**TOWN OF FOUNTAIN HILLS**
MINUTES OF THE WORK SESSION
OF THE FOUNTAIN HILLS TOWN COUNCIL
April 14, 2026

A Work Session of the Fountain Hills Town Council was convened at 1:00 p.m. in the Fountain Hills Council Chambers, Fountain Hills, Arizona

Members Present: Vice Mayor Gayle Earle; Councilmember Rich Watts; Councilmember Peggy McMahon; Councilmember Brenda J. Kalivianakis

Members Attending Remotely: Councilmember Hannah Larrabee

Members Absent: Councilmember Allen Skillicorn

Staff Present: Town Manager Rachael Goodwin; Town Attorney Jennifer Wright; Town Clerk Bevelyn J. Bender

Post-Production File

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MAYOR FRIEDEL: All right. I'm just calling the meeting to order. We'll do roll call, please.

BENDER: Mayor Friedel.

MAYOR FRIEDEL: Present.

BENDER: Councilmember Earl. I mean, sorry, Vice Mayor Earl is not on here yet.

Councilmember Skillicorn is not here yet.

Councilmember Kalivianakis.

KALIVIANAKIS: Here.

BENDER: Councilmember Watts.

WATTS: Here.

BENDER: Councilmember Larrabee is on the phone.

And Councilmember McMahon.

MCMAHON: Here.

BENDER: Mayor, you have a quorum.

MAYOR FRIEDEL: Thank you.

Rachael?

GOODWIN: Thank you, Mayor. Today we are bringing forward the tentative budget, which is a required step in our annual process. I know Council as well as staff have spent many hours on this budget, so I will keep my opening comments brief.

The tentative budget reflects the priorities discussed through the retreat and the work sessions and the supplemental items being recommended for addition. Those supplements have been reviewed carefully and are not simply a wish list, but each item requires justification based on need, timing, available resources, organizational capacity, and alignment with Council priorities.

The tentative budget continues funding for core services, including public safety, streets and infrastructure, facility maintenance, capital planning, and community services.

Arguably, the budget is more than a spending plan. It is a prioritization document that shows where the Town is choosing to focus its limited resources. So with that in mind, staff will walk through the key components, the recommended supplements, and the remaining steps before final adoption.

Before we kick off, I want to say a big thank you to Paul and his staff, as well as the rest of the team, because our budget process starts way back in December. For those of you that don't remember all that far back, we start in December. So this is a culmination of a lot of detail, a lot of work, a lot of "oops, I forgots", and really, Paul kind of herding all of the squirrels in the office to make sure we get here and get this done. So thank you, Paul, for all your efforts.

SOLDINGER: Great. Thank you, Mayor, Vice Mayor, and Council. Thank you for another opportunity. Like Rachael mentioned, this is kind of a culmination of all our discussions up to this point. We've had several, and it's a long and exhaustive process, but we're getting close. We only have a few more steps in this process to consider the fiscal year 2027 budget. And so with that, this is meant to be seeking your direction on the budget. If there's anything you'd like to see addressed or discussed, please chime in and ask questions. And we'll have those conversations today.

So for the budget just some main considerations. Looking at the time line today, we are talking about the proposed budget. We have an online budget book that we included in the packet. The public can also look at it. It includes all -- the entire proposed budget by fund, by department. Just 250 pages of fun is like -- what I like to call it, and it's there online for consumption. And we'll talk through it a little bit today. I can also pull up the book if you'd like. Because I know we send it out in advance, so there's a lot of information there.

So today, the purpose of today is really to get your feedback on the budget, everything we've put together. And by next month, when we bring the tentative budget for adoption, that's the maximum amount that the Town can budget for next year. So once you approve that, we like to have pretty much everything final other than anything last-second. Because once that takes place and the Council approves that, we'll have the final budget adoption considered in early June with a public hearing attached to that as well.

So we like to start with projected fund balances. We want to know what we have across our different funds or our different buckets to work with next year. We incorporate these projections in our balanced budget approach as required by the State and the budget forms. So for the General Fund, we're projected to have about $15 million at the end of this year or the start of next year. The Streets Fund, we're projecting about $6.1 million. That's after doing all the road work that we're currently working on with -- where's -- oh, Justin's not here. I usually look over. Is Justin around? He just walked out? We're doing a lot of road work. We're working on Palomino. It's almost complete. Richwood is up and going, and a lot of other roads are in the queue to get going these next few months. So we typically do do all our road work towards the end of the fiscal year. And that's what we're doing now. And so today we have almost $14 million in that fund. But once everything's done and complete, we're projecting about 6 -- it could be, dare I say it, 6 to $7 million in that fund by year end. And conservatively, 6.1. Capital Projects Fund, $9 million. We've had about the same amount in the Capital Projects Fund at year-end over the last three years. This is a historically high dollar amount for this fund. So we're well-funded for the capital improvement plan. I know I get that question a lot. Do we have enough money to do these capital projects? Yes, we do. We look at a five-year outlook. We consider all those things, and we have sufficient funding for now and the future few years.

$8.2 million in the Facilities Reserve Fund. Of that, 6.7 million is specifically set aside for the future lake liner project. This budget does include about $1 million to be spent from that savings for the design of that project, for the future design. So just keep that in mind when we get to the capital projects and capital improvement portion of the presentation.

Across all our other funds, about $8.5 million. So the Town projects to have 47, $48 million at the end of this year. And those are available resources that we can use to budget for next year, including our ongoing projected revenues.

At the last work session, we talked a lot about revenue. So I'm just going to touch on it briefly. In total, we're projecting $38.5 million of total projected revenues next year. That is a decrease from the current year. But really the decrease has to do with the

Dark Sky Discovery Center grant that Council approved us to apply for. We had to include it in the budget. We didn't get it. So we didn't receive the revenue, we didn't spend it, but we had to budget for it. So the revenues, the projected revenues are going down, but things are relatively level. We are projecting a $750,000 increase in the General Fund, like we talked about, a slight decrease in the Streets Fund based on new league (ph.) projections they just sent us. They're projecting HURF revenues to go down a little bit next year. We'll also have less money in the fund, so we'll have less investment earnings on that balance.

The Special Revenue Fund, that 2.9 million, $3 million-figure going down is because we don't have the grant budgeted there. That fund is used for restricted types of money if we get grants. The opioid settlement money, we spend out of that fund. The RideChoice program, we spend out that fund. But for the most part, for example, when we got the grant for the Four Peaks restroom, we spent out of this fund. So when we get grants, we typically use this fund. The bike park project is another one where we talked about where we would use this fund, because we're getting a donation from a nonprofit organization to help with that project.

As you go down, Capital Projects Fund, there's less projected grants. That's why you see a decrease there in the revenues. And you'll also see our higher projections for development impact fee funds because we -- the Council adopted a new fee schedule. Yes, they have substantially increased, but that will mean more money in our coffers to be able to do capital projects with those monies. So in total, $38.5 million. You can also look in the prior three years of actuals where we brought in 41, 40 million, and 38.5 million. Remember, our state-shared revenues did drop a little bit with the state income tax flat tax implementations. And it kind of leveled out, so we're starting to see our revenues flatten, but starting to increase a little bit from a state-shared revenue perspective. So yes 38.5 million. That's a lot of words. But I just wanted to touch on revenues briefly as -- for the Town as a whole.

