend to renew the lease under its current terms and expressed interest in collaborating on future possibilities for the space.

On February 3, staff met again with the Board President, who formally requested a one-year lease extension (Attachment 2).

Purpose of Agenda Item

The purpose of this agenda item is to review available options and provide direction regarding next steps for the facility following expiration of the current lease.

Related Ordinance, Policy or Guiding Principle

N/A

Risk Analysis

N/A

Recommendation(s) by Board(s) or Commission(s)

N/A

Staff Recommendation(s)

N/A

Suggested Motion

N/A - Work Session/Discussion Only

FISCAL IMPACT

Fiscal Impact:

Budget Reference:

Funding Source:

ATTACHMENTS

- | | |
|----|--|
| 1. | FH Lower Verde River Valley Museum Historical Society Lease-Management Agreement 8-16-01 (002) |
| 2. | Letter from River of Time Board of Directors 2.3.2026 |
| 3. | River of Time Museum Lease Agreement 2.24.2026 |

LEASE/MANAGEMENT AGREEMENT

This Lease/Management Agreement is made as of the 16th day of August, 2001, between the Town of Fountain Hills, a Municipal Corporation (hereinafter referred to as "The Town") and FOUNTAIN HILLS LOWER VERDE RIVER VALLEY MUSEUM & HISTORICAL SOCIETY, INC., an Arizona non-profit Corporation (hereinafter referred to as "The Museum Association").

RECITALS

A. The Town is the owner of that certain approximately 21,000 square foot building located within the Town of Fountain Hills, State of Arizona. (See Attachment "A")

B. Construction of such building has been financed in substantial part by the proceeds of a property tax bond issue passed by the voters of the Town of Fountain Hills, for the purpose of building a public library and museum.

C. Approximately 15,000 square feet of such building will be used by the Maricopa County Library District for the operation of a public museum in Fountain Hills.

D. Approximately 1,000 square feet of such building has been designated for use as a common lobby and restroom area for the museum and library.

E. The remaining area of approximately 5,000 square feet has been designated for use as a museum. Such area may hereinafter be referred to as the "Museum Site".

F. In addition to the Museum Site, an additional outdoor area adjacent to the Museum Site has been set aside for a patio and outdoor display area. (See Attachment "B") Such area may hereinafter be referred to as the "Museum Patio".

NOW, THEREFORE, the parties hereto agree as follows:

1. LEASE

The Town hereby leases to The Museum Association and The Museum Association hereby leases from The Town, the Museum Site and the Museum Patio. Such areas, together with the right

to use the lobby area in common with the library and the right to use adjacent parking and open areas in common with other municipal uses, shall collectively be referred to herein as the "Leased Premises".

2. TERM

The term of this Lease shall be 25 years, which term shall commence on August 16, 2001, and shall end on August 15, 2026. One year prior to the expiration of the 25 year term, the parties shall meet and during the 12 months immediately preceding the termination of the Lease shall negotiate and may enter into a renewal for an additional 25 year term provided that at the time of the renewal, neither party is in default of any of the terms and conditions of this Lease as it exists now or as it may be modified in the future.

3. RENT

The rent that The Museum Association shall pay to The Town shall be the sum of twenty-five dollars. Said rent shall be due and payable annually in installments of one dollar. The first installment of one dollar shall be paid at the time of the execution of this Lease and one dollar shall be due on the anniversary date for each of the next 24 years. The Museum Association shall have the right to prepay such rent.

4. USE OF THE LEASED PREMISES

(A) The Leased Premises shall be used for the maintenance and operation of a museum depicting the history of the Town of Fountain Hills, the Lower Verde River Valley, and other areas within the State of Arizona which, in the judgment of The Museum Association, shall be of general interest to the residents of and visitors to the Town of Fountain Hills.

(B) The Museum Association shall not conduct or permit to be conducted any unlawful or hazardous activity upon the Leased Premises. The use of the Leased Premises by The Museum Association is and will continue to be subject to all applicable laws and regulations of the State of Arizona and the Town of Fountain Hills.

5. CONSTRUCTION AND INSTALLATION OF IMPROVEMENTS

(A) The Town shall construct and install within the Museum Site certain improvements for the initial operation of the Museum.

(B) The Museum Association shall construct and install within the Museum Site such permanent or removable displays and exhibits as it deems appropriate for the museum. In addition,

The Museum Association may install such additional lighting and other improvements as are necessary.

(C) The Town has agreed to provide to The Museum Association the sum of \$210,000 to pay for a portion of the cost of the displays and exhibits, lighting, or other permanent improvements to be installed by The Museum Association. The Museum Association shall be responsible for any additional costs of such items over and above such amount of \$210,000. The funding of such sum shall be made by The Town upon the written request of The Museum Association.

6. REPAIRS AND MAINTENANCE

The Town shall be responsible for all janitorial service to the Leased Premises as well as all maintenance and repair of the Leased Premises, except any exhibits of mechanical equipment of The Museum Association, and all mechanical fixtures such as heating, air conditioning, plumbing, and the like.

