



**NOTICE OF MEETING
REGULAR MEETING - **AMENDED**
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: 5:30 PM - REGULAR MEETING - **AMENDED**
DOORS OPEN 15 MINUTES PRIOR TO THE START OF THE MEETING.

WHEN: TUESDAY, DECEMBER 16, 2025

WHERE: FOUNTAIN HILLS COUNCIL CHAMBERS
16705 E. AVENUE OF THE FOUNTAINS, FOUNTAIN HILLS, AZ

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. Meetings of the Town Council are audio and/or video recorded and, as a result, proceedings in which children are present may be subject to such recording. Parents, in order to exercise their rights may either file written consent with the Town Clerk to such recording, or take personal action to ensure that their child or children are not present when a recording may be made. 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.

REQUEST TO COMMENT

The public is welcome to participate in Council meetings.

TO SPEAK TO A CONSENT OR REGULAR AGENDA ITEM, complete a Request to Comment card and hand it to the Town Clerk prior to discussion of that item. Include the agenda item NUMBER on which you wish to comment. A separate submission is required for each agenda item. Request to Comment cards will not be accepted once the Council deliberations begin. Submit a Request to Comment card prior to a public hearing agenda item.

TO COMMENT ON A CONSENT OR REGULAR AGENDA ITEM IN WRITING ONLY, complete a Request to Comment card, indicating that it is a written comment, check the box on whether you are FOR or AGAINST a consent or regular agenda item, and hand it to the Town Clerk prior to discussion on that item. A separate submission is required for each agenda item.

Speakers will be allowed three contiguous minutes to address the Council. Verbal comments should be directed through the Presiding Officer and not to individual Councilmembers.

TO COMMENT IN WRITING ONLINE ON A CONSENT OR REGULAR AGENDA ITEM,

Visit <https://www.fountainhillsaz.gov/publiccomment> and submit a Request to Comment card no later than 12:00 PM on the day prior to the meeting. These comments are shared with the Town Council.

This Request to Comment card, and any information you write on it, is a public record subject to public disclosure.

NOTICE OF OPTION TO RECESS INTO EXECUTIVE SESSION

Pursuant to A.R.S. §38-431.02, notice is hereby given to the members of the Town Council, and to the general public, that at this meeting, the Town Council may vote to go into executive session, which will not be open to the public, for legal advice and discussion with the Town's attorneys for legal advice on any item listed on the following agenda, pursuant to A.R.S. §38-431.03(A)(3).

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

2. INVOCATION

- a. **INVOCATOR:** Pastor Keith Pavia, Christ's Church of Fountain Hills

3. ROLL CALL

4. STATEMENT OF PARTICIPATION

Anyone wishing to address the Council regarding items listed on the agenda should fill out a Request to Comment card located in the back of the Council Chambers and hand it to the Town Clerk prior to consideration of that agenda item. Once the agenda item has started, late requests to speak cannot be accepted. When your name is called, please approach the podium, speak into the microphone, and state your name and if you are a resident for the public record. Please limit your comments to three minutes. To avoid disruption of the meeting, to maintain decorum, and provide for an equal and uninterrupted presentation, applause is not permitted, except when community members are being honored by the Council.

5. SUMMARY OF CURRENT EVENTS BY TOWN MANAGER AND PROCLAMATIONS

- a. **RECOGNITION:** Mayor's Veteran of the Month — Joseph M. Arpaio
- b. **RECOGNITION:** Stellar Students
- c. **RECOGNITION:** Mayor's Business Spotlight - Cheryl's of Fountain Hills
- d. **PROCLAMATION:** Recognizing International Sister City Relationships and Honoring Italian Culture

6. PRESENTATIONS

7. CONSENT AGENDA

All items listed on the Consent Agenda are considered to be routine, noncontroversial matters and will be enacted by one motion of the Council. All motions and subsequent approvals of consent items will include all recommended staff stipulations unless otherwise stated. There will be no separate discussion of these items unless a Councilmember or member of the public so requests. If a Councilmember or member of the public wishes to discuss an item on the Consent Agenda, he/she may request so prior to the motion to accept the Consent Agenda or with notification to the Town Manager or Mayor prior to the date of the meeting for which the item was scheduled. The item will be removed from the Consent Agenda and considered in its normal sequence on the agenda. The remaining items on the Consent Agenda will be enacted by one motion and vote of the Council.

- a. **CONSIDERATION AND POSSIBLE ACTION:** Approving the Minutes of the Town Council Regular Meeting of November 18, 2025, and of the Town Council Work Session of November 12, 2025.
- b. **CONSIDERATION AND POSSIBLE ACTION:** Approving Resolution 2025-44, abandoning the 10' Public Utility and Drainage Easement along the east side of 15840 E Cavern Drive (Application A25-000014)
- c. **CONSIDERATION AND POSSIBLE ACTION:** Approving Resolution 2025-45, abandoning the 10' Public Utility and Drainage Easement along the north side of 15612 E Thistle Drive (Application A25-000015)

8. REGULAR AGENDA

- a. **CONSIDERATION AND POSSIBLE ACTION:** Regarding the Town Council Subcommittee's recommendation for the Town's Community Services Advisory Commission to appoint one Youth Commissioner, to serve a partial term from December 17, 2025, through June 22, 2026.
- b. **PUBLIC HEARING, with CONSIDERATION AND POSSIBLE ACTION:** Relating to Ordinance 25-12 rezoning the area bounded by La Montana Dr., Saguaro Boulevard, and Avenue of the Fountains to adopt the Downtown Overly District and to remove the existing Entertainment and Planned Shopping Plaza Overlay Districts to the area bounded by La Montana Drive, Palisades Boulevard, Saguaro Boulevard, and Avenue of the Fountains.
- c. **PUBLIC HEARING, with CONSIDERATION AND POSSIBLE ACTION:** Relating to a request for approval of a Special Use Permit for property at 13212 N. Saguaro Blvd. (southwest corner of Saguaro and Palisades Blvds.) to reduce the required number of parking spaces by up to nine spaces.
- d. **DISCUSSION AND POSSIBLE DIRECTION:** Relating to Creating a Placemaking Strategy for murals on exterior buildings.
- e. **CONSIDERATION AND POSSIBLE ACTION:** Authorizing a budget transfer from the General Fund Contingency to the Downtown Strategy Fund and General Fund, Community Services Department in fiscal year 2026, and to proceed with additional spending next fiscal year 2027 for America 250.
- f. **CONSIDERATION AND POSSIBLE ACTION:** Regarding proceeding with Pavement Management Options for Richwood Avenue and Approving Necessary Budget Transfers
- g. **PUBLIC HEARING:** Regarding the proposed Development Impact Fee Schedule.
- h. ~~**CONSIDERATION AND POSSIBLE ACTION:** Regarding Resolution 2025-35, increasing a stipend up to \$750 per month for Council Members and increasing a stipend up to \$1,100 per month for the Mayor beginning in December 2026. Removed at the direction of the Mayor and Council~~
- i. ~~**CONSIDERATION AND POSSIBLE ACTION:** Regarding Resolution 2025-43, aligning annual Council stipend adjustments with Town staff pay adjustments. Removed at the direction of the Mayor and Council~~

9. COUNCIL DISCUSSION/DIRECTION TO THE TOWN MANAGER

Item(s) listed below are related only to the propriety of (i) placing such item(s) on a future agenda for action, or (ii) directing staff to conduct further research and report back to the Council.

10. FUTURE AGENDA ITEMS

11. ADJOURNMENT

Dated this 15th day of December, 2025.



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 (800) 367-8939 (TDD) 48-hours prior to the meeting to request reasonable accommodation to participate in the meeting or to obtain agenda information in large print format. Supporting documentation and staff reports furnished to the Council with this agenda are available for review in the Clerk's Office.



TOWN OF FOUNTAIN HILLS

STAFF REPORT

Meeting Date: 12/16/2025
Meeting Type: Town Council Regular Meeting - **AMENDED**
Submitting Department: Administration / Town Clerk
Prepared by: Angela Espiritu, Executive Assistant/Deputy Town Clerk
Staff Contact Information: Phone: 480-816-5107
Email: aespiritu@fountainhillsaz.gov

Request to Town Council Regular Meeting (Agenda Language)

RECOGNITION: Mayor's Veteran of the Month — Joseph M. Arpaio

Staff Summary (background)

Mayor Friedel and Town Council will recognize Joseph M. Arpaio for his dedicated service to our nation and his significant contributions to the Fountain Hills community. His courage, commitment, and sacrifice exemplify the highest ideals of patriotism and selflessness. On behalf of the Town Council and the residents of Fountain Hills, we honor his service, and thank him for his invaluable role in protecting our freedoms and enriching our community.

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: N/A

Budget Reference: N/A

Funding Source: N/A

ATTACHMENTS

None



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Request to Town Council Regular Meeting (Agenda Language)

RECOGNITION: Stellar Students

Staff Summary (background)

The Fountain Hills Town Council is proud to recognize students who demonstrate good citizenship by complying with the rules, being compassionate and considerate of others, encouraging empathy, supporting anti-bullying efforts and being responsible for their actions in the classroom.

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: N/A

Budget Reference: N/A

Funding Source: N/A

ATTACHMENTS

None



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Request to Town Council Regular Meeting (Agenda Language)

RECOGNITION: Mayor's Business Spotlight - Cheryl's of Fountain Hills

Staff Summary (background)

In recognition of the outstanding contributions to the Town of Fountain Hills, the Mayor and Town Council will recognize a local business, Cheryl's of Fountain Hills for their dedication to excellence, innovation, and community engagement. As well as their commitment to quality and service that not only strengthened our local economy but also enriched the lives of residents and visitors alike.

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: N/A

Budget Reference: N/A

Funding Source: N/A

ATTACHMENTS

None



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Request to Town Council Regular Meeting (Agenda Language)

PROCLAMATION: Recognizing International Sister City Relationships and Honoring Italian Culture

Staff Summary (background)

The Town of Fountain Hills proudly celebrates the spirit of global friendship that enriches our community.

Our Sister Cities—Ataco in El Salvador, Dierdorf in Germany, and Zamość in Poland—each share with us pieces of their hearts: their heritage, their traditions, and their beautiful languages. These relationships remind us that even across oceans, people can be united through understanding, respect, and goodwill.

We also honor the Italian community, whose rich culture and language continue to inspire Fountain Hills and deepen our shared sense of cultural pride.

These connections are more than symbolic—they help shape who we are as a town. They bring us new perspectives, new friendships, and a deeper appreciation for the world around us. They remind us that our community is stronger, richer, and more vibrant because of the cultures that touch our lives.

On behalf of the Mayor and the Town Council, we express our heartfelt gratitude for these international friendships and for the joy, meaning, and cultural beauty they bring to Fountain Hills.

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: N/A

Budget Reference: N/A

Funding Source: N/A

ATTACHMENTS

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|--|
| 1. Recognizing International Sister City Relationships and Honorign Italian Culture Proclamation |
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PROCLAMATION

Recognizing International Sister City Relationships and Honoring Italian Culture

WHEREAS, the Town of Fountain Hills values global friendship, cultural exchange, and educational partnerships through its international Sister Cities; and

WHEREAS, Ataco, El Salvador shares with Fountain Hills its vibrant Salvadoran heritage and the richness of the Spanish language; and

WHEREAS, Dierdorf, Germany strengthens our connection to European traditions and highlights the influence of the German language in culture, music, and civic life; and

WHEREAS, Zamość, Poland brings the beauty of Polish history, architecture, and the enduring strength of the Polish language, symbolizing resilience and cultural pride; and

WHEREAS, Italy shares the richness of its history, architecture, and vibrant Italian language, reflecting enduring creativity and cultural pride; and

WHEREAS, these global relationships and cultural connections enrich Fountain Hills by fostering goodwill, international understanding, and shared cultural appreciation.

NOW, THEREFORE, I, Gerry M. Friedel, Mayor of the Town of Fountain Hills, together with the Town Council, do hereby proclaim:

That the Town of Fountain Hills proudly recognizes its international Sister Cities and Italy, celebrating the culture, heritage, and language each contributes to our community, and emphasizing their essential importance in shaping our town's cultural identity, global outreach, and shared community values.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the Town of Fountain Hills, Arizona to be affixed this 16th day of December 2025.



Gerry Friedel

Gerry M. Friedel, Mayor

ATTEST:

Bevelyn J. Bender

Bevelyn J. Bender, Town Clerk



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Prepared by: Angela Espiritu, Executive Assistant/Deputy Town Clerk
Staff Contact Information: Phone: 480-816-5107
Email: aespiritu@fountainhillsaz.gov

Request to Town Council Regular Meeting (Agenda Language)

CONSIDERATION AND POSSIBLE ACTION: Approving the Minutes of the Town Council Regular Meeting of November 18, 2025, and of the Town Council Work Session of November 12, 2025.

Staff Summary (background)

The intent of approving meeting minutes is to ensure an accurate account of the discussion and action that took place at the meeting for archival purposes. Approved minutes are placed on the town's website and maintained as permanent records in compliance with state law.

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)

Staff recommends approving the Minutes of the Town Council Regular Meeting of November 18, 2025, and of the Town Council Work Session of November 12, 2025, as presented.

Suggested Motion

MOVE TO APPROVE the Minutes of the Town Council Regular Meeting of November 18, 2025, and of the Town Council Work Session of November 12, 2025, as presented.

FISCAL IMPACT

Fiscal Impact: N/A

Budget Reference: N/A

Funding Source: N/A

ATTACHMENTS

- | | |
|----|------------------------------------|
| 1. | 2025.1118.TCRS.VERBATIM.TRANSCRIPT |
| 2. | 2025.1112.TCWS.VERBATIM.TRANSCRIPT |

TOWN OF FOUNTAIN HILLS
MINUTES OF THE REGULAR MEETING
OF THE FOUNTAIN HILLS TOWN COUNCIL
NOVEMBER 18, 2025

A Regular Meeting of the Fountain Hills Town Council was convened at 16705 E. Avenue of the Fountains in open and public session at 5:30 p.m.

Members Present: Mayor Gerry M. Friedel; Councilmember Gayle Earle; Councilmember Brenda J. Kalivianakis; Councilmember Rick Watts; Vice Mayor Allen Skillicorn; Councilmember Hannah Larrabee

Members Present Remotely: Councilmember Peggy McMahon

Staff Present: Town Manager Rachael Goodwin; Deputy Town Clerk Angela Padgett-Espiritu; Town Attorney Jennifer Wright



Post-Production File

**Town of Fountain Hills
Town Council Meeting Minutes
November 18, 2025**

Transcription Provided By:
eScribers, LLC

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Transcription is provided in order to facilitate communication accessibility and may not
be a totally verbatim record of the proceedings.

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MAYOR FRIEDEL: I'd like to call this meeting to order, and would you please rise for the Pledge of Allegiance?

ALL: I pledge allegiance to the flag of the United States of America, and to the republic for which it stands, one nation, under God, indivisible, with liberty and justice for all.

MAYOR FRIEDEL: And if you choose, remain standing for the invocation by David Taylor. Is Mr. Taylor here? Not seeing him present, then we'll take a moment of silence.

Thank you. Before we take a roll call, I have some opening remarks I need to make.

So I want to say good evening to everyone, and thank you for joining us, both here in person and online. As a community, we all share one common goal to make Fountain Hills the very best it can be. Over the past few meetings, we've had moments that have distracted from that shared purpose. Things like clapping, jeering, finger snapping, and any other disruptions make it difficult for everyone to be heard and for the council to conduct the business effectively and respectfully.

To keep our meetings focused and productive, those kinds of interruptions simply can't be allowed. If anyone is unable to remain respectful of the process or those serving on this dais, they'll be asked to step out.

Council meetings exist for one reason, to conduct the business of the town. This is where decisions are made that affect all of us, and those decisions deserve an environment of mutual respect. Our meetings are not a place for political venting or for disrupting town business and proceedings. We all care deeply about this community, and by maintaining civility and focus, we can make sure our meetings truly serve the People of Fountain Hills.