The expenditure limitation. We also have talked about this a lot for the past year. Our expenditure limitation was just released. The State releases this in about March every year. The final number for next year for the town is $381 -- .18 million. It's about 1.5 million more than fiscal year '26, based on the inflation and population changes for the Town. So we have to consider that in our budget process, because we have to budget to make sure that when we budget, we -- our budget will -- I'm sorry, I said budget like five times in one sentence, so. That's not what I intended to say. When we budget, we have to consider the expenditure limitation because after the revenues that don't count towards the expenditure limitation, the excludable revenues, we have to make sure that our budget says we'll be at least $1 under the expenditure limitation. And so that's what this is trying to illustrate. $38.2 million for our expenditure limitation. That's the most we can constitutionally spend as a Town from revenues that count towards that cap.

So these on the left, those are the revenues that we've accounted for that don't count in our budget towards that cap, that when we spend them, they will not count towards the expenditure limitation. The grants that we're projecting to bring in of 1.7, $1.8 million, HURF revenues of $1.8 million, investment earnings of 840,000, and $2.2 million of other exclusions, including, for example, the fire insurance premium, tax, insurance revenues from the State. That's an excludable revenue source that's included in that amount. And then like we talked about, we have a lot of carryforwards or money that doesn't count towards the cap saved up from prior years.

Yes.

MAYOR FRIEDEL: Councilmember, do you have a question?

SOLDINGER: Yes.

MCMAHON: Yeah, but I want him to finish what he's saying.

SOLDINGER: Sure. Yeah. So the 4.4 million out of that carryforward, we're also projecting to use 4.4 million of that. And as you can see, we're budgeting to make sure we're at least $1 below the expenditure limitation.

MCMAHON: Not to ask a stupid question, but do we have any carryforward at all?

SOLDINGER: Yes. Mayor, Councilmember, yes, we do. So last time we talked about this, we're projecting about 10 to $11 million of carryforward still at the -- this year-end, when everything is said and done. It's actually going down because we're using some of that four to six million of that to be able to do more road work with the additional road projects this year. So of that 10 to $11 million, we're budgeting to spend 4.4 million of that.

MCMAHON: Okay, thank you.

SOLDINGER: Complicated subject, but this is it in a nutshell. This is what we do in our budgeting practice. When you see the budget forms in the final budget, I can point -- it's like one obscure place on the budget forms, but we basically have to say these are our exclusions and we're $1 below the expenditure limit for the year. So 6.6 million of exclusions plus carryforwards will get us there to that dollar below.

So a concept that comes up around this time of year is contingency. The Town manager and I, in preparation for this budget, we kind of discussed how we'd really like to stay above $1 million. We were at 1.1 million last year. Something we kind of got lucky with, with the MCSO contract coming in low again, some things worked out in our favor, and there were some bumps in the road, such as like our benefits and -- health insurance benefits went up more than expected, nine and a half percent this year. So that impacted our budget, I guess negatively. It added more to our budget.

But we did end up at $1 million. And I'm just going to show you real quick how we got there. $26.8 million of projected revenues in the General Fund. So we start with our revenues, and that's where we know, okay, we can budget for our departments up to this amount, but we want some wiggle room. We want some buffer there in case something unforeseen comes up. And we call that contingency.

So illustrating that, we have 25.8 [sic] million of expenditures with amongst the departments in the General Fund. And to bridge that gap, to have a balance, ongoing revenue and expenditure budget in the General Fund, we have $1 million of contingency. And so we really met our goal, kind of fell into it, got kind of got lucky in a way, but it worked out in our favor. I think we're in a good place with a very conservative budget. Like we've talked about, we're very conservatively projecting next year with our flattening revenue situation at this point. So we want to see how next year plays out.

So for the contingency, just one thing to note. Where is it in our budget? It's in our General Government department. And so and I'll -- and this presentation is set up to show you all the departments in just a little bit. But our General Government department is really for any expenditures at the town level that don't really fit in any individual department. For example, our liability insurance. Our community contracts that we've talked about a few times go in this department. On top of those things, it's really our contingency.

So you'll see on the screen we have 1.002, like barely over $1 million of contingency this year in the General Government department or bucket, whatever you want to call it, within the General Fund bucket. And again, that budget -- that budget is not used unless something comes up where we're like, oh, we did not plan for this. We need to go to Council. There's been a big storm; we need to do a cleanup. Sometimes in some of the agenda items, you'll see we -- we talk about how we're going to get the budget, and some -- sometimes -- or typically it's from the General Fund contingency. Or if it's in the -- for a capital project, a lot of times it's from the Capital Projects contingency. So that's how we use contingencies in our budget. And just kind of wanted to delve into that a little bit with you.

But one other key concept to know is we've been talking about revenues being flat, but we're still conservative and we're still above our projections. Last revenue report, we were seven percent above projections for the year. We are unable, by policy, to use our contingency budget authority unless we're meeting our projections, because it doesn't exist. Going back to this slide, that 1 million really doesn't exist if we're not meeting our revenue projections, because that's how we -- we balance our budget. So our policy says you can't use that budget authority if that happens.

So it's a lot of words. Any questions on contingency or anything? No. Okay.

So as a whole, this shows you holistically what our budget looks like. In the proposed budget for next year, 49.2 million budgeted. We already talked about that 38.5 million of projected revenues. And so a question might come up, why -- how can you balance your budget with higher expenditures and revenues? The simple answer is, is we use existing fund balances. Like I talked about. We have $47 million projected of fund balances across all our funds as a Town. And so our practice is, in the General Fund, we balance our ongoing revenues and ongoing expenditures. But across all of our funds, if things come up, like the Streets Fund, we want to do more streets work. We're only bringing $4.5 million of ongoing revenues or so. Well, we want to do $8 million of road work next year. Well, we can do that because we're balancing our budget using existing fund balance. So that's kind of how it works in a nutshell. I know it's a kind of a confusing topic, but that's some of the practices that we have to go through when we fill out the final budget forms for the State as well.

Yes.

MCMAHON: So is any -- sorry. Is any of that X 49 the carryforward money?

SOLDINGER: Yes. So Mayor, Councilmember, going back to that previous slide about the expense limitation, out of the 49 million, several of the expenditures were planning to use -- it's in this huge spreadsheet that Michael puts together, and he probably has a printout over here. We look at each fund individually and we say, what strategically makes sense? We hear that the Council wants to do more road work or there's more capital projects. Should we use this carryforward or these exclusions in certain funds? So what we've been doing the past few years is we've been saving up HURF revenues and not trying to spend those. We've been using the money we've been transferring into the Streets Fund that's considered unrestricted or it counts towards the cap.