7. UTILITIES

The Town shall be responsible for and pay for all utilities related to the Leased Premises including, but not limited to, water, gas, electricity, sewer, trash removal, and basic cable television. The Museum Association shall be responsible for installing and paying for its own telephone system, and any computer equipment, data lines, internet service, and/or premium cable service that The Museum Association should elect to install.

8. INSURANCE

The Museum Association shall obtain and maintain coverage for comprehensive general liability in limits of at least \$1,000,000.00 combined single limit covering liability, and property damage, autos owned and non-owned. A certificate shall be provided annually to The Town giving evidence of required coverages.

The Museum Association, should it acquire employees, shall obtain Workers Compensation insurance in conformance with Arizona Statutes. Certificate of Coverage shall be provided to The Town.

The Museum Association shall be responsible for purchase and maintenance of any insurance covering physical loss to displays, exhibits, and temporary enhancing lighting.

Insurance companies used to meet these requirements must be licensed or approved by the State of Arizona. They must have a current A.M. Best Co. rating of at least B+.

In the event of a casualty that destroys or substantially impairs use of the Leased Premises, The Town and The Museum Association shall meet and determine the best course of action to perpetuate the mission and goals of both parties.

9. PERMITS AND LICENSES

Nothing contained in this Lease shall exempt The Museum Association and/or any user of the Leased Premises from the requirement that they obtain any and all required state, county, or town permits or approvals.

10. INCOME AND FEES

The Museum Association has the authority, with the approval of The Town, to establish reasonable admission fees to the Museum. The Museum Association shall use any admission fees it receives for the admission to the Museum, and any net income it may receive from the sale of books, maps, or other museum-related items for the maintenance and improvement of museum exhibits, educational programs and other museum-related activities. Museum tours sponsored by the Town of Fountain Hills or by the Fountain Hills Unified School District shall be exempt from such admission fees.

11. WASTE

The Museum Association shall not use nor permit uses within the Leased Premises which could constitute waste on the Leased Premises, a public or private nuisance or any act which is unlawful in any manner.

12. STATUS OF MUSEUM EMPLOYEES

The Museum Association understands and agrees that none of the terms and conditions of this Lease contemplate or imply the creation of an employer/employee relationship and that all employees, agents, contractors, subcontractors and volunteers of The Museum Association are independent contractors in terms of their relationship to The Town.

13. ANNUAL REPORT

No later than March 31st of each year beginning in 2002, The Museum Association shall prepare and deliver to The Town an annual report on attendance and activity. The Museum Association President and the Town Manager shall meet subsequent to the report delivery and discuss those issues in which The Museum Association and The Town can work together to assist in the continued development of the Museum.

14. DEFAULTS

If either The Town or The Museum Association shall be in default in the performance of any of the obligations set forth herein, then the non-defaulting party may send notice to the defaulting party, in writing, setting forth the condition of default and demanding that the default be cured within 90 days. Should the default not be cured within the 90 day period, then the non-defaulting party may seek any remedy available in equity and/or law including but not limited to termination of this Lease. This default provision shall apply to the entire contract except the provisions regarding payment of insurance premiums and notice of cancellation. In the instance of all insurance required hereunder, the ability to cure shall be limited to 30 days, and if The Town is obligated to pay either a renewal or obtain additional insurance to replace cancelled insurance, the cost therein borne by The Town shall become an immediate obligation of The Museum Association and shall be due and payable in full within 10 days of a receipt by The Museum Association of notice of payment by The Town.

15. RIGHTS UPON TERMINATION

The Town and The Museum Association agree and acknowledge that in the event that this Lease terminates at the end of its full term or any extension thereof, then title to all permanent improvements within the museum shall vest in The Town and The Museum Association will have no right to any compensation unless said compensation is specifically agreed to be due to The Museum Association at such termination. If the Agreement should terminate for any reason prior to the end of the full term or any extension thereof, then the parties shall meet and agree upon an amount of compensation, if any, due to The Museum Association or have its rights hereunder determined by a competent court of law. Should the Leased Premises or the contents thereof be partially or totally condemned for public purpose through the exercise of the power of eminent domain by anyone other than The Town, the parties agree that the proceeds of the condemnation shall be divided in an equitable manner to be determined by agreement of the parties.

16. TERMINATION OF THE MUSEUM ASSOCIATION

In the event that the Museum Association shall cease to exist as an Arizona non-profit corporation, then, unless prior to such termination The Town shall have agreed upon the designation of a successor entity to the Museum Association, this Lease shall terminate and, subject to any third party rights, title to all museum exhibits and displays shall vest in the Town of Fountain Hills.

17. NON-WAIVER BY THE TOWN

The failure of The Town to insist upon strict performance of the terms, conditions and covenants of this Lease shall not constitute or be construed as a waiver or relinquishment of the Town's rights to thereafter enforce any such terms, conditions or covenants and that the same shall continue in full force and effect.