Thank you. And with that, let's move on to our regular meeting agenda for the good of the town.

Town Clerk, roll call, please.

PADGETT-ESPIRITU: Mayor Friedel.

MAYOR FRIEDEL: Present.

PADGETT-ESPIRITU: Vice Mayor Skillicorn.

SKILLICORN: Present.

PADGETT-ESPIRITU: Councilmember Earlee.

EARLE: Present.

PADGETT-ESPIRITU: Councilmember Kalivianakis.

KALIVIANAKIS: Here.

PADGETT-ESPIRITU: Councilmember Watts.

WATTS: Present.

PADGETT-ESPIRITU: Councilmember Larrabee.

LARRABEE: Present.

PADGETT-ESPIRITU: Councilmember McMahon.

MCMAHON: Here.

PADGETT-ESPIRITU: You have a quorum.

MAYOR FRIEDEL: Thank you. Now we'll move on to our reports by Mayor and Councilmembers.

Rachael?

GOODWIN: Mayor, thank you.

Everybody, we have a very full house tonight, so I'll take this opportunity to remind you of a couple of upcoming events. Next Thursday, the rain should be gone and we should have beautiful day to celebrate Thanksgiving, which means we have our Turkey Trot. If you have not signed up and you'd like to participate, now is the time. We are almost full, i.e. we expect to be full by the end of this week. So if you'd like to, please get in here, get signed up so we can celebrate, and walk, run, and whatnot on Thanksgiving morning. Keep in mind following the Turkey Trot is the Chamber of Commerce annual parade, so it's always a fun day here in Fountain Hills on Thanksgiving.

Also, a reminder that the Saturday after Thanksgiving is our annual breakfast with Santa at the Community Center. Also a ticketed event that sells out. So if you have not grabbed your tickets, please do so.

We also have an additional event that day, which is our sensitive Santa that is designed for a little bit quieter interaction with Santa. So that is designed for our other -- our other users and our other kids in the community. It's -- both events are very popular.

Both events are a great way to kick off the season. With that mayor, I'll conclude my remarks.

MAYOR FRIEDEL: Thank you. Councilperson Earle.

EARLE: Happy Thanksgiving.

MAYOR FRIEDEL: Councilperson Kalivianakis.

KALIVIANAKIS: Thank you, Mr. Mayor.

Thanks for coming, everybody, live -- live streaming here. Live in person on Cox11 and YouTube. As it looks like this might be my last council report that I'll be able to share with you for quite some time, I would just like to tell you what a pleasure it's been to be with you and share my council reports in this venue. I would just want to say how much I've enjoyed sharing what I do between council meetings, on your behalf.

Public safety, military affairs in the courts for the Arizona League, budget, finance, economic development for the League, domestic violence for MAG, human services and community initiatives for MAG, my work on the pedestrian safety committees, and also Fountain Hills Cares.

I served on these committees with dignity, passion, a servant's heart, and always trying to do you proud. However, as the musicians always say, the show must go on. And so in that spirit, I'm in the process of opening up a YouTube channel where I can continue to do my council reports, feedback on council meetings, and questions from the public. And so it's been a pleasure to share these reports for the last three years with you. However, the free flow of information will continue on YouTube, so stay tuned.

MAYOR FRIEDEL: Councilman Watts.

WATTS: Thank you, Mayor. Two things of interest. Lots of different -- different activities, but the Veterans Day memorial was the highlight. And then the fair, albeit a little bit wet, but it was a nice weekend. Thanks.

MAYOR FRIEDEL: Vice Mayor.

SKILLICORN: Thank you, Mr. Mayor. I have no report, but I would like to make a motion to move agenda item 7 to after agenda item 11.

EARLE: Second that. Sorry. Is that what we do? Yeah. Yes. Okay.

MAYOR FRIEDEL: So we have a motion and a second to move the call to the public to after item 9?

SKILLICORN: 11.

MAYOR FRIEDEL: 11? After future agenda items, so we have a motion and a second. Can we get a roll call, please?

KALIVIANAKIS: Could -- could we just explain to the audience what we're doing once more, Mr. Mayor, if you could.

ALL: Yes, yes, yes.

[CROSS TALK]

MAYOR FRIEDEL: We are moving the call to the public to just before future agenda items. Just after future agenda items.

KALIVIANAKIS: Okay. Thank you for that clarification.

MAYOR FRIEDEL: Roll call please.

PADGETT-ESPIRITU: Mayor Larrabee, I mean, excuse me, Councilmember Larrabee.

[LAUGHTER]

PADGETT-ESPIRITU: Sorry. Oops.

GOODWIN: Was there an announcement I missed, maybe?

PADGETT-ESPIRITU: No. Maybe. Councilmember Larrabee.

LARRABEE: Aye.

PADGETT-ESPIRITU: Councilmember McMahon.

MCMAHON: Nay.

PADGETT-ESPIRITU: Councilmember Watts.

WATTS: Aye.

PADGETT-ESPIRITU: Councilmember Earle.

EARLE: Aye.

PADGETT-ESPIRITU: Councilmember Kalivianakis.

KALIVIANAKIS: Nay.

PADGETT-ESPIRITU: Vice Mayor Skillicorn.

SKILLICORN: Yes.

PADGETT-ESPIRITU: Mayor Friedel.

MAYOR FRIEDEL: Aye.

PADGETT-ESPIRITU: Motion passes, five to two.

MAYOR FRIEDEL: Thank you.

Councilperson Larrabee, your report.

LARRABEE: No report. Happy Thanksgiving. Hope everyone enjoyed the fair and the Veterans Day celebration or -- not celebration, memorial.

MAYOR FRIEDEL: Thank you. I've been asked to make a statement by the United States Marine Corps Detachment 1439 from the town of Fountain --

MCMAHON: May I make a statement?

MAYOR FRIEDEL: Oh, I'm sorry. Go ahead.

MCMAHON: That's okay. Thank you, Mayor. I just also want to say I hope that we can continue our professional comments as Councilmembers and share with our community what we do professionally on behalf of the town by attending other board meetings, committees, and furthering the town's good reputation and business.

I hope it doesn't go away. I think it's a significant part of who we are as Councilmembers. And again, letting our constituents know that we are working on their behalf, not just when we attend council meetings, but outside of a council meeting as well. So thank you.

MAYOR FRIEDEL: Thank you. So I've been asked to make a statement by our Marine Corps detachment here, 1439 at the town of Fountain Hills, that they will be at the Thanksgiving Day Parade, and they respectfully ask the community to bring toys to the parade in an effort to ensure that their toys for tots program, which is used for their Christmas event, will be a success. So having done that, I'll move on.

So over 80,000,000 people will travel for Thanksgiving this year. So we wish safe travels to all those. The Mayor's Challenge update, we've got over \$10,000 that have been raised for our extended hands food bank here in town. The art fair was very successful. I was down there three times this weekend and tons of people in town. In fact, I found a nice piece that we -- that we're going to buy, as well.

I had the pleasure of honoring women in aviation at a gala in Scottsdale this weekend. So we were proud to do that. And that's where they raised over \$100,000 for scholarships. And like Councilman Watts said, the Veterans Day ceremony at our war memorial was hugely successful. Probably one of the biggest crowds I've seen out there in years. So I was proud to have some remarks and welcome people on behalf of the town.

And now we'll move on to the Mayor's Business Spotlight. And tonight's recipient is our Extended Hands food bank. So tonight, we're recognizing Extended Hands Food Bank, an organization that truly represents the heart of Fountain Hills. Founded in 2004 with just a few volunteers, it now is powered by over 50 dedicated community members. And they serve ten different ZIP codes across the Northeast Valley. Led by David Iverson and his granddaughter Allison Iverson, who began volunteering at just four years old. The family's passion has inspired two decades of service to our community. Today, Extended Hands serves over 6500 people in every single month, offering fresh produce, meats, pantry staples, household essentials, and even pet food. Congratulations to David and Alison and the entire Extended Hands team. Your work touches countless lives and remind us -- reminds us all of what can be accomplished when a community comes together and works together. So Alison, if you're here, come on up.

IVERSON: Wow. Okay. Can everyone hear me? Okay. Wonderful. I am -- wow. I'm just taken aback. This is the first award that I think the food bank has gotten since the Chamber of Commerce, so. I'm not going to start crying. I -- I really appreciate it. We -- we do so much for this community. Most of you probably don't know because it's behind closed doors. But we -- we really, really appreciate it, coming from the mayor and the Town Council. Thank you to each and every one of you.

We -- we desperately need help. Just really fast, I just wanted to say a couple words. I hope that's okay. First of all, I'm Allison Iverson. I am David Iverson's granddaughter. I am now the executive director of the food bank as of a week ago, so it's very exciting. Thank you.

So something that's new with the food bank, most of you already know, but we are moving. We got approval from John Wesley himself, back there. Hello. Yes, that gentleman that just waved. We are moving over by Messinger, the funeral home here in Fountain Hills. We're going to be on Colony. It's going to be half the rent that we're paying right now. Before we were paying \$10,000 a month. Now, it'll be 5,500, so hopefully the town's money will go to a better use. We just -- we really appreciate all the work that, also Mayor Friedel has done for us too. Him turkey trotting in the Turkey Trot will be wonderful. And he's going to be giving a dollar to the food bank for everyone who passes him on the finish line. So everybody literally sign up, coming from me, okay? Sign up.

We desperately need the money more than you know. So with everything going on with SNAP benefits, as most of you know our funds are down, food's down, everything's down. But the community has shown up like never before. Through the community garden, the community center, everything. Like, it's been absolutely insane. I thank you to every single one of you for showing up as a community. My grandfather David, he likes to say it takes a village. We're all in this together. It's not just me. It's not just my grandfather. It's not just the mayor. It's not just this town council. We are all in this together. We are one body. So again, I appreciate every single one of you. Thank you for having me. I appreciate you.

MAYOR FRIEDEL: And -- and I'll add one note. For those that don't know, we have donation barrels in the town hall here, and also at our community center.

Okay. And so now we'll move on to our recognition of the veteran of the month. And today we are honoring First Lieutenant Richard Dick Juetten, who was born in Tigerton, Wisconsin, on September 27th, 1926. In November of 1943, as a junior in high school, he enlisted in the Army Air Corps, intending to become a pilot.

However, while still in basic training, World War II ended. Considered a World War II veteran, in September 1946, using the G.I. Bill, he enrolled at Michigan Tech College of Civil Engineering and joined the US Navy ROTC program.

Upon graduation from college, Richard commissioned into the US Air Force, serving in

the Korean War in 1952 and 1953. Assigned to the 430th Fighter Bomber Squadron, 474 Bomber Wing, Fifth Air Force, he flew 76 daytime and 14 solo nighttime combat missions in the F-84 Thunderjet. Let me repeat that. He flew 76 daytime and 14 solo nighttime combat missions. Unbelievable. One of the solo night missions earned Richard the callsign Roscoe the Distinguished Flying Cross. Later, he served as a flight instructor at Luke Air Force Base.

After six years of active duty in the military, Mr. Juetten was hired by Salt River Project, SRP as we know, as a civil engineer in the Water Division. He was eventually responsible for the reservoirs on the Salt and Verde rivers, making the decision when to let water down the river through to Phoenix. He retired from SRP as an assistant general manager of the Water Division in 1992.

Once retired, he became an avid river runner, competing eight raft trips down the Colorado River, two of which he kayaked. He also kayaked or rafted the Green Salmon, Desolation, Rogue, and Upper Salt Rivers.

Richard and his wife Marie moved to Fountain Hills in 2001. Giving in to family pressure. Richard sold his kayak at the age of 89, [LAUGHTER] and hung up his paddle for good. Richard is a lifetime member of the Veterans of Foreign Wars Post 7507, in Fountain Hills. And would you please congratulate me [sic] and come on up, Richard.

[CROSS TALK]

GOODWIN: Thank you. Would you like to say thank you?

JUETTEN: I've got everything I need.

[LAUGHTER]

GOODWIN: So do you just want to say thank you to them?

JUETTEN: Yeah.

GOODWIN: Say thank you.

JUETTEN: Thank you for very much for all of the stuff that I've done.

[LAUGHTER]

JUETTEN: And --

MAYOR FRIEDEL: I hope I didn't lie about anything.

JUETTEN: No, you didn't lie. You --

[LAUGHTER]

Juetten: -- filled it up good.

MAYOR FRIEDEL: Okay. Good.

JUETTEN: Thank you.

MAYOR FRIEDEL: And again, congratulations, and thank you for your service.

JUETTEN: Yes. Okay. Thank you.

PADGETT-ESPIRITU: Thank you. Thank you.

MAYOR FRIEDEL: Thank you.

All right. And now we'll move on to presentations. Rachael?

GOODWIN: Mayor, first up we have chair Patrick Garman. He oversees and chairs our strategic Planning Advisory Commission, which meets Wednesday actually, if anybody is interested in joining us for that meeting. But Patrick is going to share some updates as to the current progress of the strategic plan process and some of the -- some of where we're going with this -- the next update. So with that, I will turn it over to Chair Garman.

GARMAN: Good evening. How are you? My name is Patrick Garman. I'm the chair of the Fountain Hills Strategic Planning Advisory Commission. I'm the chair. My vice chair is Jeff Yazzetta. We also have commissioners on our -- on our group. Polly Bonnett, Randy Crader, Bernie Hoenle, Joseph Reyes, who is in the audience tonight, and Paul Smith. So that's our -- our crew.

We've been working on this strategic plan for the town of Fountain Hills. The plan for the town of Fountain Hills is a ten-year plan that we update every five years. All right. This is my representation about what we do. And I just have a few slides, so I won't take up too much of your time. But if you notice, the last plan was approved in March of 2022. We started after that with helping with the implementation of that plan and also issue familiarization. We did that ongoing. So every one of our meetings, we have people come and talk to us about issues that may be affecting the town. As you see, that was 2022, '23.

As we move from left to right, you see we also started to develop the plan then, back in

2023, '24. I'll show you the next slide of kind of what the model looks like. But we have a three-tier model that we use for the strategic plan. We developed our strategic priorities in '23, '24. We worked on our signature strategies last year. And I'll define those in just a second. And then this year now we're working on a specific task. These are all draft, right? We work through all these. And then we'll -- we'll open those up for socialization and hopeful approval for submission to you all next year, around the same time.

Okay. So this is my representation of what our model looks like. It used to be an arrow moving off to one side. I thought it looked better as kind of a house, because we start calling the strategic priorities pillars. So if you can see that in the middle, we start off with the mission and the vision for the town. And then we worked on the strategic priorities. Just so you know, those pillars, they don't change a lot between small towns and towns across the United States. Every once in a while, a different one is in there.

But as you can see, we settled on five about a year and a half, two years ago.

So financial, economic, land use, that's quality of life, and safety, and infrastructure.

Underneath those are signature strategies, underneath -- and signature strategies then are the next level down.

As an example, just so you know, let's say infrastructure is an example. That's the pillar. A signature strategy underneath infrastructure might be roads, right? And then underneath that you see supporting task. Supporting task is where we actually identify what's going to be done, who's going to be doing it, and what the timeline is to complete it.

So then you're looking at what -- what are we talking about when we talk about roads, what's the timeline and what we think needs to be incorporated or implemented? And we do that across the board for all of those. There's generally about three signature strategies underneath each pillar, and then two to three or more tasks underneath each signature strategy.

Something I like to quote in our meetings is, you know, if you start big, it becomes -- the project becomes unmanageable very quickly. So you need to start small and then it still

becomes pretty big. So at the end of the day, this will be a very healthy plan.

One other thing I wanted to mention under financial is, as an example, and something that we talked about at the end of the year last year, was the incorporation. It goes under finance, but it really affects all of those different pillars. But a signature strategy has been very interesting is AI, so AI integration. I mean that's -- that's a buzzword these days. And it's going to change a lot in five years or ten years. So we've been hard at work working on that and seeing how that might impact the town's strategic plan as well.