And so yes, we look at each one, we say, which exclusions are we going to use this year, or should we save this, such as HURF if we can. And we'll just use carry-forward in a different fund instead. So it's going to be -- like, we have 19 funds total right now, 18 funds have budgeted in them. And individually, we look at every single fund to see which carryforward items we're going to use.

MCMAHON: Thank you for the clarification. I appreciate it.

SOLDINGER: Yeah. No problem.

And then just one thing to note, a little bit different from previous years to this year, we did -- during the work session, we talked about the staff pay adjustment because we had that data available. So everything we're talking about, as far as numbers on the next few slides, are going to include all the staff pay adjustments already and all the recommended supplements that I'll get into in a minute. So really, if you're happy with everything in the budget today, we don't need to make any changes to the budget. You'll see pretty much the same budget at the tentative budget next month, but if there's something you'd like to change, we'll talk about that and we can make it -- it's most likely we can make it happen in the budget.

So recommend supplements. I will say that our supplements -- so supplements are just departmental requests for additional budget. The way it works -- I probably haven't done the best job of explaining this in some of my budget presentations, but we have a base budget model. We keep our budget from last year to maintain levels of service. So each department has the same budget. We take out anything that was considered a one-time budgetary item. Like last year, community services did a lot of painting of park amenities. That was, I want to say, 20 or $30,000. There was a couple other things that they did. We took that out of their budget, and all that, that's considered their base budget going into this budget session for fiscal year '27. And all we do is add the things we've talked about: the benefit increase, the costs, the staff pay adjustment. And then after that, anything that needs to be updated, we add the recommended supplements that we're going to talk about now.

And so the recommended supplements are going to be included in the budget. And so I don't think I touched on this, that long diatribe that I just explained. But the -- what was I going to say. Sorry, I'm tripping up on my words now, so it'll probably come back to me. But yeah.

GOODWIN: Paul, can I interrupt for one second?

SOLDINGER: Yes.

GOODWIN: I wanted to just -- you can take breaths, too.

SOLDINGER: Okay.

GOODWIN: So I wanted to just talk really quickly about the supplements. The other piece of the supplement conversation -- Paul's exactly right. We do a base budget model where we roll over. But I think one of the things is, well, what if you saved money? Shouldn't you give that money back? Because what we do is staff is instructed if there are cost savings or measures that are going down -- I know that's very rare, but it does happen, where they got a, you know, a better deal on Turkey Trot T-shirts or they, you know, are saving money in other areas -- they are asked to use those resulting savings to cover other expenses that are going up, i.e. if you come with a supplement, it has to have been can you absorb it already in your existing budget? And if you cannot, you need to explain why. You need to justify what it is, why it is, why you need it, how you're going to cover those costs, or how it's going to improve your service delivery.

I kind of mentioned it when we opened up. This is not a wish list situation. This is -- it's imperative from the staff perspective that they have to come and really justify the asks. So the things that you're seeing today have gone through that sort of rigorous review, and not just myself, but through, you know, through finance and through -- even through each other in the sense of, okay, if we only have so many marbles to divvy up, how then do I explain giving one to you, but not you? We all have to be on the same page as a team to make sure this is the best place to divvy that up, and that's what you're seeing today. So I wanted to make sure that that there's a method to it as well.

SOLDINGER: Yeah, it's been thoroughly vetted.

GOODWIN: Indeed.

SOLDINGER: Yeah, I -- yeah, Rachael, I appreciate that. And I think I was kind of on a roll and just talking, talking, talking. But no, that's an important key point. We spend a lot of time talking about each supplement. We meet with each department. We talk about their needs for the year. They provide justifications. We have further discussions, discuss with the town manager.

And the key point I was trying to make a minute ago that I forgot was that we had a very lean amount of supplements this year. We've kind of been warning about the flattening revenues and the situation we've seen. So departments didn't submit as many supplements as last year. I think we had about half or maybe a little bit less. So these are the ones we feel really good about that we want to include in the budget. And so we'll seek your direction on them.

But the first ones on your screen are ongoing supplements. So these would be added to the budget on an ongoing basis. Starting next year, they're in the budget. They'll just keep going unless something happens and we decide, you know, we don't need it anymore. And we'll go on to the next few slides talking about other types. But with ongoing supplements, the top two are in the General Fund, about $12,800 in total for the General Fund is what it would impact.

And so number one, ChatGPT, we're asking for an organization-wide subscription. We found that a few departments use it. I actually use it quite a bit. I've been using an upgraded version the last six months or so. It's been extremely helpful. I could talk a little bit about the benefits, where if you're comparing a bid packet versus another one, or a contract versus another one, you want to find a very obscure provision in a 70-page document, you upload it and it identifies it within seconds for you and where you need to look and -- and explain it and summarize it. So I've been using it, and not everyone has -- else has had the opportunity. So this would give us, I believe, 15 licenses for department heads and other designees to be able to use the upgraded version of AI. So that's the first one.

The next one would be staffing for community services for inflatables at events. The idea with this one -- and I forgot to mention, the departments are here to answer very specific questions if you have them. But this one, we just need more contracted staffing for inflatables at some of our special events. Just from a liability standpoint, we don't have enough staffing to make sure everything's safe and people are following the rules. And so that was something that was discussed, and that would hit the community services budget for $8,300.

Economic development funds. So the first one would actually come out of the Economic Development Fund. As a reminder, when you see Amanda come up here talking about our economic development programs, downtown programs, she's the one division in the administration department, so one of the people that you see that comes up here that's not paid out of the General Fund. She's paid out of three separate funds: the Economic Development Fund, the Downtown Fund, and the Tourism Fund. So when you see supplements that are coming from her division, they're going to be paid out of these funds.

So you'll see that first one, the promotional material, the idea is to have more promotional materials for the Town to bring to events, such as the conferences and things of that nature, just to have more available for promotional purposes for the Town. And so that would be a $10,000 ongoing supplement in Economic Development Fund.

The second one, the Avenue of the Fountain Street Banners Replacements, in your budget book, it actually explains Amanda's explanation, justification. There was pretty -- a pretty robust explanation for this one, talking about how in the downtown strategy approved by the Council, it talks about regularly replacing the street banners. So it ties it back to something the Council already approved. So the idea would be to give her the budget to be able to buy new banners every year to replace them on the avenue. And so that's what that would be for.

And then the Downtown Fund, another supplement for downtown videos. This has to do with, from a marketing standpoint, doing more promotional videos for social media and the likes for our downtown businesses, the downtown district. And so that would be $10,000 also in the Downtown Fund. Any questions on any of those ongoing supplements?

WATTS: Well, two questions. One relates to ChatGPT. And of the hundreds of AI products that are on the market, how did you land on ChatGPT, other than the fact that it was probably one of the first ones out there?