18. ASSIGNMENT

This Lease is not assignable by either party in whole or in part without the express written consent of the other party.

19. LIMITATIONS ON TOWN POWERS

The Museum Association understands, agrees and acknowledges that the term of this Lease is for 25 years, but that The Town does not and cannot enter into an agreement that is constituted as debt for any period exceeding the current fiscal year of The Town. Any requirement by The Town that funds would be expended or obligations incurred in the nature of a debt must be approved in the annual operating budget of The Town as adopted by the Town Council according to law, and any action by The Museum Association in any court of competent jurisdiction to require specific performance to pay any sums shall be barred by this Lease unless the sum was specifically authorized in the annual municipal operating budget.

20. NOTICES

Whenever this Lease requires that notice be given to a party to the Agreement, such notice shall be in writing and shall be made by personal delivery to the other party or sent by U.S. mail, postage prepaid, addressed as follows:

To The Town:

TOWN OF FOUNTAIN HILLS
P.O. Box 17958
Fountain Hills, Arizona 85269
Attention: Town Clerk

To The Museum Association:

FOUNTAIN HILLS & LOWER VERDE RIVER
VALLEY MUSEUM & HISTORICAL SOCIETY INC
P.O. Box 17445
Fountain Hills, Arizona 85269
Attention: President

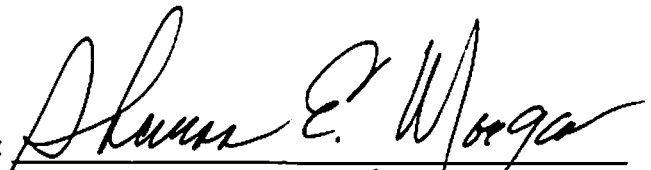
Either party may change its address for notices by advising the other party, in the manner set forth above.

20. LAWS

This agreement is subject to the law of the State of Arizona and specifically the provisions of A.R.S. § 38-511.

IN WITNESS WHEREOF, the parties have executed this Lease/Management Agreement as of the 16th day of August, 2001.

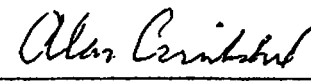
**TOWN OF FOUNTAIN HILLS,
A Municipal Corporation**

By: 
SHARON E. MORGAN, Mayor

ATTEST:


CASSIE HANSEN, Town Clerk

**FOUNTAIN HILLS & LOWER VERDE RIVER VALLEY
MUSEUM AND HISTORICAL SOCIETY
An Arizona Non-Profit Corporation**

By: 
ALAN CRUIKSHANK, President

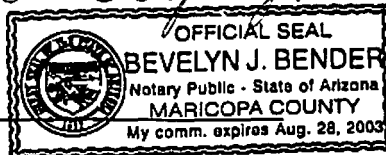
STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

SUBSCRIBED AND SWORN TO before me by Alan Cruikshank, known to be the President of the
FOUNTAIN HILLS & LOWER VERDE RIVER VALLEY MUSEUM & HISTORICAL SOCIETY.