Okay. I'm going to keep going. This is something I wanted to talk about, outreach. We don't just sit here and talk amongst ourselves. We actually get out and ask for opinions from people in Fountain Hills. A couple of ways that we've worked on that's been successful the last several years. One is an outreach to organizations, nonprofits, different volunteer organizations across Fountain Hills where I go or the -- the vice -- vice chair of our commission goes and talks, provide slides like this, and talks to that organization, and then gets feedback. Whether direct feedback right then or after the meeting, or some folks then come back. They email us through our email address or they come to our meetings.

So those are just some, there's quite a bit more. Over a two-year span, I've personally talked to a lot of organizations within Fountain Hills about our strategic planning. The second thing that we do routinely is we have workshops at the community center. And Jeff Yazzetta, the vice chair, has been particularly useful and adept at doing those, so. He's done those for the last two years. At least twice a year, we've done community workshops in the community center where we have displays, and people walk in, and they see something of interest, or they tell us they have note cards, or we write down what they say. And it's also very interesting.

So what I put on the bottom was just an overview. I'm not going to go through each one of those. I just wanted you to see that there's a lot of comments, a lot of different ideas, and that we have to help coalesce those into something that we can implement in the future.

Okay. So outreach, the last thing I want to mention about outreach is -- is we're heading we're getting close to about 700 individual engagements. So I think by the time we're all done, you know, we'll probably have 1000 or more individual engagements with citizens and folks within the Fountain Hills. Okay.

So we're back to this. This is my final slide. I wanted to return to the timeline that we have. So what I just talked about, if you remember -- I know you just honored somebody in the military. I was taught in the military. You tell people what you're going to tell them. You tell people what you tell them, and then you tell them what you told them. So what I just told you was that we started in 2022 with an overview of issues in our town. We started also helping with implementation of the current plan. We worked through pillars, which are strategic priorities, those big things holding up the mission and vision for the town. And then we've worked underneath that under strategic -- excuse me, signature strategies. And underneath that now we are starting to fill in the actual supporting task where we say, who's going to do something? How long is it going to take them to do it? We're hopefully going to get back a draft plan at the end of this session.

When I say session, we usually take July off, so we're looking to have a draft to start putting together a June time frame, and then we'll come back at the end of the summer, and start socializing that draft, and making, you know, movements to the left or to the right and steer the ship in the direction that you all might think is appropriate, and hopefully get an approval of the new plan sometime in 2027.

That's the end of my presentation, I don't know, did you have any questions or comments?

MAYOR FRIEDEL: I'll make a comment. I think it's really important what you --- the role that you play and you forward this information on to the town council so we can help with the future development of the town. And having served on the Strategic Planning Commission, I know how important that is as well. So thank you for your outreach and all your all your work on behalf of the community. It's really important.

GARMAN: Thanks. I answered all your questions. All right.

MAYOR FRIEDEL: Thank you.

GARMAN: All right. Thanks. Want me to --

MAYOR FRIEDEL: I've got it.

GARMAN: Yeah, okay. Thank you.

MAYOR FRIEDEL: Rachael?

GOODWIN: All right. Our next presentation is going to be regarding our finance audit.

Our CFO, Paul Soldinger is going to introduce I believe he's going to bring up Josh Jumper from Heinfeld Meech to share some details.

SOLDINGER: Yes. Mayor and council. Josh is here. He's a partner with Heinfeld Meech.

He's the audit partner on our audit that just came to a conclusion for fiscal year '25.

That ended in June of 2025. Happy to say we had no audit findings and we were \$1 below the expense limitation. I know I'm stealing some of Josh's thunder, but with that, I'll just turn it over to him and I'll be available for any questions you might have.

JUMPER: Good evening. Mayor Friedel, Councilmembers, my pleasure to be here. I will briefly and succinctly, hopefully, speak to the audit results, again, looking backwards to the year ended June 30th, 2025. I have a few slides to just keep me on track, but I will keep my comments brief. So I'll just start with, why am I here? Why is the town getting audited? Well, it's required in state statute to get an annual audit of its financial -- financials.

Additionally, federal law requires the town to go -- undergo a single audit, of federal financial assistance. However, that was not required this past year because the town did not meet the threshold to require it. Additionally, back in 2021, there was an ARS put in place to require us to come present in council, in a public meeting.

So it wouldn't be an audit presentation if I just didn't touch briefly on the importance of an audit. So just listed out here --

MCMAHON: (Indiscernible) I'm pretty sure I have a spa appointment this morning and I need to change it if possible.

UNIDENTIFIED SPEAKER: Give her an appointment.

UNIDENTIFIED SPEAKER: Yeah.

[LAUGHTER]

MAYOR FRIEDEL: Peggy.

MCMAHON: Can we maybe do it later on in the afternoon?

MAYOR FRIEDEL: Peggy. Peggy.

MCMAHON: Thank you.

MAYOR FRIEDEL: Thank -- thank you. Sorry about that. Go ahead.

JUMPER: No problem. So I'll just touch on the importance of the audit. So we're verifying management's representations regarding the town's financials. The audit also demonstrates stewardship and accountability to a host of different entities, including the citizens, you the council, granters, state agencies, et cetera. We're also reviewing compliance with certain laws and regulations. And then you're also ultimately ensuring that management's ensuring their responsibility to get the audit completed.

So this is just the timeline of the audit process for this past year. We started preliminary audit procedures in the summer, came out on site in September after year end to perform final audit procedures. And then the audit reports were issued at the end of October. So just a few weeks ago.

So what's included, when I say annual audit. So these five items are the items that were issued. A letter to governance, that's you, the council. I'll touch on that last. The annual comprehensive financial report. That's the town's financial statements that are audited. The report on internal control over financial reporting. So we also look at the internal controls over financial reporting. Pleased, as Paul mentioned, no findings in that area this year.

The annual expenditure limitation report that gets submitted to the state. Paul also indicated that the town is under that statute -- statute determined limitation and then also submitted to the State is a compliance with state transportation Heerf monies, ensuring the town spending those monies are in compliance with ARS. So as Paul mentioned, I'll just remention a -- key items. So no internal control deficiencies, no audit findings. The audit opinion is unmodified and was dated October 30th. So unmodified the technical accounting term. The nonaccounting term is a clean audit

opinion. So pleased to report that. And then again the town was below its mandated expenditure limitation.

So just looping back to the communication to governance. So there is a letter included in the agenda packet. But I will go over the highlights. Just that we had no disagreements with management during the course of the audit. There were no uncorrected misstatements this year as well, and that we were able to complete the audit in a timely manner.

Additionally, attached to that letter in the agenda packet engagement letter that signed at the beginning of the audit to dictate the terms. And then the management representation letter that signed at the end of the audit that signifies the completion and issuance of the audit opinion.

Other important communications to council. So just indicating that we do inquire about fraud and noncompliance. We inquire with that -- with different members of management and employees, but that ultimately the responsibility for fraud lies with management, and ultimately council.

Wouldn't be an audit presentation if I didn't say that the audit is designed to provide reasonable but not absolute assurance, and that the financial statements that were issued that do have the audit opinion, that responsibility ultimately lies with management. I kept it brief, but I'm happy to answer any questions you may have on the audit for the year ended June 30th, 2025.

MAYOR FRIEDEL: Councilman?

WATTS: How many years in a row have you -- has your firm done the audit?

JUMPER: So this we are just completing the -- so my understanding is the audit contract is gone -- goes through town's procurement process request for proposal. That's issued with a one year, with four renewals. So we are in year five of the current audit contract. Those one year and then the four renewals. So this is year five of the current audit contract.

WATTS: I assume you're going to respond to another RFP?

JUMPER: When the town -- yes, follows its procurement processes. We do intend to

bid again.

WATTS: And there is a saying about words matter. And you made the comment that you didn't find any deficient -- deficiencies this year. Does that imply that there were deficiencies in prior years?

JUMPER: There have not been any deficiencies in the most recent few years. I can't speak to several years ago, but I would say in general, there -- there have not been significant issues or findings within the town's audit each year.

WATTS: That's good to know. Thank you.

MAYOR FRIEDEL: Councilwoman?

GOODWIN: I just want to say thank you for the work you did, and I really am pleased with the outcome.

MAYOR FRIEDEL: And I think I'll just make a comment to the -- Paul's team has done a great job for this town. And it's again -- bears fruit with this audit. So thank you, again.

JUMPER: Thank you.

GOODWIN: Mayor, do you mind if I add one more item?

MAYOR FRIEDEL: Sure.

GOODWIN: Paul, not to put you on the spot, but how many years consecutive has the town won the GFOA budgeting award?

SOLDINGER: Well, thank you for asking, Rachael. [LAUGHTER] I've only been here two years, obviously, but the town has won the GFOA Budget award for our budget book and the budget process 23 years consecutive. We're going to be applying for our 30th straight year for our financial statements that were just audited. I'm actually going to do that tomorrow, submit the application.

We also get another award for our -- I'll kind of talk about real quick, because people probably don't know about. We have a popular annual financial report that we issue by December, which is not audited. It's just basically summary document of our financial statements that's more easily readable for the community. I do print some of them out, put them around town hall, and last year they were all taken by residents. So I think people have some interest in them. But we have won the GFOA award for that for

many, many years as well. So all of them have won the awards. So thank you for asking.

GOODWIN: Absolutely all a testament to what you guys do. And thank you for to you and your staff.

JUMPER: Yeah, I appreciate that. And thank you to the mayor and council as well.

WATTS: Yeah. Congratulations on twenty-three years.

MAYOR FRIEDEL: Okay. We'll move on to the consent agenda. Can I get a motion?

LARRABEE: Motion to approve the consent agenda.

WATTS: Second.

MAYOR FRIEDEL: We have a motion and a second. Roll call, please.

PADGETT-ESPIRITU: Councilmember Larrabee.

LARRABEE: Aye.

PADGETT-ESPIRITU: Councilmember McMahon.

MCMAHON: Aye.

PADGETT-ESPIRITU: Councilmember Watts.

WATTS: Aye.

PADGETT-ESPIRITU: Councilmember Earle.

EARLE: Aye.

PADGETT-ESPIRITU: Councilmember Kalivianakis.

KALIVIANAKIS: Aye.

PADGETT-ESPIRITU: Vice Mayor Skillicorn.

SKILLICORN: Yes.

PADGETT-ESPIRITU: Mayor Friedel.

MAYOR FRIEDEL: Aye.

PADGETT-ESPIRITU: Motion passes seven to zero.

MAYOR FRIEDEL: Thank you. We'll move on to our first regular agenda item.

Rachael?

GOODWIN: All right. This item is going to be presented tonight, by John Wesley. He's going to give a very brief background, but I think you guys are pretty familiar with this seeing as how this was on the agenda, I think, three weeks ago.

WESLEY: Yes.

GOODWIN: All right. John, with that, thank you.

WESLEY: Yes. Mayor and Council, just very briefly. Three weeks ago, October 21st meeting, you considered and approved and -- a new development agreement for the Park Place development just down the street. Project the town's been looking forward to seeing develop.

Following that approval, however, the applicant for that approached the town, let us know that they've been working with a new partner in this project that they are working to bring on board here in the -- in the near future. But in doing so this new partner was wanting a little bit more time to be able to look at some of the documents involved, the approved plans and -- and so forth to make sure they are ready to move forward quickly on the project.

While they may be able to make the December 31st deadline that's in the current approval, they may not be able to make that. So they requested that the council consider an extension of the development agreement that was approved a few weeks ago. And they've asked for it to be extended by a year. And so that's what's before you this evening, is consideration of an amendment to that development agreement giving it until the end of December of '26. Any questions of me?

Okay.

MAYOR FRIEDEL: I don't see any. Are there any comment cards, Town Clerk?

PADGETT-ESPIRITU: Yes, Mayor. There are three speaker cards. The first one is Cecil Yates, followed by Bart Shea, and then last will be Christopher Enos.

YATES: Evening, Mayor and Council. Councilor, Clerk. My name is Cecil Yates, 21-year resident, previous Councilmember, Planning and Zoning Commission, and I presently sit on the Economic Development Advisory council.

Without rehashing, I'll be pithy, how we got here. Although it was about five months ago when we asked for the extension of the permits. Right, wrong, or indifferent, the process took us to removing our certificate and took about ten weeks to get the developer's agreement. So although I appreciate the report saying that it was only two

weeks ago that we extended it, that process actually started several months ago.

Consequently, our development partner is no longer with us, but our financial partner is still with us. The financial partner is agreed to come and step into the development role. But as John pointed out, would like some more time. Everyone's anxious to get this going, to get this closed.

During the last ten weeks, we had seven amendments to our internal purchase and sale agreement to get this on track, but unfortunately, we're not able to close. To give you some background on the proof of the concept. As you know, phase one, we paid over \$1,000,000 in material tax, probably about a \$500,000 in permit fees. And just the commerce that's going on over there generates about a half million dollars in revenue to the town. Phase two and three will be very similar.

So your options tonight are pretty much no, let's not give them the extension. And that means we start all over, we lose our financial partner, and everything starts. And we -- we don't know what's going to happen other than we're going to have to start over like we've done several times. If a yes vote, then we close as soon as possible. We already have contracts signed waiting this -- the determination of this council. If you say yes and something else happens because, Lord, I know something happens. It does not hurt the town at all.

So which of those two decisions is -- would you consider business friendly, and -- and not falling into the bureaucracy of government? I encourage you to ask Bart and myself questions. You already know our backgrounds, but I just want to remind you we've had proof of concept. Bart is a master builder. We're both award winning developers.

You're in good hands and we have proof of concept. And I do have the signed amendment for you, Councilor, anticipating a positive response. Thank you.

SHEA: Good evening. Mayor, Council, Councilor, Rachael. Ten years. Ten years in the town of Fountain Hills. I got here with Morningstar, and fought tooth and nail. I have a development agreement, literally, on a retention pond in front of Morningstar.

Nowhere else in town has that ever happened, except for here, to me. Ten years. I've spent \$120,000,000 on the downtown to develop it. And if you look downtown right

now, what used to be dirt now is full of stores, and people living there, and everything else. Like it, don't like it, hate the color, don't like the buildings, whatever it is. I want to remind everyone here, this is private property. This does not belong to the town. The town does not have a dog in this hunt. And Cecil is pretty much right when he said this. This is not the game of chicken. This is not what can we negotiate out of it? This is the end. The absolute end. You see the fences gone. Everything else is done.

The last development department -- development company that came in, Sweetwater, has decided not to go forward because their money is better spent and easily done in other cities, developing multifamily. After the ten weeks on the development agreement and everything else, they opted to pull out because they don't believe they can trust that it's ever going to be done, even though it's signed.

I convinced the financial partners. I had a phone call with the town manager and the mayor with the financial partners who did commit to do it, and I explained to everybody at the time why they couldn't go pull permits at the time. If this does not get extended, they're not coming to the table. It's done. This is not something we can just go back and say, you know, maybe we'll renegotiate it. Maybe we'll go do this.

The fence is down. I own the property. My development partners won't even step foot in this town anymore. They've blown up over this whole thing. And actually, there's only one left, and he's in Hong Kong. So the only representative of the dirt in Fountain Hills, or in Arizona, or in the United States is me. And it ain't going to be a pretty sight for a while. I don't even know how to tell you how much money I've lost trying to get downtown developed in Fountain Hills. How much cash is just gone, and it'll never come back?

These guys are your last choice, not mine. Your last choice. Because if it doesn't, the permits expired. It's \$2.5 million. It's a full redesign again. The development agreement is gone. This town is not known for being conducive to business in as far as development on here. So you're looking at dirt for at least another five or six years minimum on it. If it's not 50 more years because it was 50 years of dirt before I got here. 50 years. 12 different development agreements scraped off of it and how it went.

So I'm out of time and so are we as a town. So that's my presentation.

MAYOR FRIEDEL: State your name, please.

SHEA: Oh, I'm sorry. I got to state my name. How long -- my name is Bart Shea, and I've been in town since 1989. I got married at Shepherd of the Hills. I've owned four homes here. I still do everything here. I live in Goldfield. I still own property here, though.