SOLDINGER: Yeah, that's a great question, Councilmember. It came from our IT director, our chief technology administrator. But I've used several and I'd say ChatGPT has the easiest interface. It's user-friendly and it's been very -- it's helped me achieve my results really well. I do like different -- I pay for my own actually out of my own pocket for a couple other because I like using multiple AI products because they're very helpful from an efficiency standpoint. So I use -- like, the road bonds presentation I did a few months ago, I used, I think, Canva AI for that. And I also have created some of the AI images in NotebookLM, which is a Google product. So I personally use multiple. But I think with the integration of AI into our everyday practices, using something that's more widely -- widespread used is probably the thought, but. Mike's back there somewhere behind that --

WATTS: Maybe I can corner him later. Because I think there are so many AI products that are out there that are task-specific, if you would. So one that is focused on governmental issues. I just want to make sure that we're on the same page, because ChatGPT is a very wide-ranging background. I use things like Perplexity, Claude, those types of things. And they are unique in some aspects and general in others. So I'll talk to Mike more about that.

The other question I've got is the Downtown Fund for the downtown videos. Is that a contract employee or is that a direct employee?

SOLDINGER: Is Amanda around?

Amanda, do you want to address that one?

JACOBS: I'm here. Good afternoon, instead of evening, Mr. Mayor, Councilmember Watts. So with the downtown videos, yes, we are contracting most of those through Andrew Day of DayLiteFilms. He is a local resident and business owner. When our PIO Mike Pelton can help, he can, but he's a one-man operation, so it's been very slim. and so just wanting to be able to rely on daylight films to assist with this. What we did this year is within the Downtown Fund, a previous ongoing supplement was printed advertising, so I did not do that in lieu of doing the downtown videos. So in addition to marketing, it's also a business retention and expansion tool. And the businesses have been loving that extra effort.

WATTS: My concern is with the videos and making sure that whomever we use, whether it's internal or external, they are a licensed 107 operator. There's a liability issue because I've seen some of the videos and we fly over groups, and there's prohibitions on doing that. There's also waivers that you can do. So making sure that one of the criteria is that you're 107 licensed. I would ask you to make sure of that. Okay?

JACOBS: Okay. Sounds good.

Any other questions while I'm up here?

EARLE: Yes. Yes, thank you.

JACOBS: You're welcome.

EARLE: I just wanted to ask on the banner replacements, are you changing the size on them that was talked about before you do?

WATTS: So Mr. Mayor, Councilmember Earle, for this, no, we're not changing the size. This would replace them each year.

EARLE: Just once a year. Okay.

WATTS: So once a year. Why we're not changing the size just yet -- we previously talked about this is -- we appreciate the comments, but with -- its two parts. Right now how it's currently structured, we cannot do that.

Mr. Weldy, is it tenants?

Tennans (ph.). So we can't move that around.

EARLE: Oh, okay.

JACOBS: And then two, if we're wanting to look at that, we look at that as part of the overall downtown streetscapes, the capital project. So as we're looking at Verde River and Parkview, if that's a desire of Council, then making some of those potential modifications then.

EARLE: Okay. Thank you.

JACOBS: You're welcome.

GOODWIN: Mr. Mayor, can I jump in real quick? Just to answer Councilmember Watts' question, I did quickly ping Mike Ciccarone just to say, hey, why ChatGPT? And he did clarify, while that is probably the most widely-used, especially in our organization, so that there's a familiarity, there's a easier learning curve for anybody that chooses to use it, it also has the most versatile sort of use, whether it -- in terms of dynamics, whether it is used for writing purposes, whether it's used for budgeting or financial purposes, it has probably the most robust wide availability. But that being said, Mike said he's not sold -- not married to it, that it's simply a placeholder for a -- an AI product for the support of staff.

WATTS: So he texted you that answer, but I can't get him up here to grill him himself?

GOODWIN: Yes.

WATTS: Okay. Thanks.

GOODWIN: I'll take the heat for him.

SOLDINGER: All right. Okay. So next slide is one-time supplements. This is what I described earlier. We would add these to the budget for next year. But we will take them out in the budget process for the following year. So it's just a one-time need. And none of them are in the General Fund this year. They're -- the first two in the Downtown Fund, one's in the Court Enhancement Fund for the municipal court. The next three are vehicle replacements out of our Vehicle Replacement Fund.

So again, for the first one there, Verde River banners, the same idea with the banners other than this would be for Verde River if the construction is complete next year. We have heard that there may be delays in that timeline, so we'll talk about that here soon. But we have this in the budget in case it is complete. And we could buy banners for the Verde River area.

The next one, Mr. Weldy is here to answer any specific questions, but there's a $40,000 request for building a performance pad on the avenue. And my understanding, this has to do with, like, the Christmas trees and some of the special events, having a pad to -- a safer, more durable pad or placement for things like that. So they --

Would you manufacture it in-house or use a contractor?

Use a contractor for that. So that's coming from public works, but it's a downtown improvement. So we thought the Downtown Fund would be the appropriate source of funding for that. The Downtown Fund, we have a lot of money in that fund at this point that we haven't budgeted to spend down very much. We have 730,000 today. There have been talks, obviously, about possible restrooms and things like that in the past, but at this point we have a large fund balance and so we're finding creative ways to use it for that purpose.

MCMAHON: Question.

SOLDINGER: Yes. Do you have a question?

MCMAHON: Thank you.

Justin, would you mind -- I know you and I talked about this, but would you mind standing up and explaining this a little bit more? Thank you.

WELDY: Mr. Mayor, Councilmember. So performance Pat is kind of a generic term that I came up with. What they will be used for is to support the holiday lighting, so the trees in two locations. Over the past several years, under guidance and direction from the Mayor and Council, we have either had contractors or a group of volunteers install two trees. The Public Works Department has built and maintained those platforms. But each year, simply because of the nature of the environment over a water feature, even marine-grade materials have a tendency to deteriorate at a rate that is unacceptable. The plan is to make the primary structure out of aluminum to support it, and then a less expensive, durable finishing surface for the trees and the decorations to be placed on. You're welcome.

WATTS: Fixed or permanent?

WELDY: Mr. Mayor, Councilmember, it would -- they would be fixed. So we would bring them in and out annually. The only difference is currently we make them out of wood, and we utilize either timberjacks or automobile jacks to support the platform. So we would make, for lack of a better description, a folding aluminum platform that would be removed.

WATTS: So it's portable, not fixed?

WELDY: Portable, correct.

WATTS: Thank you.

SOLDINGER: Okay. Core Enhancement Fund. This is a fund we don't talk about very much. It's when you -- when the Council approved the municipal court fee increases last year, part of that was the Court Enhancement Fund fees. There's a specific statute that says you can charge -- as a court, you can charge additional fees to support court programs. And so we do that. We have about $370,000 saved up in this fund. And we -- the only thing we use it on an ongoing basis, for the most part, is our court security that's new. And so with that one -- I'm just explaining the fund a little bit because we don't talk about it very much. But the request is for a refresh of the furniture in the judge's office. Last year, we used the Court Enhancement Fund to do a broad refresh of all the other furniture throughout the municipal court, but not the judge's office. So this request is to now do the judge's office for 10,000 bucks.