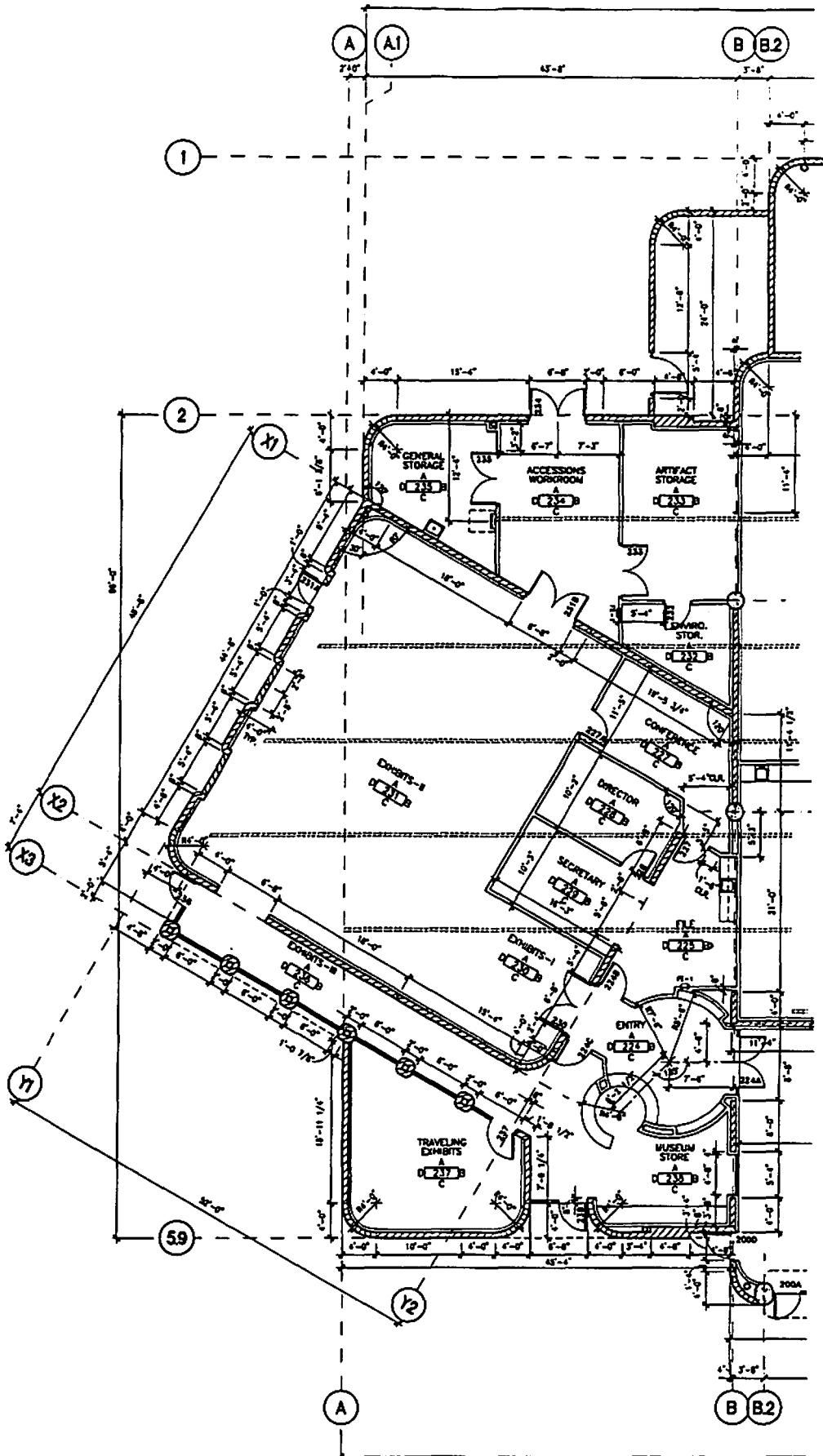
Notary Public

Bevelyn J. Bender

My Commission Expires: _____



MUSEUM FLOOR PLAN



1/2



HDA Architects & Planners
400 N. Gilbert Road, Suite C-300, Gilbert, AZ 85234
TEL: (480) 830 5300 FAX: (480) 830 0600
MUSEUM FLOOR PLAN

SET



TOWN OF FOUNTAIN HILLS
NEW TOWN CENTER COMPLEX
130001 NORTH LAMONTANA DRIVE
FOUNTAIN HILLS, ARIZONA 85208





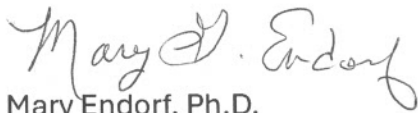
February 3, 2026

Dear Ms. Jacobs,

The River of Time Museum and Exploration Center kindly requests a letter from the Town of Fountain Hills outlining the nonrenewal terms of the Museum's lease. We would like to know the process used in determining the fair market rental value of our lease. Just what type of properties were we compared to in determining this rental cost? We are requesting the opportunity to negotiate with the Town a short-term funding plan to keep the Museum open for one year in order to afford our board, staff, volunteers and supporters the time needed to explore alternative and creative options for the continued operations and growth of the Museum.

We are now conducting a community fund drive to sustain our museum as we prepare in the coming year to develop a design meeting the needs of both the Town and the Museum in order to continue attracting people to Fountain Hills and continue serving the public as a community museum.

Respectfully submitted,

A handwritten signature in cursive script that reads "Mary D. Endorf".

Mary Endorf, Ph.D.

President, River of Time Museum and Exploration Center Board of Directors

River of Time Museum Lease Agreement



Background

- 25-Year Lease between Town and Museum Association; expires August 15, 2026
- Approximately 5,000 sq ft
- Rent \$1 annually; Total \$25
- Town provided \$210,000
 - Cost of displays and exhibits
 - Lighting
 - Other permanent improvements
- Town pays for maintenance, utilities and janitorial services



**FOUNTAIN
HILLS**

Museum Memberships

- 2025 – 117 members
- 2024 – 163 members
- 2023 – 242 members

**Note: Membership data provided by the Museum*

- 70-75% live in Fountain Hills
- 20% live in Rio Verde
- 5% live in Valley or Nationwide



**FOUNTAIN
HILLS**

Profit and Loss Statement

Total Revenue

- January – December 2022
 - \$168,014
- January – December 2023
 - \$123,058
- January – December 2024
 - \$178,524
- January – October 2025 (closed in the summer)
 - \$75,741

Net Income

- January – December 2022
 - (\$50,388) Loss
- January – December 2023
 - (\$42,893) Loss
- January – December 2024
 - \$8,952
- January – October 2025 (closed in the summer)
 - (\$40,297) Loss

**Note: Numbers provided by Museum.*

Town Requirements

- Any consideration of renewal requires an evaluation of compliance with state law
- Highest and best use of a Town-owned facility.