ENOS: Hi, I'm Chris Enos, I'm a Fountain Hills resident, and I haven't been here as long as Bart, but I felt it important enough to be here to speak with regard to this project and a project that actually was started before I moved in, which was over 11 years ago.

What you're looking at is basically procedural considerations in order to effectuate a development that needs to be done.

So why would you do it? Well, first you look at who. Who's involved? You saw two guys here, reputable people. They're not from Indiana like some developers. They are from Fountain Hills. They are part of this community. They know what's right. They ain't going to do anything that's wrong.

Then you look at what. What is being developed? Well, it's not something out of the blue. It's not something that looks like Scottsdale. It's something that you already have an example of because you got phase one, and that phase has been successful.

So you look at why. Well, it's in keeping with not only phase one, it's in keeping with everything that's been done in this town for the last ten years, at least. And it would be a continuation of that process.

So why? Well, \$140,000,000 reasons are around and those could go away if this is not approved. And then why not? If anybody has a better idea of what to do, maybe you can all come up with it. I doubt that you do, because nobody else has come up with it and -- for the last ten years. So what we're looking at is something that, the only reason you wouldn't is if you want to not have this project. Do you not want the project?

Because if you do not want the project, just come out and so, look, I don't like your project, I think it's full of baloney.

But if you do want it, then you got to facilitate it as a government. You don't want to get in the way. Time destroys deals, and in this case, they need time to put this

together because of other actions that have been taken by this council most recently, which I'm not going to criticize. You're here right now. You can take action to correct anything in terms of timing, and you can take action to allow this developer to go out -- our developer, our town resident developer, to go out and get the proper partnership and financing in place so that this can be finally, at long last, completed. And I really would like to see a ribbon cutting ceremony before the next millennia. Thanks.

MAYOR FRIEDEL: That's it?

PADGETT-ESPIRITU: That is it.

MAYOR FRIEDEL: Any council discussion? Councilperson?

KALIVIANAKIS: Thank you, Mr. Mayor. Yeah. I just wanted to address the -- the fact that I think everybody on the council, the mayor and the six Councilmembers, you know, we are all for this project. And so I think that's important to get on the record because as I do talk to my constituents, they -- they want the project to be done too, you know. It was a couple months ago. We did have some pretty intense negotiations to -- to -- to try to make accommodations on many key points, and I thought we had an agreement. I think it's unfortunate now that we find ourselves back here two months later, and looking for another extension. It says in our packet that the new finance partner, you know, in order to release the funds, get the permits, are looking for this extension. But I think really importantly in our packet it says, well, they may be able to reach the goal prior to December 31st, 2025 this year. Now they're asking for additional time. So I think there has been some consideration that yeah, we might be able to get it done. We're not sure. And so what I, what I'd like to see is let's get it done by the end of the year. Some assurances were made that that's possible. And I -- I think you know, I'd like to see it done sooner than later.

ENOS: Not going to happen by the end of the year, period. You don't have to hire a contractor enough time to hire a contractor to do everything they need to do. It's not going to be done. Thank you.

MAYOR FRIEDEL: It's not open for discussion right now. Councilperson, are you done?

KALIVIANAKIS: Yes, it's done.

MAYOR FRIEDEL: Okay. All right. Thank you. Anybody else? Do we have a motion?

MCMAHON: I'll make a motion. I'll make a motion to not approve Resolution 202531.
Is that the right one?

UNKNOWN SPEAKER: Can she clarify that?

MAYOR FRIEDEL: Can you -- can you repeat that, please?

MCMAHON: Yeah. (Indiscernible) 9A, right? And the suggested motion. But I moved --
I moved to not approve the resolution 202541.

KALIVIANAKIS: I think she's saying not -- not to approve the resolution 202541.

MAYOR FRIEDEL: So there's a motion not to approve the resolution. Is there a second?

MCMAHON: Right. To have them stick -- to have them --

MAYOR FRIEDEL: We have a motion. Is there a second?

KALIVIANAKIS: Second.

MAYOR FRIEDEL: We have a motion and a second. Roll call, vote, please. Oh, I'm sorry.

SKILLICORN: May -- may we have we have a few minutes of discussion? Mr. Mayor, I'd like to ask Councilwoman McMahon to kind of to explain the reason, not just -- and I'm not being argumentative. I'm just -- I just want to hear her argument.

MCMAHON: I really don't have to explain it, but it's been ten years. The constant statement of no funding, and the self-created problem, We entered into, in good faith, entered into an agreement with them in October, and it was agreed -- that they agreed that they would get this done by December 31st. We gave them adequate -- you know, we extended the permit fees and have permits issued on or before the end of this year, which they said they would do, which included using outdated permit ordinance, thereby reducing their fees substantially. The town has always acted in good faith in this matter. We've been hoping against -- seems against hope that this developer would get it developed. They said they would stick to December 25th, and that's what the agreement says right now, and I think it should be upheld.

MAYOR FRIEDEL: Councilman?

WATTS: I think that it's important to honor the original agreement that we had for December 31st, 2025, but that doesn't preclude the continued negotiation and

discussion with our town attorney. If there are other options, if there are other ways that we can ensure or guarantee that the permits are pulled and paid for before the 31st. But I'm not going to be in favor of supporting an extension past 2025, through December 31.

MAYOR FRIEDEL: And I -- and I have kind of the opposite feeling. We want this project done. I'm willing to extend the -- the permits if needed, to help get this project done. Yes, we've been dealing with this for ten years. There's a possibility of getting it done and getting it completed for the town, so I'm. I'm in favor of it, But having said that, I don't see anybody else. Vice Mayor, your light's on?

SKILLICORN: If I'm allowed to ask a question, Mr. Mayor, Town Manager. When's the last meeting for 2025? It's in December. What's the date?

GOODWIN: December 16th.

SKILLICORN: 16th. Kind of a rock and a hard place, I think. And I mean, I don't mind being pragmatic, and knowing there could be issues with financing, and being able to work with people. But there is a motion and a second on the table to wrap it up this year. But if things do fall through, I mean, we do have a plan B that it still could be extended in December. Okay. Thank you.

MAYOR FRIEDEL: No other discussion. Can we get a roll call vote, please?

PADGETT-ESPIRITU: Councilmember Earle?

EARLE: Gee, I'm the first one, darn it. Okay. I'm just confirming the --

MAYOR FRIEDEL: Uh-huh.

EARLE: -- if I. Wait. Aye is to agree with Peggy. Okay. So I want to explain my vote. For tonight, I'm going to say aye at this time, pending more details regarding the matters -- regarding this. And I hope that we can have this back here in December once we learn a little bit more, and we can have this project move forward.

PADGETT-ESPIRITU: Councilmember Larrabee.

LARRABEE: I'll do a one sentence explanation, too, if that's all right. I agree, I think more information needs to be had on both sides. There needs to be more of a conversation on this. So I am voting aye and we hope to see it again in December.

PADGETT-ESPIRITU: Councilmember McMahon.

MCMAHON: Aye.

PADGETT-ESPIRITU: Councilmember Kalivianakis.

KALIVIANAKIS: AYE.

PADGETT-ESPIRITU: Councilmember Watts.

WATTS: Aye.

PADGETT-ESPIRITU: Vice Mayor Skillicorn.

SKILLICORN: I'd like to seal -- see the deal done, sealed and delivered before December, so yes.

PADGETT-ESPIRITU: Mayor Friedel.

MAYOR FRIEDEL: No.

PADGETT-ESPIRITU: We have six ayes, one nay.

MAYOR FRIEDEL: Thank you. Okay. Moving on to regular agenda item B. Rachael?

GOODWIN: Mayor, this item was brought forward by Councilmember Watts with your support to begin to discuss possible direction regarding the filing of comments, as it associates with some new FEC -- FCC rulemaking that was issued in September, essentially. And it's in your packet. It gets rather regulatory. It's a pretty big statement, but essentially it seeks to limit state and local authority over cell towers and other wireless communication facilities. So with that, I'll turn that over for your guys' discussion. Just as a note, this item is agendized for -- for direction to staff. If you choose to make comments, please let us know what those comments should be so that we can get them addressed properly.

MAYOR FRIEDEL: Before we have council discussion, are there any speaker cards on this item?

PADGETT-ESPIRITU: Yes, Mayor, there are. There are three. First up will be Eric Landau, second will be Larry Meyers, and last will be Laurie Troller.

LANDAU: Mayor and council. Good evening. I'm Eric Landau, 27-year resident. I retired here after a 24-year career in wireless telecommunications that ranged from two way radio to microwave transmission systems. I am convinced that there is no risk from

nonionizing radiation at the radio frequencies, which are employed for transmissions supporting such systems.

I urge the council to get ahead of the proposed federal protections for such systems by finally implementing its own regulations permitting 5G technology to be installed in Fountain Hills, and meanwhile, to not oppose the FCC initiative. It's time to put aside the unfounded luddite scare tactics that have been standing in the way of such useful progress. Thank you.

MEYERS: Mayor, Council, staff. Larry Meyers, 44-year resident of Fountain Hills, four years of my life working on this particular issue and I have, among -- among many reasons for us to have our ordinance that regulates this activity, regardless of whether it has harmful health effects on people or not. This town, going back to the very beginning, says utilities should be buried underground. Says so. You don't see any electric lines except for the big 500 kVA lines coming in here.

5G broadband towers are just that. They're broadband. They're utilities. I don't care what the telecoms want to lobby and tell you that they're not. They are. They deserve to be underground. It's not going to hurt anybody with regard to their service. You'll get high -- you'll get just as high speed from having to having it buried underground. And no one deserves to have one of these towers in the right of way, which the town owns, in front of their house.

It's very, very simple. We hired a consultant. We got a report. We hid the report for an infinitum amount of time. We finally released the report. We have a citizen who's worked on this that is probably the premier expert of all of us on this particular topic. We need to take advantage of it. We need to accept the fact that the past town lawyer didn't know squat about this subject. I think the current town lawyer probably will admit she's deficient in her expertise in this area. We need to hire the third-party. The third-party should be the guy we started with because he still owes us some money and he's well down the road. So it would be an efficient spend for us as opposed to going out and getting somebody else.

So I would like to see us craft our own ordinance. Keep the broadband underground.

Forget the little 5G towers in the right of way in the residential area. Stick them on the big poles. I don't care what you do with those. Those are part of the cellular system in town. And let's get this thing done so that we don't continually beat this dead horse. We can move the ball forward. And I would appreciate you guys doing that tonight. Thank you very much.

TROLLER: Good evening Council. Right before the holidays. Hello. Laurie Troller, resident. So on behalf of all the residents concerned about preserving the rights they have when they bought their property and the value to it. And for those who are concerned about the lack of safety these additional towers would add to our town, thanks. Thanks for considering this. This is really, really important. I'll explain that in a second.

So what you're doing is actually joining the voices across the country right now to talk to the federal government and the FCC, and voice your opinion. So what happens is, the FCC doesn't have any say over the law. They can't change it. That's the impression they've always tried to give. This has been a decades long battle. So what the telecoms do is they -- they, with billions of dollars, bribe the FCC to say certain things and then those things, towns who are unknowing say, oh, that's the law, and it's not. The FCC gives their interpretation of the law. The law does not include broadband.

The reason this is important is because the telecoms are trying to build out the broadband on the coattails of the cellular tower laws. So cell towers can go. There's a lot of permissions for cell towers on where they can go. Broadband towers want that same permission. So if everybody thinks broadband and cellular is the same, they'll be able to do it. And it's not. And that's what this is saying. That's what they're trying to get. That's what the telecoms are lobbying the FCC to say right now, which is, they're one and the same, and they're not. They're different technologies.

So thank you for speaking up, being the voices -- part of the voices across the country saying we -- we value our property, and you can't put your equipment on there, and we don't want to be near it, put it, build it safely, bring it to us, do it in a safe manner. We're not saying don't. We're saying bring it in.

So thank you for that. And you know what? On my behalf, and for the residents in this town that follow, and I speak for it's been a rough four years. We had we -- had a mayor that was a mayor, and an attorney that was obstructive in this. Larry just kind of alluded to some of the things that were going on.

So thank you, Mayor Friedel and Council, the majority of the council, for being behind this, and understanding, and appreciating our values, and having respect for that. The Children's Health Defense Organization, I believe, is the one who kind of came to the town and asked for our support on this. I have been following that organization.

There's -- there's two really big ones. There's another one. It's a very -- they're very much sister organizations, very much behind them. They have influence. So our voice -- this is a very big deal that this town gets behind this. I appreciate it. You -- thank God in four years, it's amazing we -- we're here, so thank you.

MAYOR FRIEDEL: Councilman?

WATTS: I don't want to get into the weeds about the merit of -- of whether or not the RF is or not -- isn't harmful. Property values do go up, do go down. What I do want to say is that this is a notice of proposed rulemaking. The FCC has done this numerous times. Each time that it -- it gets some approval at the FCC level, it still has to go to Congress to get approved. It has failed a dozen times that I know of.

The bottom line to this particular one, without getting into the semantics, is real simple. This -- this notice of proposed rulemaking wants to take every -- every initiative away from you. Anything that's discretionary, anything at all. It would eliminate any -- any versatility.

We have worked three, four years from when I was on planning and zoning till now, to get nearly a much better ordinance, and we're on the cusp of doing that today. Staff has worked hard. Staff has also acknowledged that it is an extremely complex, technically, and legally difficult thing to do. And at the last meeting, I asked if we could take what we've got so far, which is real close, and get a third-party to look at it, and I'll call it, tweak it. Make it as tough as you can make it based upon your -- your experience to be able to get the best that we can get for the public. If we don't stand against this

type of an NPRM, then our rights are all gone. We can't do anything. And I think that goes against the sentiment of the town as a whole to protect your property values. If there is something that is RF problematic. We don't have any of that right if we -- if we don't stand up and say something about it. So this is real simple. Give up all of your rights in total, or make a statement at least to try and protect what rights you've got, and what rights we're on the cusp of being able to finalize. Thank you.

MAYOR FRIEDEL: Councilperson.

KALIVIANAKIS: Thank you, Mr. Mayor. I guess my first observation is, I don't know why this is on the agenda tonight. If -- if you've read the -- what the town prepared, all we're looking is to write a letter to the FCC by our town manager, either supporting it or not. This is usually done at the instructions to the -- to the manager at the end of the meeting. So I don't think -- does this actually require a vote for you to send that letter or just a consensus of the council?

GOODWIN: So typically speaking, when we write letters of support or opposition, they have to do with legislative items. And that is an agendized element that comes at the end of our meetings, when the legislature is in session. Because this is not related to a legislative item, as it relates to the State of Arizona, yes, I need direction from a majority that says yes, you would like to send a letter and what it should include. I don't want to speak on behalf of the -- this body without your approval and instruction.

KALIVIANAKIS: Okay. Thank -- thank you for that. And I know this was brought to the attention of the council by the Children's Health Defense, which our speaker discussed. If you just do a casual Wikipedia check, it's an American nonprofit activist organization known for its anti-vaccine advocacy, and one of the main sources of misinformation on vaccinations. It also is a group that has campaigned against the fluoridation of drinking water, and all sorts of these issues that they're involved in. That's who brought this to our attention.

Be that as it may, this is part of President Donald Trump's Build America, eliminating barriers to wireless deployment. President Trump's call across the federal government is to expedite, eliminate, and simplify permitting burdens that inhibit economic

development, job creation, and energy production. It's an attempt to streamline infrastructure rules, which help spur significant investment in network buildout. New infrastructure builds remain essential to this nation's 5G leadership. America consume -- consumers demand more from their mobile networks as wireless data traffics, year over year.

Matter of fact, every year they're expecting a 12 percent annual growth with the introduction of AI. That takes a lot of -- to get going. They also expect to significantly increase demand on mobile networks. Eliminating barriers is -- is actually good -- good public policy. And it's good for America, and it's good for our 5G networks, and it's good for connectivity, which I think we all want. At least I -- I do.

It's to ensure that mobile service providers can keep pace with consumer demands and needs, and we seek to continue the success of the commissioners prior efforts to remove regulatory barriers that would unlawfully inhibit the deployment of wireless infrastructure.