Okay. And then out of the Vehicle Replacement Fund, we discussed -- I know I talked about this -- these requests with at least one councilmember. Basically, we have a policy that says every vehicle that we purchase as a Town, after ten years or 100,000 miles, it's up for replacement. We don't always do that. We do have discussions internally about the vehicles, but two of these three, I believe, it's 156 and 159, one in public works, one in community services, are in pretty bad disrepair. One, the AC keeps needing to be replaced, the other one, just lots of repairs and maintenance needed. So it's time for those two to be replaced. The third one, we -- it's up for replacement but still in decent shape, so we're going to keep it and repurpose it to be used by community services for special events. It has a lift gate so it's a useful vehicle still.

So the only point I'm trying to make is we don't just replace vehicles because the policy says. We have a discussion, we try to figure out what's best for the Town, and we'll keep one of those vehicles for future use. In that fund, we have -- we don't talk about that fund very much, but we have 3.3 million saved up in that fund right now. That sounds like a lot. But we have fire trucks coming down the pike that are going to need to be replaced, and that can run us 1 to $2 million apiece. So definitely don't want to spend too much out of the fund if we can help it.

Any questions -- any other questions about one-time supplements? No.

Okay. Personnel --

Yes.

WATTS: So we do have a very defined prescription for based upon not only ROI, but things like depreciation schedules and so on. But there is some latitude in that. And it's -- it's my opinion that we should have that applied to a lot of different things. There are certain things that are a little bit ambiguous, subjective, et cetera, but when you've got something as defined as the vehicles, I think it goes a long way to supporting your position. So thanks for that.

SOLDINGER: I appreciate that, Councilman.

Okay. Personnel supplements. So all three personnel supplements brought forth to the Council this year are in the General Fund. The first one is for community services. And the idea with that is to add another groundskeeper part-time to provide coverage on the weekends. I believe, if I'm saying it correctly -- Kevin, correct me if I'm wrong -- but we don't currently have groundskeeping on the weekends. And so to have some coverage on the weekends will be very helpful, especially if there's leaks or situations that need addressed. Kevin doesn't have to drive out here every Saturday to take care of that stuff, or his staff.

And also special events. We have a lot of special events on weekends, and sometimes there's groundskeeping needs, something's going wrong. Just having someone on staff to be able to address stuff like that, that would be the idea behind this supplement. And so would add $31,000 to the Community Services department. And these would be on an ongoing basis, add to the budget moving forward. Any questions on that one for Kevin? No.

Okay. The second one, the deputy town clerk. Here, the idea is we have a lot of need for a deputy town clerk. We have, how many, Bev? 150 public records requests so far this year. We are recognizing we have to -- we should be strengthening our document retention practices and things like that. So the idea is to allow Angela to move into that role full-time and to open up her current position as the executive assistant to the town manager for recruitment. So we would be adding additional FTE or staff member to the Administration department under the Town Clerk's Division at $124,000, inclusive of benefits and taxes. Any questions on that? Or discussion?

EARLE: Thank you.

SOLDINGER: Yes.

EARLE: I just want to ask, if for some reason we didn't have so many public records requests and everything was up-to-date, would we still need that extra employee?

GOODWIN: I'll jump in. Bev, you're welcome to chime in as well. I think at this point it's something we could consider, you know, if and when we were to get there, so to speak. Right now we're -- you know, as of right now, you just heard we have about 150 public records requests for the first quarter of the year. Last year, we had over 400. We are on track to meet or exceed that. So unfortunately, I don't see a slowdown in that world. But if by chance it did, sure, we could certainly revisit.

I think part of this other piece of this conversation and Paul really hit the highlights is remembering that the clerk's role is a high risk and it's legally mandated. We have things that have to be done, and there are timelines and associated reporting that is not -- that is nonnegotiable, right? Where a lot of times we are not very deep in our -- in our staffing, i.e. if -- I'm just going to use Mike Pelton. If Mike Pelton's out, there's not another Mike Pelton that does his -- the work that he's working on pauses until he returns. The clerk's office is not able to do that. There's elections and reporting. And again, if we have public records or other legal requests and other legal things, we have to -- we have to follow them. So this is helping create that redundancy so that if there are out -- staff outings or other things or other reasons, we can't, you know, Bev -- or the clerk, whoever that may be, isn't solely responsible for all of that and managing that independently. So this is kind of creating, again, redundancies where we have the most risk.

EARLE: Thank you.

SOLDINGER: Want to chime in, Beth? Yeah.

BETH: I was going to just mention that succession planning is also very important. It's the knowledge transfer. I won't always be here, so you want to make sure that you get that information passed along to the next generation.

UNIDENTIFIED SPEAKER: (Indiscernible)?

BETH: You never know.

EARLE: It all sounds like a good idea. I just wanted that to be said out loud. Thank you.

SOLDINGER: I appreciate that.

And the third one, our favorite discussion in the past year or two, the fire department, firefighter. So we are adding one more. From a financial perspective, I like the way it's set up. Like I know the fire department would like three more people. For now, we're adding one. We'll see how next year goes, see if we can make it work and be able to have almost that -- I don't want to call it negotiation process, but it kind of is because, you know, they've made it clear they would like three people. And so we'll try to make that work. Or in our proposed budgets each year and our discussions with Council, if it's something we think we can make happen and the overtime data still supports it, that's something we'll have further discussions on. But for this year, just one more to the fire department.

MCMAHON: I have a question. In only hiring one, how does that affect -- does that adversely affect the fire department and the services they provide? Not to open a huge conversation about it. And if we have the money in the budget, why wouldn't we look at -- at least two out of the three?

SOLDINGER: Yeah, absolutely. That's a really good question. Kind of a deep question. So Mayor, Councilwoman McMahon, I'll address it, and if Chief Ott wants to correct me, he can. But we don't have a lot of money in the budget. We have that $1 million contingency. But that has been shrinking as our revenues have flattened the past few years. I was just watching a town hall for, I think it was, Paradise Valley. I look at some of the benchmark communities, and they have, like 2 or $3 million in their contingency, in their general fund. So it's -- ours is shrinking a little bit. We're still in good shape. We're very conservative in our practices, obviously, like we talked about many times. But this -- this feels like the right fit for the Town, adding one to see how it impacts the overtime.

And from a logistical or fire department standpoint, what I understand is they would like to have three. Their ideal scenario would be to hire all three next year. Because the way they work is almost in platoons or shifts. And so they have -- it's almost like a family. Think of it as a family. They have three different families or shifts, and so they're all working together. If you're adding one person to one of those families, you might have to move that person to other families or shifts. And so it creates a little bit of challenges as far as logistics and you know, making that work for them. And it's not what they're comfortable with. But for now, this seemed like the best approach collectively in our discussions.

MCMAHON: But in the future, in this fiscal period, if something comes up where they really need another person, we would be able to look at that, correct, and make adjustments?

SOLDINGER: Yes, absolutely. That's something the Council can consider mid-year. And we could -- because we have that contingency, we can -- if -- if Council want to add someone mid-year, we could add that to the budget through a budget transfer and make that work if that's something that they came to Council for.

MCMAHON: Okay. Because you know, and I think that when we originally brought him in-house, we knew and it was up front about what they were going to need and anticipated budget over a couple years. So it's -- to me, this is not an extraordinary request, knowing that when we brought him in, it was going to cost us some money. Yeah.