Gift Clause

- Arizona's Gift Clause exists to protect taxpayers. It ensures public dollars are used for a clear public purpose and that the Town receives fair value in return.
- Two common questions:
 - Is there a clear public purpose; and
 - Is the Town receiving fair market value?



Option 1 – Renew

- Renew
 - Museum is requesting one year
- Fair Market Value (\$75,000)
 - Museum is requesting “short-term funding plan”
 - Museum is conducting a community fund drive
- Define Terms



Option 2 – Evaluate Future Options

- Town building used for Town purposes
- Relocate Economic Development and Tourism Department
- Retain components of museum
 - Potential service agreement
- Welcome Center and Gift Shop
- Training and Workforce Hub
- Event Programming
 - Patio
 - Adjacent to Centennial Pavilion
- Storage



WELCOME

MUSEUM & EXHIBIT SPACE

ECONOMIC
DEVELOPMENT



LOCAL HISTORY & INNOVATION

WELCOME

WORKFORCE HUB



Next Steps

Option 1

- Draft new agreement
- Council approval before summer recess

Option 2

- Notification to museum
 - In person meeting – January 26 and February 3
 - Formal Letter – February 9
- Transition Letter
- Museum needs 3 months for deaccession
- Evaluate budget implications

Staff Recommendation and Council Direction

- Option 2 to ensure compliance with state law and position the facility to better align with evolving community priorities and long-term strategic objectives.



Discussion. Questions?



**FOUNTAIN
HILLS**





TOWN OF FOUNTAIN HILLS

STAFF REPORT

Meeting Date: 2/24/2026
Meeting Type: Town Council Work Session (Budget Retreat) **AMENDED**
Submitting Department: Administration / Finance
Prepared by: Paul Soldinger, Chief Financial Officer
Staff Contact Information: Phone: 480-816-5160
Email: psoldinger@fountainhillsaz.gov

Request to Town Council Regular Meeting (Agenda Language)

PRESENTATION: Community Contracts Overview - Update

Staff Summary (background)

Town Staff provided an update on Community Contracts in the Town's annual budget during the November 12, 2025 Budget Retreat Work Session. This presentation provides the same information with an update on a renegotiated contract with Central Arizona Shelter Services. Staff is seeking Council direction on how to proceed for the FY2027 budget and in subsequent years.

Related Ordinance, Policy or Guiding Principle

N/A

Risk Analysis

N/A

Recommendation(s) by Board(s) or Commission(s)

N/A

Staff Recommendation(s)

N/A

Suggested Motion

N/A

FISCAL IMPACT

Fiscal Impact:

Budget Reference:

Funding Source:

ATTACHMENTS

- | |
|--|
| 1. FY2027 Community Contracts Overview - 2.24.2026 |
|--|

February 24, 2026

Community Contracts - Updated

Paul Solding, Chief Financial Officer



Community Contracts Overview



Community Contracts



- Community contracts have previously been discussed with prior Councils to allocate General Fund revenues to support local community programs:
 - \$120,700 Budgeted in General Government Department (central Town costs, such as insurance) in General Fund
 - \$73,700 of this budget has been allocated to community organizations (see next slide)
- Town staff renegotiated unsheltered reserve bed contract with CASS since last Budget Retreat:
 - Prior Contract - \$15,000 including 3 reserve beds for Town
 - *Renegotiated Terms - \$5,000 including 1 reserve bed for Town; \$55 per day for any unsheltered resident stays over 30 days (Town will limit maximum contract amount)*

FY2027 Budget Considerations

Community Contracts



General Government - General Fund	Community Contract Organizations (if applicable)	FY2024 Budget	FY2024 Actual	FY2025 Budget	FY2025 Actual	FY2026 Budget	FY2026 Actual (to date)
Budgeted Expenditures	Community Organizations						
Emergency Vouchers - Domestic Violence	Various hotels - as needed	12,000	264	12,000	0	12,000	0
MAG Contribution - Homelessness	Central Arizona Shelter Services (CASS)	50,000	0	50,000	30,000	50,000	15,000
Boys & Girls Club	Boys & Girls Club	24,500	24,480	24,500	24,500	24,500	24,500
Extended Hands Food Bank	Extended Hands Food Bank	24,200	24,200	24,200	24,200	24,200	24,200
Sister Cities	Sister Cities	10,000	10,000	10,000	10,000	10,000	10,000
	Totals:	\$120,700	\$58,944	\$120,700	\$88,700	\$120,700	\$73,700

Hotel vouchers when needed for victims of domestic violence

CASS contract renegotiated to \$5,000 annually – 1 reserved bed and \$55 per day more than 30 days for the year

Town staff are seeking Council feedback on these budgeted amounts moving forward

The Town paid \$40,000 per year to A New Leaf for sheltering services in fiscal years 2022 and 2023



TOWN OF FOUNTAIN HILLS

STAFF REPORT

Meeting Date: 2/24/2026
Meeting Type: Town Council Work Session (Budget Retreat) **AMENDED**
Submitting Department: Administration / Finance
Prepared by: Paul Soldinger, Chief Financial Officer
Staff Contact Information: Phone: 480-816-5160
Email: psoldinger@fountainhillsaz.gov

Request to Town Council Regular Meeting (Agenda Language)

PRESENTATION: Leases of Town Owned Properties and Land

Staff Summary (background)

The Town's Public Works Department (Facilities) manages Town-owned facilities and land. The Town has several existing lease agreements with local organizations, most with lower-levels of revenue to the Town. Many also require the Town to pay for certain expenditures, such as repairs and maintenance and utilities. Finance also collects revenues from these existing leases. This presentation will discuss the existing leases and seek direction from the Council on moving forward.