Now they're right, we were mentioned by the FCC by name. And that -- that could be a problem, because what we're doing might not -- might not be lawful. We don't know. The report says it's -- it's questionable. Making more regulations is against the reason I even ran for office. You know, when I was initiating -- helping out the American Humane Society, trying to get electronic and phone medicine to people downstate in the reservation, I asked state rep Alex Kolodin if he would support that. And he said, let me just one question, Brenda. And I'm like, what's that? He says, is it more regulations or less regulations? I said, well, it's less. He said, well, it's a rule of thumb. If it's for less regulations, I'm for it. And that's kind of where I'm at too. The less we regulate, the better it gets.

So I just wanted everyone to know that this is -- could affect our town. If the new rule is put into place, the town might not be able, and this comes from the staff report, the town might not be able to adopt the needed regulations to protect our community, and may even have to repeal some of the protections that we already have in place. And you know, this has been something we've put a lot of hours into. And you know, and

again, we can -- we can write a letter. And I'm not sure if it's going to do any good, but I think it's very sound public policy to support the Build America program initiated by Donald Trump. Thank you.

MAYOR FRIEDEL: And I'll -- and I'll add this. I think the elimination of barriers does not mean giving up local regulatory authority, taking it away from the town. We're not saying we don't want it here. We're saying, come on in, do it the right way. That's all we're saying. So we don't -- we don't need --

KALIVIANAKIS: We were mentioned by name.

MAYOR FRIEDEL: We don't need to give up our local regulatory authority. They've tried that at the State several times. And we don't need to be giving up local authority for our town.

Councilman. Oh, I'm sorry.

LARRABEE: Thank you. Okay. In the last ten minutes, my little blurb went from 30 seconds to another ten minutes, so everybody buckle in. First and foremost, I think that this situation can be a little bit of a case study on how DC works.

What President Trump's initiative is, is a call across the federal government to expedite, eliminate, and simplify permitting burdens that -- that inhibit economic development, job creation, and energy production.

Now, from that statement, people who make a lot of money to do these kind of things come up with this Build America idea that somehow would restrict our ability to put a utility 5G underground along with the rest of our utilities. What I'm trying to get at here, is that we're not restricting your ability to bring 5G into town, so we are not restricting your economic development. Installing it underground, I think arguably probably takes more people than it would setting up the small cell. I don't have the exact numbers on that, so we'll see if that's accurate or not, but I doubt we're losing any jobs.

And last I checked, 5G does not produce its own energy. So what that actually has to do with President Trump's statement is a little bit beyond me, but that is how bureaucracy works, for those who have not been around these people, this is what they do best.

When you get a statement from leadership, the bureaucrat's job is to -- by the time it trickles down to our level --

[LAUGHTER]

LARRABEE: -- by the time it trickles down to our level, it gets very muddled, and it's a lot different than that original intention. And that's what we're seeing here. This is something that would tie our hands as a community from having any input on what 5G does.

Now, yes, I am all for smaller government. I am all for less regulations. But when you're dealing with billion dollar companies and the federal government says just kidding, we're going to take it over, that's a red flag to me, and it should be to you too.

WATTS: Once again --

MCMAHON: May I comment?

WATTS: Once again, the 5G nomenclature has gotten convoluted. The speech about Build America, build the infrastructure, relates specifically to cellular, which we have no objection with. Cellular is not the issue. Broadband is the issue. Broadband has been the issue since day one. It has nothing to do with building out a cellular 5G network.

UNIDENTIFIED SPEAKER: (Indiscernible).

WATTS: They already exist. They're going to continue to take 4G equipment off and replace it with 5G equipment. Its fifth generation, sixth generation, that will continue for in -- in perpetuity.

What does -- what this does is what Councilmember Larrabee said. It completely takes away the town's ability to do anything. They can't even at that point regulate putting camouflage on them. That monstrosity behind the Alamo can all of a sudden be its own creature. You have no ability to camouflage, make things cactus. You have no ability to say you can't put something in a right of way, no ability whatsoever. And this is simply a notice of proposed rulemaking. State your position specifically with regards to the NPRM, opposed or supporting, so that the government doesn't take over your lives.

MAYOR FRIEDEL: Vice Mayor.

SKILLICORN: Thank you, Mr. Mayor.

MAYOR FRIEDEL: I'm sorry. Peggy. -- Peggy was before you.

Peggy.

MCMAHON: Thank you very much. I appreciate it. As we all know 5G cell towers and facilities are regulated by the federal government. We've discussed this numerous times, and they're not going to relinquish their right to govern wireless cell towers or wireless communication facilities, and will periodically adjust their rules, and they might be even more strict.

So I think it might be best for staff to prepare a response. Reply comments to ensure that the FCC preserves the essential state and local authority over wireless infrastructure requirements that safeguard public safety and welfare, reliability, and resiliency of our wireless communication services, and consumer protection, and rights of way.

I also think that we should provide comments that are necessary to advocate for more transparent FCC processes that allow states, and local governments, and telecommunication providers a fair and reasonable opportunity to be heard in any wireless permit disputes or a resolution process.

So I would like to see a letter be written by staff. However, at this time I don't really have specifics on what that would say as far as what significant points we'd want to make. And maybe that's something, if Council decides to have a letter written, that we might want to have a work session on. I'm not sure.

MAYOR FRIEDEL: Thank you, Vice Mayor.

SKILLICORN: Thank you, Mr. Mayor. It does sound like there is a consensus to write a letter. And you know, I just like to point out the FCC works for the people, not the other way around. And it is our -- our -- it is our prerogative to have our \$0.02 heard. And frankly, I believe that they should hear from us, and they should make sure that they do not trample our local authority.

And also kind of -- also, you know, I did hear a -- I didn't specifically hear Campanelli's name, but you know, I would love to see more of that Campanelli -- Campanelli report and his feedback in our ordinance going forward. I know there's some work to be done

there. But I'm looking forward to that.

I don't think we need a motion, but I think we have quite a consensus to go -- move forward.

GOODWIN: Just to clarify, so it is agendized for a motion, and right now the suggested motion is to move to direct the town manager to prepare a statement opposing the FCC rulemaking. And I can take some of the talking points and the -- you know, notable comments from tonight to -- to prepare that if you -- if you're comfortable with that.

SKILLICORN: So moved.

EARLE: I'll second that. Second to that.

MAYOR FRIEDEL: Okay, did we have a motion and a second? Did you --

EARLE: I thought -- I thought you said you -- someone did make a motion, so second.

MAYOR FRIEDEL: Second. We have a motion and a second.

Town clerk, roll call, please.

PADGETT-ESPIRITU: Councilmember McMahon.

MCMAHON: Aye.

PADGETT-ESPIRITU: Councilmember Larrabee.

LARRABEE: Aye.

PADGETT-ESPIRITU: Councilmember Earle.

EARLE: I just want to explain my vote, because I -- when I look around our town, all I see is saguaros, palm trees, you don't see wires above, and I don't want to see any cell towers in our -- or whatever these towers are in our -- on our property. So I'm a yes.

PADGETT-ESPIRITU: Councilmember Kalivianakis?

KALIVIANAKIS: No. And will we get a chance to see this draft before it gets sent?

GOODWIN: Typically speaking, I'll usually take what your guys' comments are, consolidate them, and send it out. My understanding is time is somewhat of the essence on this. I.e., there are deadlines to be met, so if you are comfortable giving that direction tonight, typically I will send this out, or Angela will help get this drafted out, and we'll share a copy with the council of what was sent. We don't generally come back for editing or other proofing.

KALIVIANAKIS: Okay. I said no.

PADGETT-ESPIRITU: Councilmember Watts.

WATTS: Aye.

PADGETT-ESPIRITU: Vice Mayor Skillicorn.

SKILLICORN: Yes.

PADGETT-ESPIRITU: Mayor Friedel.

MAYOR FRIEDEL: Aye.

PADGETT-ESPIRITU: Motion passes six to one.

MAYOR FRIEDEL: Thank you. Moving on to the next item, C. I'm going to open a public hearing on this item.

Rachael?

GOODWIN: Sure. This item is going to be presented tonight by Farhad Tavassoli, our senior planner, to propose an SUP for a residential unit on the Avenue of the Fountains. I'll turn it over to you.

TAVASSOLI: Thanks, Rachael.

Good evening, Mayor, members of the council. Good -- good to be before you this evening. I'm here to introduce you -- as soon as I open my presentation, I will be introducing you to a special use permit request for six residential units in a commercial zoning district. More specifically, in plat 208, just across the street.

The subject property is a little over a quarter of an acre. At 12,000ft². It is zoned C-2 with two overlays. Currently, the planning -- planned shopping center, and entertainment overlay districts. The general plan designates it as the town center, understandably, and surrounding uses include a mix of vacant properties, as -- as well as some well-established commercial developments, or commercial uses listed here.

Luke Bondy, the applicant for this case here represented by Rose Law Group, is proposing, as I said earlier, six for sale units. Each unit will be approximately a little over 3,100 square feet, which would be a density of about 22 units per acre.

There will be three commercial suites. Those commercial suites would be on the first floor. The residential units would be on the second and third floor. Each of those

commercial suites would be about 950 square feet. As for parking, there will be six private garages provided, two car garages. Access to those garages would be via park -- rather track 208, and there will also be, in addition to that, shared on street parking for commercial -- for the commercial uses.

Architecture, as you can see in the rendering on the lower right. The applicant is proposing a desert modern architectural style. The height will be about just under 40 feet, with a -- with a additional four feet or so for the elevator overrun.

As you can see on the upper right hand corner, you can see the footprint of the proposed conceptual site plan, and the footprint of the proposed building, which will include some covered entryways via the Avenue of the Fountains. And as I said, the garages would be behind the -- behind this building.

Currently, as the zoning ordinance states residential use in the C2 or any commercial district for that matter, is allowed with a special use permit. The parking requirements are one space per 275 square feet for the commercial use. Residential uses require a two and a quarter for each unit, so a total required would be 48 spaces on site. This is met via the track 208 shared lot agreement, as well as the -- the garages that are being provided for the for each of the residents.

Solid waste is required to be within 250 feet, within walking distance. There is currently a refuse container within that distance, but the applicant is working with the Plat 208 Property Owners Association to establish, or to include a dedicated trash receptacle for the inhabitants of the building.

As for public outreach, September 24th was the community outreach effort by -- by the -- the applicant at the community center, in which there were five community members present. That included an informal presentation followed by a question and answer session. There were no written comments and ongoing dialog has continued. Staff hasn't received any opposition -- expressions of opposition, either in writing or in via phone.

Real briefly, our staff analysis concludes that the proposed use is consistent with the general plan and the downtown vision in that it supports mixed use, pedestrian

oriented, or pedestrian friendly development, meets the zoning and overlay district intent, is compatible with the surrounding land uses, and is subject to detailed site plan review following SUP approval.

The commission recommendation last month, October 13th, was in alignment with staff's recommendation with a vote of six to zero recommending approval, subject to the conditions you see here.

With that, I'll conclude my presentation. The applicant is here as well, particularly those -- Rose Law Group, who has a presentation also prepared. Thank you.

MAYOR FRIEDEL: Rachael, do we want to hear the presentation by the applicant?

GOODWIN: Mayor, that's at your --

MAYOR FRIEDEL: Okay.

GOODWIN: -- discretion.

MAYOR FRIEDEL: Sure. Let's do it.

PADGETT-ESPIRITU: Okay.

DEMOSS: Okay. All right. I know you've got a packed agenda tonight, so I'll keep it quick. My name is Samantha DeMoss. I'm with Rose Law Group. I'm here on behalf of Bondy Construction and Design. And my address, 7144 East Stetson.

So I'll just try to only cover the things that I mean, Farhad pretty much covered everything, but this is our -- this is our visual. It's a local developer planning to own, and operate, and property manage the whole thing. Six units. Everyone has a private elevator.

You can see the entrance. So the residents themselves will enter from the back to their private garages that can elevator up to their individual units. And what we're really here for today is to allow that mixed use element to this. So when the application first came to the city, it was going to be eight residential only units. And then we decreased the density, and added the commercial on the bottom to help fit the downtown vision more closely.

And we see this as great for downtown, very pedestrian-oriented. We have a letter of support from the Chamber of Commerce. We've been working with Track 208, and

we're they're waiting for us to finish our entitlements process. But we're well on track for what we need to do to get through site planning with them. And we got unanimous at PNC.

And then there's our neighborhood meeting at the community center. And this is just kind of a general overview of all the area plans that suggest mixed use and growth area for this area. There's our preliminary site plan. As you can see, the everything commercial will be on the pedestrian facing East Avenue, the fountains, and everything to do with residential will be accessed from the back side.

There's -- those are the elevations. Those are the private garages. The side view. There will be a walkway on the sides, so you can get to that Track 208 parking lot, to the East Avenue of the fountains. This is just kind of some visions of something some more similar-ish mixed use developments. This developer's specialty is infill. So -- and then we tried to take inspiration with the design from what's existing on the East Avenue of the fountains. So I won't keep you too long, but I'm happy to answer any questions.

MAYOR FRIEDEL: Vice mayor, your light's on. Do you have a question?

SKILLICORN: Sure. Actually Mr. Mayor, can planner Tavassoli come back up? I'm just -- I'm curious. Actually, I've got a few questions here. So current zoning is C2. What -- what kind of developments are allowed in C2?

TAVASSOLI: Mayor, Councilmember Skillicorn. C2 is, I believe the intermediate commercial zoning designation would typically include office, retail, commercial uses that we typically associate with what's out there right now.

SKILLICORN: And Mr. Mayor, Planner, so retail -- I mean stores, restaurants. Would that be included? Basically you know, facilities that generate sales tax and also create the, you know, the -- the -- the culture that we want downtown or, you know, I know that, you know, I have a vision more for a culinary district. And that's, that's one thing about the current zoning that I really like.

Now, a couple questions about this particular proposal. What's a setback from -- back from -- I'm sorry, Avenue of the Fountains?

TAVASSOLI: Currently, I believe it is a -- a zero-foot setback from the -- from the front

property line.

SKILLICORN: So the -- Mr. Mayor, Planner, the building is going to be right up against the -- the sidewalk? Is that -- do I get that right?

TAVASSOLI: It will be right up against -- well, it would be right up against the -- the property line, and I believe that I'm not quite sure what -- if there's any gap between the sidewalk and the --

SKILLICORN: Okay, but --

TAVASSOLI: -- the proposed building.

SKILLICORN: Mr. Mayor, Planner, so we're up against the right of way, and that -- what's there.

So you know, here is a concern I have here is that, this is a 40-foot building. It's a tall building. Currently there's -- you know, there's nothing there. The parking lot to the east of that is for the bank. It's -- there's no structure there. If you're sitting at that Thai restaurant today, you have a clear view of the fountain. You have a beautiful bill -- view. You have a beautiful view of our Avenue Fountains, the infrastructure we have in place there, the -- you know, this evening the palm trees are lit up. You've got a great view. If we go ahead and do this, now there's a 40-foot building blocking that view.

I know when I moved in here, I -- I -- I still remember the first time I got my hair cut in town, and the lady that was cutting my hair was talking about the tall buildings blocking views, and she told me that in Fountain Hills they weren't supposed to block views, and that -- that resonated with me, and that was something that was important to me.

Furthermore, I saw -- I think there's a -- three commercial suites. What's -- what's the intent for those? Are those going to be commercial, or are they going to be like realtor offices, law offices, you know, or are they actually going to be places that generate sales tax? I mean, are they designed to be retail or restaurant specific?

TAVASSOLI: Mayor, Councilmembers, I don't -- I don't think there have been any dedicated.

SKILLICORN: Okay. So Mr. Mayor, Planner, I just my concern is that we're going to have three, like, micro units there that are not going to lend themselves to, like an amazing

Italian restaurant, or Mexican restaurant, or whatever kind of restaurant. They're going to lend themselves more to, you know, commercial offices, commercial office space is something that is, you know, vacant most of the time. Really isn't going to add any culture or vitality to our downtown.