SOLDINGER: Yeah, I agree, Councilwoman. I would -- the only thing I would say is this year was a little bit more challenging to make some of that work, too, because there were several other things with the fire department that we already had to account for, like the full year of the command structure. So again, valid points 100 percent, valid requests. This is just the best kind of midpoint for us as a town, in my opinion.

All right. Did I get it? Thank you.

Okay. I will be kind of breezing through these slides. And you know how I kind of get on a roll, so just chime in if you have questions. But we're going to go over the funds now. With the General Fund, we're going to focus on the department-level budgets. And I will call out -- I will call out anything that I feel like specifically should be called out. But feel free to let me know if you have questions.

So with the General Fund again, $26.8 million. With -- on the expenditure side, we balance our expenditures with our revenues. And very consistent since I've been here. Most of our -- about half of our General Fund budget goes to public safety. The fire department at 6.5 million, plus our law enforcement at 5.8. That's about 46 percent of our General Fund budget right there on those top two departments.

Community Services is our next biggest department, going down to administration. Public works that are not streets-related items, like facilities and engineering, general government, development services, municipal court, and the Mayor and Council, there at the bottom.

So now I'll go through each department and I'll kind of show you what's changed on a department level. So the Administration department -- I have two slides. One shows you the expenditures by object, which just means the expenditure type of expenditure. The next slide will show you the total budget by division within the Administration department. So the payroll is going up by 8.9% in this department. And really most of that has to do with what we've already discussed, the benefit increases, the -- the pay adjustments and the deputy town clerk. So we're adding another staff member to this department. All in all, that brings up the department by 8.9% in that category.

The other categories, I mean, they are moving a little bit. And that's part of our practice. We look at individual line items and we try to line up the budget better by what we're spending a little bit. But for the most part, I think all in all, in those other categories are not changing too much. So we have a $3.5 million budget, an increase of 6.4 percent in the Administration department starting next year. Another way to look at it -- again, this does not include economic development.

Oh, yes.

EARLE: This is not a hard one. How did you get your utilities to go down so much when my personal ones haven't?

SOLDINGER: Oh, just a lot of luck, I guess. I don't know. The utilities here are like, I want to say, internet or -- it's -- what? Yeah. Oh. Basically, this is just accounting for central utility costs. And it's an accounting treatment. It's kind of hard to explain. Yeah, but I appreciate the joke.

Okay. So another way to look at it is just on a division level. A lot of times we don't talk about the division level and administration, like IT. The Finance division, for example. They're all relatively staying the same or barely going up. The only one that's really shooting up is the Town Clerk division because of the new staff. So that's why I thought it'd be helpful to point this out.

General government. You can kind of see there in the contractual services line we brought -- took down the community contracts budget. Based on the prior conversations, we renegotiated the unsheltered contract with CASS. So we brought that budget down. So you'll see a decrease there. But overall, that also shows the contingency, kind of illustrates what I've been talking about. When we actually spend that budget, it's not -- it doesn't come out of contingency. We will move it into other places if we need it. But you'll see that from this year, 1.121 of contingency or budget for unforeseen expenses, that's going down by about ten percent to a little bit over $1 million.

Yes.

WATTS: The contractual services. This may be a question for John. I don't want him to go to sleep on me.

Hi, John.

Are we well-positioned? Do we have any -- included any computer or systems program updates to meet the State requirement, a ten-day turnaround on permitting?

JOHN: Mayor, Councilmember, the easy answer is no. The citizens serve that we have works very well for us, and we're able to track and handle our processes. I think we'll be able to comply with any of the requirements through that system that we currently have.

WATTS: I didn't realize citizens serve included all of that. So that's good to know that we have -- we can meet the requirements of the State. So thanks.

SOLDINGER: All right. The municipal court. So most of the Municipal Court department is paid out of the General Fund. However, they do pay some expenses out of the Court Enhancement Fund we talked about. So I kind of regret the way I presented this slide now because it's kind of busy, but it's just showing the entire budget for the department as a whole. I believe out of the General Fund, it's like 570, $580,000 for the municipal court, and the rest comes out of the Court Enhancement Fund. But you'll see the 662,000, an increase of 5.7 percent across the department. Part of that is the supplement we talked about for the judge office furniture.

This is also another busy slide. So apologies. This is kind of how the budget book worked out with the Public Works Department. The Public Works Department, they kind of work out of different funds. Operationally, they work out of the General Fund for anything that's not streets-related, like facilities, engineering, things like that. They work out the Streets Fund for all the streets items that we talk about, the pavement management program, the other streets-related repairs, striping, things like that. They also manage the capital projects out of the Capital Projects Fund. But we don't consider that an operational budget item. That's kind of separate in our capital improvement plan.

So in total, not much has changed in the General Fund. It's 2.5 million in total. It kind of shows the categories there. Not much is changing there. But what's kind of key, and we'll talk about more when we get to the Streets Fund, is we are proposing an increase for road-paving work next year. It's kind of complicated to explain because the public has heard that we're spending ten million this year. That's because we -- the Council approved a large capital project for Palomino doing -- redoing Palomino. So that was budgeted separately in our capital improvement plan, plus whatever we budgeted out of the Streets Fund.

This year, without that large capital improvement plan, we thought, you know, the town manager and I discussed and we thought what would be best? What would be somewhat sustainable to allow the Council to continue doing a little bit more road work the next year, next couple of years? And so we are proposing an increase directly out of the Streets Fund from 5 million to $6 million for road-paving repairs. So you'll see that 6.3 on your screen. I know it's kind of small, I apologize, but out of that 6.3 million, 6 million of that is specifically for the pavement management program. When Justin comes up and gives you the list of roads he's recommending to do for next year. And we can talk about it now, or we can talk about when we get to the Streets Fund, if you'd like.

Okay. Development Services department. This department, not much to write home about. Very similar budget. Not moving too much at 1.57 million. One thing I'll say is we have been evaluating. Well, the impact fee schedule just came on board, so we are projecting more impact fee revenues next year. We're also looking at next year, considering all of our building permit fees and relooking at that and seeing what we can address there in next year's budget.

Community Services Department, an increase of 3.5 percent at $4.6 million.

The fire department. So here's our crown jewel of our budget conversations for the past two years. This is kind of why I thought it was important to show at the department level in the past few budget presentations, just because so much has been discussed, it's almost hard to keep track of what the fire department. So putting everything together, everything Council has approved, this is what the budget looks like, that $6.47 million, an increase of 8.6 percent. It's going up more than the other departments. And most of that has to do with the payroll that's going up because of the full command structure -- the full year of the new command structure with the battalion chiefs, the pay raises. They are the biggest department from a staffing level. That's about a third of our staffing budget. Or even more than that, 35, 40percent. And so you know, when the staff get a raise, that's going to impact this budget, and then adding the new firefighters. So all that combined, you'll see that top line at 5.15 million for payroll. That's increased by 9.5 percent.