Related Ordinance, Policy or Guiding Principle

N/A

Risk Analysis

N/A

Recommendation(s) by Board(s) or Commission(s)

N/A

Staff Recommendation(s)

N/A

Suggested Motion

N/A

FISCAL IMPACT

Fiscal Impact:

Budget Reference:

Funding Source:

ATTACHMENTS

1. Town-Owned Leases 2.24.2026

Town-Owned Property Leases



**FOUNTAIN
HILLS**





American Medical Response (AMR)

- Fire Station #2—Ambulance Bay, sleeping quarters and shared facilities
- Annual rent
 - Current: \$33,420
 - Increases: 3% annually
- Term
 - Current through: December 31, 2028
 - AMR options to renew through: December 31, 2032
- AMR paid operating and maintenance expenses:
 - None



Fountain Hills Elks Lodge

- Golden Eagle Park—Concession Building
- Annual rent
 - Current: \$1,350
 - Increases: None
- Term
 - Current through: November 30, 2026
 - Automatic renewals through: November 30, 2030
- Elks paid operating and maintenance expenses:
 - None



Maricopa County

- Fire Station #1—Air Quality Monitor Site
- Annual rent
 - Current: \$400
 - Increases: None
- Term
 - Current through: January 31, 2028
 - County options to renew through: January 31, 2038
- County paid operating and maintenance expenses:
 - Utilities



International Dark Sky Discovery Center (IDSDC)

- Land—12845 N La Montana
- Annual rent
 - Current: \$10 plus \$9,835 for parking lot maintenance
 - Increases: Inflation annually on parking lot maintenance amount
- Term
 - Current through: February 20, 2074
 - Town and IDSDC may agree to renew through: February 20, 2124
- IDSDC paid operating and maintenance expenses:
 - All expenses, including utilities

Fountain Hills Cultural and Civic Association (FHCCA)

- Land-Community Garden
- Annual rent
 - Current: \$1
 - Increases: None
- Term
 - Current through: June 30, 2026
 - Town and FHCCA may agree to annual renewals
- FHCCA paid operating and maintenance expenses:
 - Water and trash





Sunset Kiwanis

- Land and Building-16957 E Kiwanis Dr
- Annual rent
 - Current: \$1
 - Increases: None
- Term
 - Current through: April 6, 2029
 - Town and Sunset Kiwanis may agree to renew
- Sunset Kiwanis paid operating and maintenance expenses:
 - All expenses, including utilities, except maintenance of the exterior of the main building, the roof, the parking lot, and the HVAC system

Fountain Hills Lower Verde River Valley Museum & Historical Society



- Library Building—River of Time Museum
- Annual rent
 - Current: \$1
 - Increases: None
- Term
 - Current through: August 15, 2026
- Museum paid operating and maintenance expenses:
 - None



Maricopa County Library District

- Library Building—Library
- Annual rent
 - None
- Term
 - Current through: August 17, 2026
 - Town and Library District may agree to 5-year renewals
- Library District paid operating and maintenance expenses:
 - None



Friends of the Library

- Library Building—Lobby and Lobby Office
- Annual rent
 - None
- Term
 - None
- Friends of the Library paid operating and maintenance expenses:
 - None



TOWN OF FOUNTAIN HILLS

STAFF REPORT

Meeting Date: 2/24/2026
Meeting Type: Town Council Work Session (Budget Retreat) **AMENDED**
Submitting Department: Administration / Economic Development & Tourism
Prepared by: Amanda Jacobs, Economic Development Director
Staff Contact Information: Phone: 480-816-5104
Email: ajacobs@fountainhillsaz.gov

Request to Town Council Regular Meeting (Agenda Language)

PRESENTATION: Downtown Updates

Staff Summary (background)

Downtown Streetscape 5-Year Plan

Background:

During the FY25/26 budget process, Council directed staff to proceed with development of a 5-Year Downtown Streetscape Plan. Prior to budget adoption, discussion occurred regarding removing the Avenue District from the improvement plan. Staff requested the Avenue remain included to allow for additional dialogue with The Avenue Merchant Association and further Council consideration. A site visit between staff and Council was conducted in the fall of 2025 to discuss the long-term vision for the Avenue.

Council Input Requested:

- Does Council wish to retain the Avenue District as part of the 5-Year Plan?