So instead, we're going to have the possibly vacant offices. We're going to have higher density. We're going to have more traffic. For what? I think that this undermines the -- the -- the vision of the people who started Fountain Hills. It certainly blocks views, brings in more high density, brings in more traffic, and it doesn't add to the culture of vitality there. So I have I have some questions and concerns about this. Thank you.

TAVASSOLI: Yeah.

LARRABEE: Thank you, Mayor. May I ask Ms. DeMoss a couple questions? Thank you.

DEMOSS: Hello. I also have my architect here, if there's any highly technical questions.

LARRABEE: Thank you. I saw you jumping out of your seat on the previous comment. Can you provide more detail on what commercial types are expected in those three units?

DEMOSS: Yeah, we're seeking tenants right now, and we're thinking -- we're hoping to get like a coffee shop as an anchor and then something along the lines of retail. We think the size of these units is perfect for a local small business who wants to, you know, a coffee shop, bookstore, those types of units. And so that's kind of our vision right now, is stuff that supports the -- the tourism atmosphere of the Avenue of the Fountains.

LARRABEE: Thank you.

DEMOSS: Yeah.

LARRABEE: And it sounds like you've listened to Council's previous direction on that area, when we've discussed our overlay districts that, as my fellow Councilmember mentions, we -- we do want things that increase sales tax. And for these units, for the six residential units, can you describe on average -- I understand it's going to be different based off of bedroom count, but what -- what square footage are we looking at per unit?

DEMOSS: Yeah. They're going to be about 3,000 square feet per unit. So their larger units and it's all going to be very private. So you would go up in your own garage, own elevator, you know, we're really looking for tenants that want to participate in the downtown character, and you know, that pedestrian oriented kind of live, work, play element of the downtown. But I have my architect, if there's any questions about the architecture specifically. Yeah.

LARRABEE: Thank you. I did have one more regarding that setback. Do you expect those commercial doors to be right against the sidewalk?

DEMOSS: No.

TAVASSOLI: So just to clarify --

DEMOSS: Yeah, yeah.

TAVASSOLI: Just to clarify, there is a five-foot setback that's consistent with the adjacent building, just down the street, I believe, to the west. So we are matching that same five foot setback, and by code, the doors couldn't swing across the property line. But they need to egress out for occupancy, so the doors would swing out. But they would stay within our property line, so. And then the front doors for the units do face the street as well for the units. So there are pedestrian access for the residents above to be able to engage at the street level, which we thought was a really important part. We didn't want people just coming in their garages and -- and then going right up to their unit. We want to give them the opportunity to be engaging at multiple levels across the building, so.

LARRABEE: Thank you. And -- and I apologize, Mayor. I have one more.

[LAUGHTER]

LARRABEE: For the three commercial, it's looking from your plan as if those are kind of a frontward, I guess, of the building, and then the residents exit looks like it's inset a little bit further. Is that like, just an aesthetic thing, or is that a security decision?

TAVASSOLI: It's both esthetic and security. We wanted to give a little bit of privacy to the residential units, so that there was clearly a distinction between the commercial spaces and the more private entries. So that's why there's a bit of a screening element

and a fence for each of those as you go back to them. And then the glass is really forward to really signify that retail. Same with, you know, again, to consider views and down the -- the avenue. That's why the, the retail is actually stepped out ten feet from the building behind.

LARRABEE: Uh-huh.

TAVASSOLI: So the building itself actually, from floors two and three steps back, another ten feet with a balcony above the retail for each of those units. So again, trying again to bring people closer to the street level and not be a street wall that's right on top of the sidewalk. So we're really trying to be respectful of views and create something that, you know, created some push and play of the facade so that there was some dynamic interest, and not just a very flat stationary facade.

LARRABEE: Thank you. Thank you both so much. That's all I got.

MAYOR FRIEDEL: I'd just like to say, I think this is tastefully done --

LARRABEE: It is.

MAYOR FRIEDEL: -- and it complements our downtown area. And I like the fact that the retail is pronounced. So I think that's a good addition, and our planning and zoning commission voted unanimously, I believe, that night for -- for this project. So I'm -- I'm really in favor of this. I think it's well-designed.

DEMOSS: Thank you, Mayor. Do we have any --

MAYOR FRIEDEL: Councilman.

WATTS: Just two questions.

DEMOSS: Yeah.

WATTS: Behind the stonework on the -- right above the commercial area, is that a seated patio area for the for the residents?

TAVASSOLI: It would be partially, yeah. And then there's -- I'm sorry. Let me step to the mic.

Yes, part of that would be a seated patio area. We likely will have a little bit of mechanical equipment up there screened depending on how we do the HVAC.

Ideally, we'd like to keep everything internal as much as we can so that there's no noise

issues. But you know, we'll be working with our engineers to -- to make sure that, you know, we do the most appropriate system for the building.

WATTS: That was my second question. The mechanical room where the elevator overrun is, is only five feet tall?

TAVASSOLI: What was that? Sorry.

WATTS: The mechanical overrun for the elevator --

TAVASSOLI: Yeah --

WATTS: -- is only five feet tall.

TAVASSOLI: Correct, yeah.

WATTS: So -- so it's going to -- is it going to be a building unto itself, or is it going to be individual, and then facades all around them?

TAVASSOLI: It'll be a small facade all around it. It's got a small stair overrun as well, for the roof deck up there. But what we did was we brought them in on the edges so that again, the visuals would be less -- less noticeable. So if you were to go back to the elevations, you'll see originally we had a continuous linear bar that went from end to end, and we've divided it into three smaller little nodes that extend up to again, try and keep it to the center so that your street views, you don't see it. Doing visual studies that way to kind of your line of sight up, it should be clipped so that it's back further within the perimeter of the building.

WATTS: Seems like a good place to put the mechanical equipment as well from split systems, rather than putting them on a patio where I want to sit, and I'm going to have hot condenser air blowing across me and that sort of thing, so.

MAYOR FRIEDEL: Correct, yup.

WATTS: My bigger concern was the overall height. Is there any seating area on the roof at all?

TAVASSOLI: There is a roof deck up there as well, yes.

WATTS: So are you going to have umbrellas on the roof deck that would take your height from 44 feet to something higher?

TAVASSOLI: No, that would still match the same height, the overrun, because the

parapet height in -- is at 40. So your floor -- your finished floor is going to be -- allow for a ten foot space up there. So the max height would be is 40 -- 44 for everything.

WATTS: Inclusive of an umbrella stand on a table or a seating area?

TAVASSOLI: Yep.

WATTS: Okay.

TAVASSOLI: Yeah. Because we brought the floor down below that. So where you see that top band, the finished floor is actually 48 inches below that.

WATTS: Oh, it's recessed.

TAVASSOLI: Yep.

WATTS: Okay.

TAVASSOLI: Yeah.

WATTS: Okay, thank you.

TAVASSOLI: So we didn't want to have a railing, so we used the parapet to create the visual.

WATTS: Gotcha.

TAVASSOLI: Thanks.

KALIVIANAKIS: Thank you, Mr. Mayor. Yeah. Thank you all for your presentations. Mr. Bondy, thank you for choosing our town, and believing in Fountain Hills to build such a beautiful structure. I hope if this gets approved tonight, you'll find other vacant lots and do your magic, because I think this is going to beautify our downtown. I wish Patrick was from Spack was here because I think he would concur that this this goes directly in line with our strategic plan. With our general plan. I've been to this site on many occasions doing site inspections, and I don't see any site blockage here at all. Matter of fact, it's situated next to a bank, which would be on the right. And then the other side is a big two-story plus building, and that's where Clean Colonic is housed. But their storefronts are on the other side of the building. And there's no -- there's no windows over there. They have banners.

DEMOSS: Uh-huh.

KALIVIANAKIS: And so I -- I don't -- see that there would be any -- any businesses being

blocked. And again, this is really exciting for downtown to get something that's esthetically beautiful, adding a chance for businesses that want to locate here, to locate here, and then have people that want to live here in our downtown. I'm just a big fan.

Thank you.

DEMOSS: Thank you. Councilmember Kalivianakis. I just want to say we still will go through site plan, incorporate staff comments. This is just our land use portion of it, so. But thank you for your time. Is there any more questions?

MAYOR FRIEDEL: I don't think so. I want to see if there's any comment cards.

PADGETT-ESPIRITU: No, mayor.

MAYOR FRIEDEL: No. Okay.

PADGETT-ESPIRITU: Okay.

MAYOR FRIEDEL: I'm going to close the hearing then, and then I'm going to request a motion.

SKILLICORN: Yeah, I'd like to offer a motion to approve.

MAYOR FRIEDEL: I'm sorry.

KALIVIANAKIS: Oh. I'm sorry, dear.

EARLE: That's okay. I'd like to move to recommend approval of the special use permit for up to six dwelling units, all residential units, to be on the second floor, or second and third floor, with the stipulations listed in the staff recommendations.

KALIVIANAKIS: Second.

MAYOR FRIEDEL: We have a motion and a second. Can I get a roll call, please?

PADGETT-ESPIRITU: Councilmember McMahon.

MCMAHON: Aye.

PADGETT-ESPIRITU: Councilmember Larrabee.

LARRABEE: Aye.

PADGETT-ESPIRITU: Councilmember Earle.

EARLE: Aye.

PADGETT-ESPIRITU: Councilmember Kalivianakis.

KALIVIANAKIS: Aye.

PADGETT-ESPIRITU: Councilmember Watts.

WATTS: Aye.

PADGETT-ESPIRITU: Vice Mayor Skillicorn.

SKILLICORN: No.

PADGETT-ESPIRITU: Mayor Friedel.

MAYOR FRIEDEL: Aye.

PADGETT-ESPIRITU: Motion passes six to one.

MAYOR FRIEDEL: Thank you. We'll move on to agenda item D. I'm going to open a public hearing on this one as well.

Rachael.

GOODWIN: Farhad, it looks like you're going to be up for this one again; is that right?

TAVASSOLI: That's right.

GOODWIN: All right. Just a reminder that this is a presentation. This is regarding legislation that was adopted by the Arizona Legislature, HB 2447, which requires cities and towns to authorize administrative personnel to review and approve design plans based on objective standards. So that's what was brought before you today for your consideration.

Farhad.

TAVASSOLI: Thanks, Rachael, Mayor, Councilmembers.

As Rachael mentioned, this is in response to state legislation that was recently approved, recent being over the summer in which this bill was signed by the governor. And so this bill requires all cities and towns to remove any subjective design guidelines or design standards if they are contained within their respective zoning ordinances, and replace them with objective, measurable standards.

Also, we do this anyway, but the legislation also asks that we allow administrative approval for design review plans -- design review plans, and I'll get to this in a little bit, but design review plans is the language that the -- the statute uses to refer to site plans. So they're synonymous. And kind of as a byproduct, a beneficial byproduct of this would be to maintain high quality, context sensitive development outcomes throughout

the town.

Won't go too far deeply into this, as it might be a little bit repetitive, but all in all, this would eliminate the reliance on the subjective criteria that currently contained in Chapter 19 of the ordinance. And once approved, this would be after the appeal period of 30 days, it will be effective December 31st of this year, as required by the State.

What are objective design standards, real quick, they're not based on interpretation or taste. A lot of the language might suggest that currently in Chapter 19.

It's verifiable by reference to adopted benchmarks or criteria and uses measurable terms such as shall or must, rather than, should or encouraged. Uses numeric values, for example, in -- with respect to architectural materials, there's specific numerical values associated with that, or maybe separation distances. And also specific lists in ratios if they need be included in those architectural review standards.

Examples would include, as I alluded to earlier, facade must include three materials.

That is a -- an objective standard, as well as walkways must be five feet wide, rather than using terms such as shall or should, or rather should or encouraged.

So the -- the current title, I should say, not the old title, is Architectural Review Guidelines. The new title will be Architectural Review Standards. And it reflects the shift, as I mentioned, from discretionary guidance to enforceable standards. And by the way, I do have on hand here. if you -- if the council desires to see it on the screen, a electronic copy of the -- the proposed revisions, if there's any specific revisions that the council may want to refer to.

But here's a summary of the key changes. Section 1901, 1902, includes boilerplate language, and clarifies the purpose and applicability. There were just a few instances of vague language there that was removed, and Section 1903 adds measurable site planning standards, such as walkway widths and reduced stacking distances for drive thrus.

Now, I underline that to make mention of the fact that the Commission pointed out the fact that, in one of the few instances where there was objective language, it was in reference to stacking requirements for drive thrus. The current requirement is 11

vehicles for stacking at a drive-through facility. We looked at, since the commission meeting, we looked at other municipalities and identified common practice was three to four for uses such as pharmacies and banks and for all other uses, about six. In some cases, seven. So that's what we found in the majority of the municipalities here in the valley.

Section 1904 gets really specific about required for facade articulation, color limits -- color limits, and energy efficient features. And by energy efficient features, we are talking strictly architectural features, such as awnings and shade and even roofing materials.

Section 1905 defines landscape quantities, signage integration, and lighting limits. 1906 lists permitted and prohibited materials required for desert compatible colors. And it's kind of an administrative item. Section 1907 clarifies those rules and the -- the appeal procedures.

I mentioned earlier that the legislation uses the term design review plan, which really is another term pointing to the site plan that we reviewed during site plan reviews. And so I've -- we've included a couple definitions in -- in section 1.12 to -- in case it needs any clarification. When one reads chapter 19. And it also ensures consistency in legal clarity with -- with the state legislation, the intended outcomes is to ensure compliance with the state law and provide predictable, consistent review and minimize delays through administrative approvals of these new objective design standards, and preserve the town's quality and, character -- design, quality and character.

Commission recommendation, last month, the commission recommended approval unanimously, in alignment with the staff's recommendation as presented before you. With that, I'll conclude.

MAYOR FRIEDEL: Are there any questions from the council? Seeing none, are there any comment cards on this? Oh. I'm sorry. Of course you do.

WATTS: Of course I do. Thank you.

Farhad, the question about stacking comes up, and three to four. Is that per lane or is it -- I mean, some -- some locales, like I'll use Walgreens as an example, have two lanes, I

believe. Would they have three to four per lane? And then what would they do with the rest of that driveway? Because it's wide open and you could put seven or eight in there. So first off is it three to four per lane or is it the aggregate of seven?

TAVASSOLI: Mayor, Councilmember Watts, it is per lane and municipalities that we've looked at specified that it's regardless of the number of lanes. Yep.

WATTS: Okay. All right. Thanks.

MAYOR FRIEDEL: No comment cards?

PADGETT-ESPIRITU: No comment cards.

MAYOR FRIEDEL: Okay. I'm going to close the public hearing, and then I'll ask for a motion.

WATTS: I move to approve, as submitted.

LARRABEE: Second.

MAYOR FRIEDEL: We have a motion and a second. Can we get a roll call, please?

PADGETT-ESPIRITU: Councilmember McMahon.

MCMAHON: Aye.

PADGETT-ESPIRITU: Councilmember Larrabee.

LARRABEE: Aye.

PADGETT-ESPIRITU: Councilmember Earle.

EARLE: Aye.

PADGETT-ESPIRITU: Councilmember Kalivianakis.

KALIVIANAKIS: Aye.

PADGETT-ESPIRITU: Councilmember Watts.

WATTS: Aye.

PADGETT-ESPIRITU: Vice Mayor Skillicorn.

SKILLICORN: Yes.

PADGETT-ESPIRITU: And Mayor Friedel.

MAYOR FRIEDEL: Aye.

PADGETT-ESPIRITU: Motion passes unanimous.

MAYOR FRIEDEL: Thank you.

TAVASSOLI: Thank you.

MAYOR FRIEDEL: Okay. Our next agenda item is consideration possible action regarding ordinance 2510 amending the Town Code. Chapter six subdivision ordinance to facilitate development.

Rachael.

GOODWIN: Yes, Mayor. This is along the same topic, but a different presenter tonight. But it's still related to the HB 2447 and the requirements that are outlined there. John, I'll let you take it from there.