The only other thing to point out that's probably a little bit more obscure is with the brush trucks coming on board at some point, the vehicle replacements, that internal service line item has gone up. Just because when we do with that, I don't think we ever talk about this much in front of Council, because it's kind of a confusing thing for me to even explain, but because we're getting new vehicles, what we do is that 270,000, that's not something that the fire department is actually spending. That's just saying $270,000 is charged to the department, and we're going to save that money in our Vehicle Replacement Fund for when we need to replace those vehicles. So that's one thing to kind of know, that that is going up because they're getting new vehicles here in the near future, and so we're budgeting to save up for that. So any questions?

WATTS: Well, how much of the contingency do we have left over from the 150 last year to get the 20 -- to go down to the 20 percent for the 120 for this year?

SOLDINGER: So Mayor, Councilmember, that's a good question. We have a contingency in a few departments, especially, like the fire department, because it's challenging to make sure we have everything accounted for and budgeted for. If you remember, last year, at one point, I kind of presented that the fire department spent 5.18 million in fiscal year '25, compared to 5.5, $5.6 million budget. This year, that 5.9 million budget, we're going to be a lot closer to that amount. When everything is said and done, we're probably going to be eating into that contingency quite a bit. Because -- well, we were expecting to get a brush truck this year, but it looks like we might not get it till July. So if that doesn't happen, that would have -- oh, I'm sorry, that came out of the Vehicle Replacement Fund. I'm sorry.

The overtime -- the equipment -- I was talking about the equipment, the scuba units that we bought. We didn't have a large equipment purchase the prior year. In fiscal year '26, we just bought $260,000 worth of scuba equipment. There's also other purchases down the line. So anyways, all I'm trying to say is we reduce that a little bit because we felt like we accounted for all the payroll needs for next year, and we're hoping the overtime comes down a little bit as well, adding the firefighters. But we felt comfortable doing that just in the overall budget process.

WATTS: I guess my concern is taking it down $30,000. If we used -- utilize the entire 150 last year from the contingency fund, then we take this down 30,000, while I see that there could be some savings in the utilities and service vehicles and so on, I don't want to be penny-wise pound-foolish on this.

SOLDINGER: Right.

WATTS: And much like some of the contracts that we did for some of the other contracts, should we keep it at 150 so that we don't run into getting stymied on things when we have an urgent need? And I would hope that that was all taken into consideration. I just don't want to be too short.

SOLDINGER: Yeah. I mean, it's --

Would you like to --

GOODWIN: Yeah, I was just going to chime in.

And you're absolutely right. And we've had similar conversations about what is the right number? Because the fire department has done a lot of fluctuating and have had evolving needs. And we're hopeful that this year we sort of level off and we get a better idea. That then being said, going back to the overall contingency in the General Fund, we have that additional contingency in the General so that if for some reason the 120 isn't enough, we can draw down from that if we had to. So we do have some additional wiggle room. It's just not allocated specifically for the fire department.

WATTS: Okay. Thanks.

SOLDINGER: I mean, to touch on that point, we could change it back to the 150, but we do have kind of a backup plan. So I mean if there's direction to do that, we can make that change to give them a little bit more budget.

WATTS: As far as I'm concerned, as long as it was considered. And like I said, whether it's vehicle maintenance service, et cetera, and labor savings and those sorts of things, and that's why you came down the 30,000, then I'm okay with that. Particularly now that town manager has, you know, clarified that we still have another contingency fund that we can pull from. I just didn't want to be too short. As much as I argued against some things for the fire department, this is one of those things that contingency funds are just that. And if we utilize last year's, then I don't want to be short this year.

SOLDINGER: Yeah, absolutely. We'll consider that feedback. Thank you, Councilman.

Yes.

EARLE: Thank you, Mayor.

Because I wasn't up here in 2023, did we only spend \$1 million for fire then, and then we bring it in and it goes to 5 million, which will now be 6.5 million? Or was it just in a different bucket?

SOLDINGER: So that's a really astute observation. I also wasn't here in fiscal year '23, but I do have what I believe is the correct answer. In fiscal '23, that was the last year that we spent ARPA funding on public safety. So we got $8.4 million from the federal government. And one of the allowable uses of that money was for public safety in response to the pandemic. And so we spent, I want to say, about 4 million, $4.2 million of the fire department expenditures from our Special Revenue Fund, actually, because we put the federal monies in there. And so if you add the 4. -- or right around 4 million to that, that's probably what we spent on the fire department that year. Yep. All right. Law enforcement. This department's all for contracted services. But you know, just to point out our MCSO contract, it kind of -- actually, if you go to fiscal year '23, there's something similar there with that lower cost I believe we may have applied. Does that sound right, Michael?

Yeah. We applied some of the ARPA money towards MCSO contract in fiscal year '23. So that's a little bit lower than we actually spent. But you'll kind of see that progression from fiscal year '24 where we had the 6.1 million, 6.1 million again for MCSO patrol. And that slowly has gone down to the 5.69. That's really helped us since I've been here as far as putting the budget together and building the budget. But you'll see the department has gone down by one percent because of that.

All right. Coming down the home stretch. Streets Fund. So kind of what I already discussed, a lot of the budget is very similar, other than adding another million dollars to the road-paving work budget. One thing to note, that I sent an email to Mayor and Council out -- about, is internally, the staff does plan to use part of that budget for what Justin explained to Council on some of the roads that weren't done in 2016 time frame. I watched that presentation again. He cited about a $3 million number. So there's already about 3 million of that 6 million earmarked for that work.

So with that, this is our proposal. If there's any feedback you have or you want to discuss now, we would appreciate your feedback on that. No? Okay. All right, that's our plan. Appreciate it.

Capital Projects Fund. So again, this has been something that I've struggled with explaining and I've kind of had to take my lumps on, but every government does this a little differently. But the way we do it is pretty consistent with what I've seen in my auditing experience. We budget for our capital improvement plan for all the expenditures out of the Capital Projects Fund, but we earmark certain funds to actually pay for the expenditures. So we're basically reimbursing the fund.

So when you see that $10 million of budget in the Capital Projects Fund, say we only have $9 million in that fund. How does that work? What you really need to consider is in that pie chart to the right of your screen, which is where the funds are being earmarked to be spent from. So we have 9.3 million of budgeted expenditures for capital projects specifically. We have another 700,000 of contingency in case it is needed. Out of that 9.3 million of expenditures, about 4.8 million of that is earmarked to come out of the Capital Projects Fund. So we have 9 million; we're earmarking to spend about 4.8 million. We're going to have more than 9 million, because once we have our excess reserves at the end of the year, we'll transfer some more money. We might have 10, 10.5 million, something like that. So very sustainable. We have -- we're in good shape from a capital improvement plan standpoint. Definitely no need to worry. And there's no cause for concern at this point.

Other funds we're earmarking, development impact fees funds and the parks impact fees. Projected grant revenues directly in this fund.