Request to Increase Size of Banners along the Avenue

Background:

During the America 250 presentation, Councilmember Kaliviankis inquired about increasing the size of street banners along the Avenue. Staff requested the item be discussed at the February 24 Retreat to allow for broader Council input.

Council Input Requested:

- Does Council support increasing the size of street banners during the implementation of the Downtown Streetscapes Project?

Entryway / Monument Signs

Background:

Entryway/monument signage was included in the FY25/26 proposed budget but removed at Council's direction pending completion of the Townwide Wayfinding Signs Project. Staff anticipates bringing forward funding in the FY26/27 budget and seeks preliminary Council feedback.

Council Input Requested:

- Does Council support including entryway/monument signage in the FY26/27 budget?

Update on Plat 208

Background:

At the November 18 Council meeting, staff presented potential uses for two properties within Plat 208. Staff will provide Council with an update on Plat 208 and introduce an alternative, Town-owned property for consideration.

Council Input Requested:

- Does Council wish staff to explore alternative opportunities for public restrooms and placemaking?

Related Ordinance, Policy or Guiding Principle

2023-2026 Community Economic Development Strategy, Downtown Strategy

Risk Analysis

N/A

Recommendation(s) by Board(s) or Commission(s)

N/A

Staff Recommendation(s)

Suggested Motion

N/A - Works Session - discussion only

FISCAL IMPACT

Fiscal Impact:

Budget Reference:

Funding Source:

ATTACHMENTS

1. Downtown Streetscapes 2.24.2026

Downtown Streetscapes



**FOUNTAIN
HILLS**

Proposed Downtown Improvements 5 YR – Capital Fund

Capital Projects	FY26	FY27	FY28	FY29	FY30
<i>Streetscape Scope</i>	<i>Design of Verde River and Parkview</i>	<i>Const. of Verde river</i>	<i>Const. of Parkview PLUS Design of East ½ of Ave</i>	<i>Const. of East ½ of Ave PLUS Design of West ½ of Ave</i>	<i>Construction of West ½ of Ave</i>