WESLEY: Mayor and Council, hopefully you're not getting too tired of HB 2447, but this will be your last presentation on this particular item. We did one a couple of weeks ago because it was kind of quick and easy to get it on a lighter agenda. The change to the zoning ordinance, we're required to go through P&Z Commission. That's why they were brought separately. But this is our last piece here this evening.

So as has been mentioned, the legislature passed this bill and required cities and towns to make some changes in the ordinance to help facilitate development. So you previously looked at the expedited plan review piece. Mr. Tavassoli just presented the changes to chapter 19. The other amendments are in our subdivision ordinance. And so there's two things in particular that were required there, with regard to staff approval and at risk drainage permits.

More specifically, the House bill included these two provisions that are adopted by ordinance. And so land divisions, lot line adjustments, lot size, preliminary plat final plats to be approved by staff, and then at risk drainage plan submittals.

So how did we do that? So the main part was to go through the Code and see where it made reference to P&Z and Town council approving plats, and most of that is in section two of the subdivision ordinance.

I've listed here, the specific places where changes were made, removing planning zoning commission from the process. And with regard to preliminary plats, designated the Development Services Director as being able to approve the preliminary plats, but for the final -- final plat, those would go to the town manager or a designee. And then

there were other miscellaneous changes in other sections to remove wherever it had the reference to things going to Council.

The other main change with regard to state statute, was to allow the at risk submittals for drainage improvements. And so we did that by adding a section to 5.02, a new b, at risk submittals. And so it has a -- four main provisions there, that's being done as required by statute, that at risk does not guarantee final approval. The applicant acknowledges the town is not liable if the plan has to be changed, and that it must comply with other ordinance requirements.

As long as we were in the subdivision ordinance making changes, there were a number of things that just needed update over time that we've kind of had on our back burner, and this provided us an opportunity to do those. There are a number of definitions that aren't needed anymore, that we removed. There were designations to departments, and divisions, and titles that weren't consistent with the organization today. So we updated all those things.

We also have changed our submittal requirements. We no longer require paper and we do it online. So we removed those and changed those to be consistent with current provisions. We corrected the penalty provisions, and the process for naming streets and private subdivisions. We fixed that to also be consistent with current practice.

So that's an overview of all that was in the ordinance. I know it was a long ordinance because there were a lot of scattered changes, but they were all relatively minor and fit within those parameters. Any questions for me?

MAYOR FRIEDEL: Brenda.

KALIVIANAKIS: I'm sorry.

MAYOR FRIEDEL: Oh.

KALIVIANAKIS: It seems I inadvertently --

MAYOR FRIEDEL: Oh, okay.

[LAUGHTER]

MAYOR FRIEDEL: Vice Mayor.

SKILLICORN: Mr. Mayor, Director, Wesley.

So I did hear you say that you can't submit changes by paper anymore. Has any -- how -- when's the last time someone's done it by paper?

WESLEY: Mayor, Councilmember, Vice Mayor, we went to our -- our electronic system in '21 or '22. I think it's '21. So it's been since we went to our Citizen Serve online process.

SKILLICORN: Okay. Mr. Mayor, Director, no one since '21 has submitted by paper, right?

WESLEY: Correct.

SKILLICORN: Okay.

MAYOR FRIEDEL: Any comment cards on this one?

PADGETT-ESPIRITU: No, Mayor.

MAYOR FRIEDEL: Thank you. Okay. I'll look -- I'll look for a motion then, if there's no more discussion.

EARLE: Yeah. I move to approve ordinance 22-10.

WATTS: Second.

MAYOR FRIEDEL: Motion and a second. Can we get a roll call, please?

PADGETT-ESPIRITU: Councilmember Earle.

EARLE: Aye.

PADGETT-ESPIRITU: Councilmember Larrabee.

LARRABEE: Aye.

PADGETT-ESPIRITU: Councilmember McMahon.

MCMAHON: Aye.

PADGETT-ESPIRITU: Councilmember Kalivianakis.

KALIVIANAKIS: Aye.

PADGETT-ESPIRITU: Councilmember Watts.

WATTS: Aye.

PADGETT-ESPIRITU: Vice Mayor Skillicorn.

SKILLICORN: Yes.

PADGETT-ESPIRITU: Mayor Friedel.

MAYOR FRIEDEL: Aye.

PADGETT-ESPIRITU: Motion passes unanimous.

MAYOR FRIEDEL: Thank you.

It's been requested we take a little recess. I think people need to stretch for a minute.

Okay.

[CROSS TALK]

We'll -- we'll take a ten minute recess.

(Recess)

PADGETT-ESPIRITU: We're getting started. Councilmembers, we're getting started.

SKILLICORN: Well, we could -- we could --

PADGETT-ESPIRITU: Thank you.

SKILLICORN: We can't talk to the constituents?

PADGETT-ESPIRITU: Let's get this party rocking and rolling, and the show on the road.

SKILLICORN: No, we're even here tomorrow.

PADGETT-ESPIRITU: What? We're staying till tomorrow?

SKILLICORN: No. You're killing me Allen.

I was going to bring in some energy drinks.

MAYOR FRIEDEL: Please get your seats.

We're going to move on now with agenda item F, consideration of possible action relating to the -- authorizing staff to proceed with negotiating on plat 208.

Rachael.

GOODWIN: Yes. Our development, our economic development director, Amanda Jacobs, is going to give a brief update regarding an initiative related to our downtown strategy. As it relates to plot 208 and some potential negotiations.

With that, Amanda.

JACOBS: Thank you. Manager Goodwin, Mayor, Council.

So for the past two years, staff has been working with the plat 208 board on potentially developing two of their common areas. Things have become a little bit more real. This past year there have been conversations in executive session. I had permission from

our attorney to state that. So again, I know the public sometimes is why are we having these executive sessions? There's a purpose, and when the time is right, we will make it transparent.

And so that's -- why we're here is, again, last year, our council unanimously approved a downtown strategy. It hadn't been updated in 15 years. One of the implementation strategies is to work with plat 208 on the properties we're going to show here.

So you'll see this common area, that's partially owned by plat 208 that is in the middle of Sofrita's and Fearless Kitty. It's a proposed restroom that plat 208 and the town are proposing in this area, and continues to be asked multiple times a month of what is the what is the town doing?

This is just a concept. I repeat, this is a concept.

[LAUGHTER]

JACOBS: This does not mean it's an-- it's the actual. Thanks. There's some laughter.

We need some of that. It's almost 8:00. So property two is between the Zab Thai, and we've talked about placemaking. Sometimes people are like, Amanda, what the heck are you talking about, placemaking? It's creating that sense of place. So if we go back here, there's a couple of bushes, rocks, and dirt. It's not very inviting. And so Vice Mayor Skillicorn, on a previous item regarding plat 208 is -- is we're wanting to revitalize, and get people to our downtown.

So again, these are just concepts of adding tables and chairs. Are there murals? Are there shade structures? Are there lighting where people can gather, where we can activate it and have many concert series, like we're going to do this Thursday with our centennial concerts? So doing more of those, like the concerts on the avenue, just activating in different locations.

So again, these are all just concepts, my friends. And so on October 20th, the Plat 208 board did unanimously move forward to continue negotiations with the town. There was one caveat before their attorney started drafting an agreement, but it was for a representative of Plat, 208, to discuss with the immediate impacted businesses, what our plans are.

I did have their permission last week to one, daylight this, and for multiple reasons is one, again, this has been an executive session. We talk about transparency. Let's show the transparency. Two, come February we will be having a second council retreat. And then so we'll be putting some numbers behind these projects, to get buy in with the council.

And then, of course, before we can do anything, if things continue along this trajectory of -- of positivity, we will bring back forth to this body, that hopefully, mutually agreement of how we're going to use these two spaces. And so hang tight. We'll hopefully have more in the next 60 to 90 days.

With that, Mr. Mayor, happy to answer any questions, receive any comments.

MAYOR FRIEDEL: Any -- any questions? Are there any comment cards on this?

PADGETT-ESPIRITU: No, Mayor.

MAYOR FRIEDEL: Councilwoman Earle.

EARLE: I'd like to move to approve authorizing staff to proceed with negotiating with plat 208 on two potential properties for future town use.

LARRABEE: Second.

MAYOR FRIEDEL: We have a motion and a second. Town Clerk, roll call, please.

PADGETT-ESPIRITU: Councilmember McMahon.

MCMAHON: Aye.

PADGETT-ESPIRITU: Councilmember Larrabee.

LARRABEE: Aye.

PADGETT-ESPIRITU: Councilmember Earle.

EARLE: Aye.

PADGETT-ESPIRITU: Councilmember Kalivianakis.

KALIVIANAKIS: Aye.

PADGETT-ESPIRITU: Councilmember Watts.

WATTS: Aye.

PADGETT-ESPIRITU: Vice Mayor Skillicorn.

SKILLICORN: Present.

PADGETT-ESPIRITU: Mayor Friedel.

MAYOR FRIEDEL: Aye.

PADGETT-ESPIRITU: The motion passes.

JACOBS: Thank you for your support.

MAYOR FRIEDEL: Thank you.

UNIDENTIFIED SPEAKER: (Indiscernible). N n

MAYOR FRIEDEL: I don't --

We'll move on to agenda item G. Consider -- consideration, possible action relating to invoking either a six-month temporary suspension of reports by Mayor and Council, and call to the public.

Town Attorney.

WRIGHT: Yes, Mayor. So this agenda item is in response to a November 4th, 2025.

Fountain Hills resident Bethany Culp delivered a notice of claim to the town. In that claim, she alleges that statements made by not only Councilmembers, but also members of the public, included essential words of Christian theology in violation of the Establishment Clause. So this -- this agenda item is in response to that.

Without addressing the merits of the claim, I am recommending that the council either adopt resolution 2025-42 to -- approving the Fountain Hills Town council Rules of Procedure to amend -- Amended and Restated, which removes the reports by Mayor, Council, and Town Manager, and the call to the public from the Rules of Procedure, or initiate a six month suspension.

The Culp complaint demands the Council implement and adopt procedural safeguards to prevent Councilmembers and members of the public from making comments that include what the complainant claimed were essential words of Christian theology. And so the -- that's why that -- this is the -- these changes to the rules of procedure are an attempt to balance the First Amendment rights of the community against the threats of lawsuits.

Importantly, the Culp complaint seeks to demand the town engage in constitutionally prohibited viewpoint content discrimination by prohibiting speakers from including any

statements of faith, and taking that approach would invite a civil rights complaint and subject the town to potential financial liability.

So this these -- two -- removing these two items, at least temporarily, are reasonably calculated to avoid any potential civil rights complaints if you were to engage in the conduct suggested, and to prevent more abusive complaints on these topics.

So in the draft changes to the rules, so we have both the option to suspend them for six months or to adopt the -- the changes to the rules of procedure -- that the changes to the rules of procedure adopt exactly what I said. And then they also -- so they -- they removed the two agenda items and the document, and make conforming changes to -- other conforming changes.

I also updated the statement of participation that was revised to comport with the existing rules of decorum as specified in rule 6.4 B3, which prohibits applause.

MAYOR FRIEDEL: Thank you.

Vice Mayor.

SKILLICORN: Thank you, Mr. Mayor. I do have a question for the -- our -- our council.

Is --is this your legal advice to pass this?

WRIGHT: Yes, it is.

SKILLICORN: So I'd like to make a motion to approve a -- to approve and adopt resolution 2025-42 approving the Fountain Hills Town Council Rules of Procedure Amended and Restated November 18th, 2025.

LARRABEE: Second.

MCMAHON: I have a comment. I have a comment.

MAYOR FRIEDEL: Go ahead, Peggy.

MCMAHON: Are there any comment cards or -- did you ask that question already?

MAYOR FRIEDEL: That's a -- that's -- that -- that -- that's a question that I'll -- I was going to ask. I was letting you speak first.

MCMAHON: Well, is that how we usually do it?

MAYOR FRIEDEL: Yes.

MCMAHON: Okay. Unfortunately, this is an agenda item, and the rules of procedure

have previously been revised by this council earlier this year, and a few times by the majority on prior councils. That included removing our code of ethics and our ability of a residence to file legitimate ethics complaints against Councilmembers for alleged violations of ethics, all done without shutting down call to the public, or Councilmembers participation reports.

To me, call to the public enables our community members and others to stand before council and participate in their government by communicating their concerns in person, even when making personal attacks against Councilmembers that include lies, and misstatements, and threats of lawsuits.

I know like other Councilmembers, I've been repeatedly attacked numerous times over the years. But you know, the -- we didn't shut down call to the public because of that. And even at the last council meeting when Beth stood before council and respectfully provided notice of her intent to file a lawsuit alleging violations of the Establishment Clause by certain Councilmembers and members of the public, that should not have been allowed, in my opinion, by the Mayor. Yet you did nothing to stop the inappropriate religious statements and Bible quoting.

Thereby, I think you've created the situation we're now addressing. And I don't think shutting up call to the public and council reports is -- I just think it's unnecessary and without merit. Also, merely because a few members of council have intentionally misused the purpose of the Councilmembers statements of participation reports for personal use. and I'll go and say it. religious use, should not mean that all of us on council should be prevented from making our professional reports.

Such statements of participation also do not impede the town attorney's ability to perform her responsibility to analyze a customary legal complaint lawsuit filed by one of our residents, or prepare a draft of the rules of procedure.

Further developers, and like I said before, other people have stood before Council and literally threatened lawsuits, and we didn't shut down call to the public, or our ability as Councilmembers to report on our responsibilities and what we're doing for the town. The prior mayor did not overreact and shut down call to the public, and the prior town

attorney also never asked to shut down -- it down while he was performing his everyday legal duties to the town.

To me, like I said, this is overreaching and a needless request to abridge public participation by preventing our residents from participating in and with their government, and holding Councilmembers accountable at an open and noticed meeting. The majority on council, like I said, removed our needed code of ethics and the ability for our residents and others to file ethics complaints, and now may -- may remove the call to the public. I am concerned that those who participate in our government, through call to the public, will speak to Council by the only formal means available to them. Filing more complaints with the AG's office and lawsuits to have their voices heard and hold our council accountable, including myself.

I don't think that that is the result that we are seeking here tonight, but it -- but it could happen. And even though the statutes don't mandate that we have called to the public, it doesn't matter. We have always had call to the public, and we have not suspended it nor removed it, especially for what I think are self-interest reasons stated in the agenda prevent people from saying things that may not be to your liking. To me, it's shutting the town up for more -- it's setting the town up for more complaints and lawsuits, which we can't afford.

And lastly, I can't help but think how convenient this is to obstruct and remove call to the public and council statements of interest in an election year, which to me is self-serving by the mayor and the town attorney at the expense of our residents right to participate, and stand before its own government.

UNIDENTIFIED SPEAKER: What happened?

MAYOR FRIEDEL: No disruptions. No disruptions are allowed during this meeting. I'm going to ask you all to leave, or I'll shut this meeting down right now.

UNIDENTIFIED SPEAKER: Oh my goodness.

[CROSS TALK]

MAYOR FRIEDEL: Councilwoman Larrabee.

LARRABEE: Thank you. Regarding specifically the council reports, actually tonight we

had a little bit of an example of why this is a conflict. We had Councilmembers that discussed an item that is on the agenda during the council report, which is not something that we're supposed to be doing.

Now, I would very much -- you know, I'm not going to interrogate a fellow Councilmember, and that's not what I intend to do. But through the mayor, I would like to hear the details as to why my fellow Councilmember specifically, what is malicious about me memorializing my friend? I would like to hear the details, really, because that's what was just claimed. That it was for malicious intent. That I spoke about my friend six days after he was publicly assassinated.

Now, understanding that this is legal advice from our attorney, I am voting in favor of this because we can either restrict my ability to talk about faith. We can either restrict what the Councilmembers are able to say in their reports, and therefore their First Amendment right, or we can remove that report and not have ourselves between a rock and a hard place. If you want to restrict what is allowed to be said, including my First Amendment rights, that is not something that we can realistically do because we are not required to have reports, it is best to remove that.