Facilities Reserve Fund, that's what I pointed out before. We are earmarking $1 million out of the lake liner savings to be spent for the design of the lake liner replacement. Another $400 from that fund, but from the separate kind of sub bucket of nonlake liner savings for that. There's an air handler project for upgrading the town hall campus -- well, actually the community center library, that area.

So these are the different funds. The only point I'm trying to make is we're not spending this all from the Capital Projects Fund. We're using the available funds and resources we have to fulfill this plan. And also, this budget of 10 million is a decrease from last year -- or fiscal year '26 at 12.7 million. So we are decreasing our plans for capital projects for the coming year.

We already had a long work session on CIPs. So our understanding from that is all the projects presented were considered green light projects, which has helped us streamline things. It just means that they're fully authorized by Council. As long as the scope and the price doesn't increase substantially, we can go out and do our bidding process, get contracts and get going. I know Rachael's mentioned this has really helped us because we have July and August to work on capital projects, whereas before we were waiting until September or October to even start most of them.

The only thing that we felt was pretty contingent would be the first one for Sierra Madre Park. If the Council does approve that rezone, that's something we'll include in the budget. If the Council does not approve that rezone of the nearby properties by Aspen, then we would reconsider those options for that.

So this is everything in Community Services. And this is everything in Public Works. And so we'll consider all those to be green light projects going into next fiscal year.

Questions?

WATTS: Paul, can you give me the definition of "substantially"?

SOLDINGER: Yes. Actually, our policy -- substantially is the word I use, and it's probably misleading. Our policy only allows us to approve change. Town attorney and I've talked about this like 25 times, so. Our policy -- our town code and policy only allows us to approve change orders that are either the lesser of 50,000 or ten percent of the project costs. So 50,000 is the max that we can approve in a change order to. But if it's a smaller project, like 100,000, the max we could do as staff is 10,000.

WATTS: So the $600,000 project, you can go $60,000 above that?

SOLDINGER: 50,000.

WATTS: 50 is the max you can go above that?

SOLDINGER: 50 is the max.

WATTS: Whatever that percentage ends up being.

SOLDINGER: Yes.

WATTS: Thanks.

SOLDINGER: So substantial is probably a little bit misleading. So thank you for the clarification.

Okay. Facilities Reserve Fund. This is the operational budget, not from the lake --

MCMAHON: I have a question.

SOLDINGER: Oh, yes.

MCMAHON: I did put on the light.

I have a question. Are we going to be talking about these projects individually, or are we just going over the summary right now?

SOLDINGER: So Mayor, Councilwoman, we talked about each one individually at the CIP work session a few weeks ago. So today we're not planning on it, but we can. We'd be happy to have any conversations or answer any questions that you have.

MCMAHON: Okay. No, I won't bring it up now because this is budget. Thanks.

SOLDINGER: Okay.

MAYOR FRIEDEL: Councilwoman McMahon, when you need to be asking a question, please hit the left button so I --

MCMAHON: I did.

MAYOR FRIEDEL: -- so the Mayor can acknowledge you. Thank you.

MCMAHON: I followed your instructions.

MAYOR FRIEDEL: That's good. Thank you.

Go ahead, Paul.

SOLDINGER: Okay. Facilities Reserve Fund. In our operational budget, we decreased the budget down to 600,000. The only reason is we wanted that million dollars total budget. We already have 400,000 earmarked through our capital improvement plan. So the 600,000 is in the budget for next year operationally. And I will say this is actually -- the increase in the budget for this year that council approved has been very helpful. We've been able to get a lot of things done. I'm having a hard time thinking of examples, but we've done a lot around the Town as far as replacing things, fixing things. And it's really been a good resource for staff. So we really do appreciate that you approved that.

Special Revenue Fund. I kind of explained this already, but we do budget for a couple specific things, like the RideChoice program and opioid settlement payments. Those are restricted type of revenues that can only be spent on specific things out of this fund. We also have 1.5 million, which is basically contingency in case we get grants. If we get a grant, we -- and if we do the bike park next year, we would spend the budget at 1.5 million to do it. So this has just been our practice and this is what we have in the budget.

Again, sorry for a very busy slide, but this does give you an idea of when you see a man up here asking for supplements or talking about programs, this is where they're being paid from. So it's broken down by funds. The top section is for the Downtown Strategy Fund. We are budgeting more in the Downtown Strategy Fund with the supplements being added. So 240,000, compared to about 140,000 or so of projected revenues. We are budgeting to spend more than we're bringing in. But we do have over $700,000 saved up. So we felt comfortable with that. And they're for very specific things, such as the performance pad.

Economic Development Fund. One of the line items went up quite a bit, but that's just a matter of Amanda moving around her budget a little bit, but not too many changes. I think the key point is below. The total budget for Amanda's programs is going up by two percent, total up to $989,000.

Okay. This is really the home stretch. So I was a little ahead of myself. We have 10 other -- we have 11 other funds. We're -- you'll hear about this soon, but we are hoping to close down the Eagle Mountain Community Facilities District by June of this year. So we'll be bringing that to the Board and the Council here soon. So there's no budget in that fund. So there's ten other funds we have budgets in. We consider these nonmajor or minor funds in the budget, but to present them to you in case you have any questions, here they are on the screen. Public Art. Court Enhancement Fund, we've already talked about. Cottonwoods, which is the separate maintenance district that you're all -- that you also serve on the board as.

And then for the most part, the only substantial thing is the Vehicle Replacement Fund.

The only thing I feel like that really needs to be explained is we brought the $390,000 of budget carried over to next year, because we haven't received the brush truck yet for the fire department. I've learned it takes a long time to get fire department vehicles. So we're thinking July or August. So we carried that 390 over and we added the three vehicle truck replacements into the budget.

So with that, that's it. Really looking for any other feedback you have or questions or discussion. Because again, when we bring back the next budget, we really like to have everything for the most part wrapped up. And that'll be the maximum amount that we can set as a Town for the budget for next fiscal year. So now's the time for any other feedback or budget discussions.

UNIDENTIFIED SPEAKER: (Indiscernible)?

SOLDINGER: May -- is it Cinco de Mayo? May 5th? It's like the first slide. I'm trying to get there. May 5th.

GOODWIN: Yes, you're right. So on May 5th, that is at a regular Council meeting. So it is a regular agenda item. And that's where we begin the formal adoption process.

Okay. Great.

SOLDINGER: Yeah. All right. Thank you. Thank you for your time.

MAYOR FRIEDEL: Well done. Thank you.

WATTS: Move to adjourn.

EARLE: Second.

Having no further business, Mayor Gerry M. Friedel adjourned the Work Session of the Fountain Hills Town Council held on April 14, 2026, at 2:12 p.m.

**APPROVED:**

**TOWN OF FOUNTAIN HILLS**

Gerry Friedel

Gerry M. Friedel, Mayor

**ATTEST:**

Bevelyn J Bender

Bevelyn J. Bender, Town Clerk

**CERTIFICATION**

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Work Session held by the Town Council of Fountain Hills on the 14th day of April 2026. I further certify that the meeting was duly called and that a quorum was present.

Bevelyn J Bender

Bevelyn J. Bender, Town Clerk