FOUNTAIN
HILLS

Increase Size of Street Banners



Downtown Entryway/Monument Signs



CORNER MONUMENT

P83 Entertainment District – Peoria, AZ

83rd Avenue – 6 travel lanes with partial medians – 40 mph

FY2027 - \$160,000

FY2028 - \$200,000

FY2029 - \$200,000

FY2030 - \$100,000

Total: \$660,000



Downtown Entryway/Monument Signage



ROADWAY MONUMENT

City wide- Avondale, AZ

HILLS

Update Plat 208



**FOUNTAIN
HILLS**



Plat 208

East Lot



FOUNTAIN
HILLS
P



Plat 208

West Lot



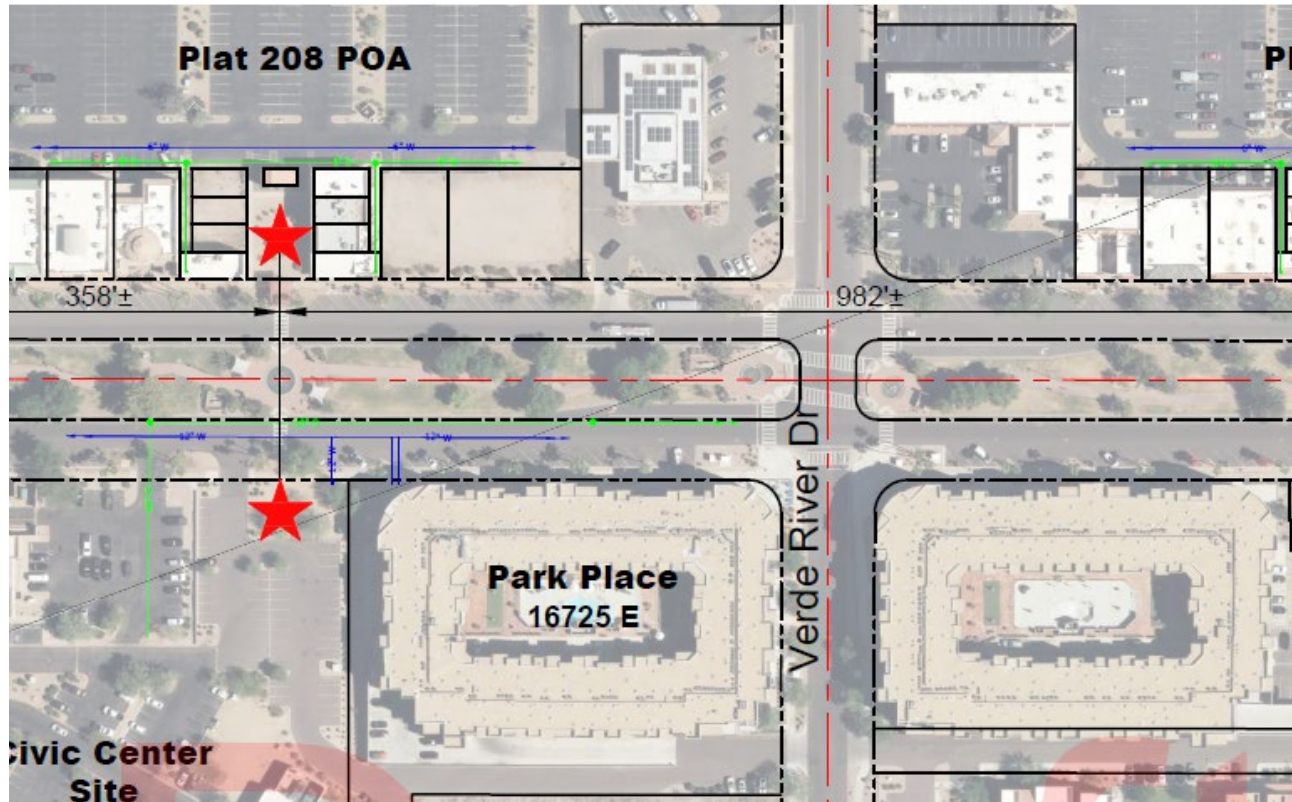
**FOUNTAIN
HILLS**



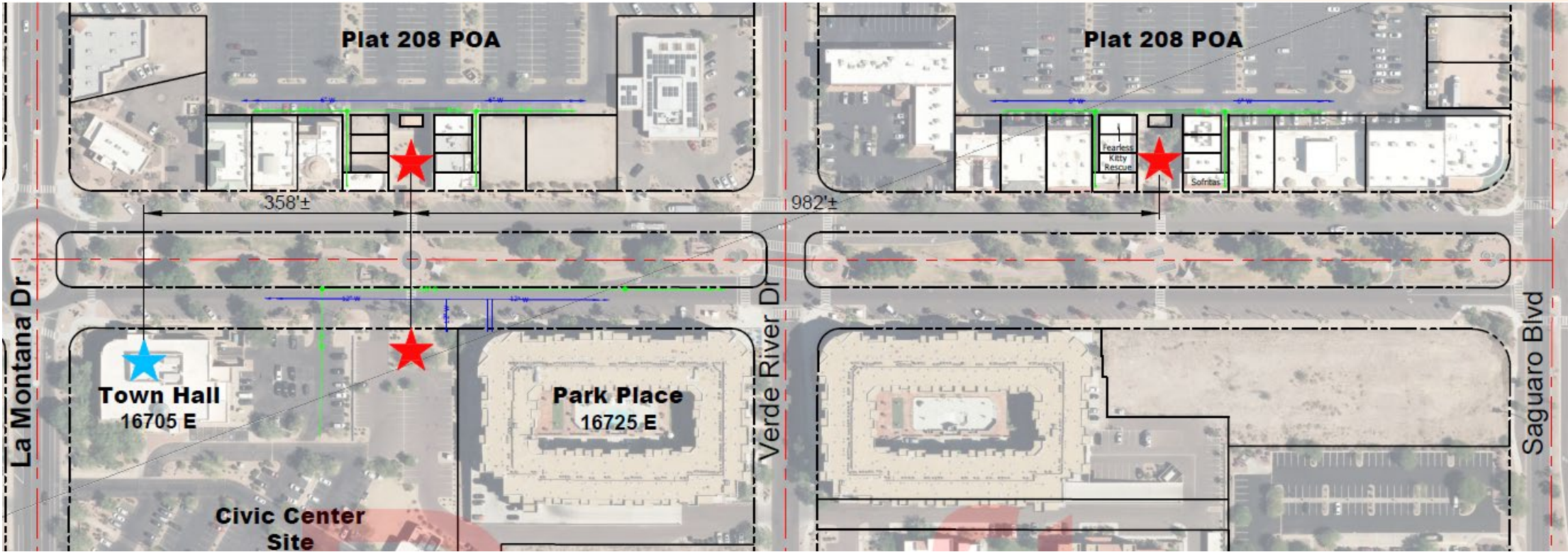


FOUNTAIN
HILLS

Plat 208 and Town-Owned Land



Avenue of the Fountains – Site Location Map



Questions?



**FOUNTAIN
HILLS**





TOWN OF FOUNTAIN HILLS

STAFF REPORT

Meeting Date: 2/24/2026
Meeting Type: Town Council Work Session (Budget Retreat) **AMENDED**
Submitting Department: Administration / Town Clerk
Prepared by:
Staff Contact Information: Phone:
Email:

Request to Town Council Regular Meeting (Agenda Language)

DISCUSSION: Wrap-up of priorities

Staff Summary (background)

Related Ordinance, Policy or Guiding Principle

Risk Analysis

Recommendation(s) by Board(s) or Commission(s)

Staff Recommendation(s)

Suggested Motion

FISCAL IMPACT

Fiscal Impact:

Budget Reference:

Funding Source:

ATTACHMENTS

None