Now, as for call to the public. Frankly, call to the public is intended for the public to give their ideas to the council for things that are not on the agenda. If there is an issue that you feel is not being addressed, if there is an issue that you would like to bring to the council or suggest, that is the original intention of that. Recently, that has been abused, and I'm not afraid to say that. I have had to sit there mere weeks after, again, the horrific death of my friend and mentor, and hear as lies were said about him. I'm sorry, but I'm taking the toy away.

[CROSS TALK]

MCMAHON: I have a comment.

GOODWIN: Actually, Brenda's next.

MAYOR FRIEDEL: Councilperson Kalivianakis.

KALIVIANAKIS: Thank you very much, Mr. Mayor. It's so unfortunate that we have to have this conversation tonight, but we do have to have this conversation tonight. Is

your voice -- is the public's voice welcome in this council or is it not? That's what I'd like to ask. The first order of business we did tonight was take the call to the public and make you poor people wait till the end of the night in order for you to even get to talk. That's just an example of how they really don't want to listen to you. And it happened just tonight.

MAYOR FRIEDEL: Now we're going to take a ten minute recess and --

[CROSS TALK]

(Recess)

MAYOR FRIEDEL: Okay. We'll try this again.

Councilperson.

KALIVIANAKIS: Thank you, Mr. Mayor. It seems to me -- is -- this is going to be a Fountain Hills only deal because all throughout the country, towns -- cities and towns everywhere have the call to the public. The call to the public is the bond that we have with you, okay. Our constituents right, left, and center, okay. To hear what you have to think. What you think we should be doing.

We had a call to the public for Italian American Heritage Month, and the -- the -- the fountain was changing colors because it's called to the public. Asked, could you do that for Italian Heritage Month? That was initiated on the call of the public, and that was a good job.

MAYOR FRIEDEL: Actually, it was not.

KALIVIANAKIS: And that was a good job for us listening, I think Steve Baglio asked for it.

MAYOR FRIEDEL: Actually, it was not.

KALIVIANAKIS: Yeah, well --

MAYOR FRIEDEL: It was before that.

KALIVIANAKIS: We'll pull the tape on that. Anyway, I'd appreciate not being interrupted and -- and proof checked.

Anyway -- and the other part of this is the council reports, you know, us telling you what we've done in between council sessions. I think that's very important because, I told you before, all the committees I'm on, I want you guys to know I'm working hard for

you. And I think -- I think we all should be telling you what we've been doing in between council sessions. I do a lot, and it's never -- it's not reported in the newspapers. I don't put it on my Facebook page. It's -- it would simply be forgotten unless I have those what used to be unlimited time now two minutes to tell you, the people that voted for me and the people that didn't vote for me, what I've been up to.

So I get to talk to you and you get to talk to us. And that's how this works. The solution by our town attorney when she said, oh, well, this this was just a statement of faith that was made and they're making a big deal out of it. I would say that was not a statement of faith that we witnessed that night. It was proselytizing and it was declaring the Christian Lord the one true God. That is a violation of the Establishment Clause of the Constitution. I went to law school. I studied this, and we should -- we should not be doing that.

MAYOR FRIEDEL: Town Attorney.

Wright: Yeah. If you want to discuss the legal merits, we should step into executive session.

KALIVIANAKIS: I will continue. And so it seems to me that this is not having to do with advice as far as legal advice, but the advice that you did give us was the most conservative advice that you could have given. So conservative it's going to interfere with the relationship between the voters -- the constituents, and the electeds, because it's so conservative. It's stifling the speech that is -- that is what democracy is all about. This is what we're doing. There's no politburo. There's no establishments. There's no elites. It's us listening to you and what you want for your town. Do you want that bathroom? Do you want these services or do you not want them? Would you rather have us spend the money on the roads? And we hear from you all the time, and we set policy based on what we hear from the town, now --

MAYOR FRIEDEL: Council -- Councilperson. Those are all agenda items. People have the right, we're not taking away comments on agenda items at all. And also, just so you know, in the article written by the Arizona Republic, they said that government bodies aren't obligated to provide public comment. That's in their article that I think you were

quoted in.

KALIVIANAKIS: I think I still have the floor. I still have the floor.

MAYOR FRIEDEL: You do.

KALIVIANAKIS: Thank you. I try not to interfere with other speakers and I'd appreciate the same respect.

MAYOR FRIEDEL: That's not true.

KALIVIANAKIS: Now, the impact on what we're doing tonight on local government is going to lead to a decrease in civic engagement, because public participation in government is crucial for a healthy democracy. Removing the opportunity for people to comment will discourage residents from participating in their local government, and even coming here. If we can't speak to you, we're not going to come.

It's going to increase public frustration when residents feel like their concerns are being ignored, or they have no voice in the decision making process. It will lead to increased anger, protest, and more contentious political environment, which is the opposite of what we need in this town. We need heace [sic] and pealing [sic] -- healing and peace. It will also stifle discourse. Criticism of the government is at the core of constitutionally protected speech. Eliminating the public forum can stifle the important debate, lead to an echo chamber, where councils only hear from those people that are on their side, so to speak.

I'll try to wrap it up here, but that's the downside. The upside of keeping the call to the public is enhanced transparency, accountability, and better decisions made through your guidance, the -- the people that elected us, it's going to stifle your voice, stifle your representation. It's going to hold us less accountable because we -- we won't have to sit here and listen to you when we make mistakes. You just won't have a voice.

It'll decrease civic engagement, and it'll decrease the ability for us to identify issues that are important to you. And that's what we should be doing, identifying what is important to you, and the only way we can do that is through this public participation that we have here at the council meeting. Of course, we all talk to people at the Safeway and the bowling alley, but the most effective way is to hear you, and have --

have this discourse late like we have tonight. And so --

MAYOR FRIEDEL: Thank -- thank you.

KALIVIANAKIS: And so lastly, I just have a little more.

Okay. Due respect to you, Gerry, I'll limit my content -- comments, but I just -- I just want to add that I -- I wish this council, because I think I know which way this vote is going, I wish they would consider that this is going to be seen by -- by the public, by the press, and by the people that live here as a trampling of their right to speak to their council. And it's not going to lead to anything good.

MAYOR FRIEDEL: And I will say this we are not missing any inner -- we are not missing any interaction with our -- with our constituents. We have emails, comment cards, social media. You do -- you personally do reports in the Fountain Hills Times every single week, or every other week. So we're not -- we're not missing what people are saying.

KALIVIANAKIS: Can you tell me --

MAYOR FRIEDEL: They're --

KALIVIANAKIS: Can you tell me what you're referring to, because I don't think I have a column in the Fountain Hills?

MAYOR FRIEDEL: Well, it sure seems like it anyway. You have, you have repeatedly --

KALIVIANAKIS: That's a misstatement and a lie.

MAYOR FRIEDEL: No, it's not. You have repeatedly thrown this town and council under the bus numerous times in articles.

KALIVIANAKIS: Because I talk to the media, Gerry.

MAYOR FRIEDEL: No, no.

KALIVIANAKIS: What you're afraid to do --

MAYOR FRIEDEL: No.

KALIVIANAKIS: I speak to the media.

GOODWIN: That's inappropriate. You're inappropriate.

LARRABEE: Point of order.

MAYOR FRIEDEL: We're --

LARRABEE: I thought we were trying not to interrupt people.

MAYOR FRIEDEL: We're -- we're clearing this room right now. This meeting is cleared.

[CROSS TALK]

MCMAHON: What an idiot.

KALIVIANAKIS: He doesn't want to hear call to the public.

MAYOR FRIEDEL: Please clear the room.

[CROSS TALK]

MAYOR FRIEDEL: Clear the room.

[CROSS TALK]

MAYOR FRIEDEL: I'm calling for a recess right now.

[CROSS TALK]

MAYOR FRIEDEL: We're going to recess into executive session. Thank you.

(Recess)

MAYOR FRIEDEL: Town Clerk, do you want to announce the first three speakers?

PADGETT-ESPIRITU: Yes. First up will be Susan DeGennaro -- I know. Okay. And then followed by Crystal Cavanaugh, and then last, Jonathan Phillipe --

UNKNOWN SPEAKER: Phillipe.

PADGETT-ESPIRITU: Phillipe. Thank you.

DEGENNARO: Are -- are we -- okay. Mr. Mayor, Council, staff.

My name is Susan DeGennaro, and I'm a six-year resident of Fountain Hills. A leader is defined as one with the ability to inspire, guide, and influence others toward a shared goal while empowering them to grow. I actually asked the town's AI, Misty, but she had no idea what I was talking about.

For the past few months. I have had the honor of being part of the latest class of the Fountain Hills Leadership Academy. Most of you on the dais are alumni of the program. Councilwoman Earle, Councilwoman Kalivianakis. I knew I was going to screw that up. Councilman Watts, Councilmember Larrabee, and Councilmember McMahon. All of you have been alumni of the program.

I have learned a great deal about leadership in my time in the program. The mayor

himself even came and did a presentation with sections on, quote, working together, and appreciating -- and , quote, --and appreciating our neighbors, residents, and organizations, and staff.

During our time there, it became very apparent that this town runs on volunteers. We do an amazing job here of keeping the residents engaged. In our class, there were a variety of very strong personalities with different opinions that were sometimes expressed, shall we say, passionately. What I came away with was an understanding, to be a good leader, you needed to listen. I also learned that oftentimes when people show their passion, which may be presented as anger, that that anger is not about me, although it may be directed at me. I cannot take it personally. As a leader, it is incumbent upon me to listen, try and understand, and try to help to keep our citizens engaged.

Voting against this measure would show this town and its people that you are the leaders that are forged from our very own leadership academy, that you value transparency, that you value the voices of all the people you represent, especially if they don't agree with you. Other towns do this. So the idea that we are special, and that there is some legal reasons to -- to stop the public from taking part in their government, stands against what we should stand up for. It's overreach, and the idea that my voice is a toy that can be taken away is not indicative of leadership. Thank you.

CAVANAUGH: Crystal Cavanaugh, Fountain Hills resident. I have used the call to public portion myself many times to bring up various topics that were important to many in this community, such as the unrestricted proliferation of drug treatment houses in our residential neighborhoods, iffy behavioral health businesses attempting to come into Fountain Hills, or significant concerns about high density housing with exemptions from following our ordinances. I've also used it to both defend Council and to call out Council regarding town issues, or simply setting the record straight about accusations about myself, or my local PAC.

But call to public has become increasingly weaponized, with organized attacks, legal threats, and misinformation, to the point that it has been disruptive and interferes with

carrying out town business, not to mention negatively affecting the reputation of Fountain Hills.

So sadly, at this point I can understand why the option would be to remove call to public, and to shift to written input from citizens for broader issues, and concerns not on the agenda. Citizens, of course, should still be able to speak to specific agenda items, and if CTP remains, or it would be restarted at some point in the future, I would strongly consider positioning it at the end of the meeting, and I would put it a little sooner. I'd put it before your future agenda items, because perhaps something would come up in that call to public at that time that you might want to address.

As far as discontinuing your reports portion, that seems like a great solution to shortening the meetings. Reports are often repetitive anyway, depending on the events or ribbon cuttings occurring in the period. Council face -- councilmen or women Facebook pages, or our town website may be a great place to submit these weekly updates, if desired. Thank you.

PHILLIPE: Good evening, Mayor Freidel and Councilmembers. My name is Jonathan David Phillipe. I am 13 years old and I am a student at ASU Prep Digital.

My family planted roots in Fountain Hills in 1978 when this was still a young community. I am the fourth generation to call that call this town home. For nearly 50 years, we've witnessed Fountain Hills transform from a desert development into a true community, one built on the voices, dedication and active participation of its residents. That's why we stand before you today in strong opposition to both resolutions the six month suspension of the call to the public, and council report, and even more urgently, the permanent elimination of the general public comment at the town council meetings. This isn't the Fountain Hills way, to suspend or eliminate this forum would fundamentally change the character of our town. It would tell residents that their voices don't matter unless they happen to align with whatever specific agenda items the council chooses to discuss. It would shut out the very people that make this community worth governing. This is why this is the wrong response to the wrong problem. Let's be clear, silencing the entire community is not a proportionate or appropriate

response to one legal complaint. The solution to controversial speech is not to eliminate all speech. The solution to one person's complaint is not to punish thousands of residents by stripping away their democratic rights.

The answer is better -- is better meeting management, clear guidelines, and leadership willing to enforce them fairly and constantly. Not a wholesome retreat from public engagement. Four generations have earned the right to speak. I am learning what it means to be part of this community. What lessons are you teaching myself and my peers, if you tell them that our community voices don't matter, that public officials can simply silence dissent when they when it becomes inconvenient, that democracy is conditional, existing only when it's easy and agreeable?

That's not the Fountain Hills legacy I want to be left. Transparency cannot -- transparency cannot coexist with silence. This looks less like prudent legal risk management and more like circling the wagons. It sends a message that the council is more interested in -- is interested in avoiding criticism than listening to the community it serves.

Fountain Hills residents aren't the problem here. We're not the ones under investigation. We're not the ones who've generated ethics complaints and legal notices. We're simply trying to do what residents have done for decades, hold our elected officials accountable, and have -- have a say in how our town is run. We are not alone in this concern. We've spoken with our neighbors, with friends we've known for 40 years, with newcomers who've moved here specifically because Fountain Hills felt like a real community. The overwhelming sentiment is disbelief and frustration. People feel blindsided. They feel betrayed.

Our request, I urge you to vote no on both resolutions. One, reject the six month suspension of call to the public and council reports. Two, reject the permanent elimination of general public comment [sic] and applause restrictions.

Instead, we ask you to address the specific legal concerns through proper meeting management and clear guidelines. Maintain the democratic traditions that have served this community for nearly five decades. Trust the residents of Fountain Hills to be

thorough, thoughtful, engaged participants in their own governance. Remember that you work for us, not the other way around.

In conclusion, historically, the People of Fountain Hills have always had a voice. Don't be the council that takes that away. Don't be remembered as the leaders who respond to accountability by -- by silencing the community. Don't teach the next generation, my generation, that democracy is something that can be suspended when it becomes inconvenient. We ask you to vote no, to find a better way forward. And remember that the strength of Fountain Hills has always been its people, not in spite of our voices, but because of them. Respectfully submitted for your consideration. I hope you have a good rest of your day. I am very sorry to inform you I missed my rehearsal because of this.

MEYERS: Already called?

PADGETT-ESPIRITU: Yes.

MEYERS: Okay.

Mayor, Council.

So for the record, I'm against getting rid of call to the public, even though I don't generally use it. But I was going to use it tonight because I wanted to address some town business -- get you guys to address staff to take care of some town business. So maybe I'll get to do that.

But I fully recognized that the process has been abused, probably since 2022. I would say. It's been used now to hear about Councilman Skillicorn's speeding tickets, how evil Rod is, attacks on various people on the dais. It doesn't matter who you are, which side you're on, you get attacked.

I don't think that's what call the public was intended to be. Even Councilperson Kalivianakis in her example of the fountain and the Italian lights. To me, that's town business. I would like the fountain to turn the colors of the Italian flag for Italian Heritage Month. Town business. Hearing about how bad the mayor is, how evil Hannah is for having faith and a moral -- and a moral compass is not -- it's not what it was intended to be used for. It was intended to be used for town business.

You want some roads fixed and you're not happy? Say something. You don't like the color of a building downtown? Say something. This mob that has taken over part of this town -- and I will be easy -- it will be easy for me to say that, is the cause of this, not me. I speak to agenda items. This is an agenda item. I don't want call to the public gone away. Quite frankly, if you want to leave it at the end of the thing, you know what? Sit through the whole meeting. You just might learn something, and you might have something to say at the end, at call to the public.

So while I disagree with our council, I think getting rid of call to the public is -- I'm collateral damage. People like me are collateral damage to the children that have ruined this. And these prewritten statements that are read by people and written by other people. That's another abuse of the call to the public. See any notes here? You need to be at least literate enough to speak for yourself, not read somebody else's voice.

I just heard one. I'm sorry for that, young man, but there's no way that that 13-year-old wrote that he read. He -- he's a great reader, and he's a good orator, yes. Hear them? Sorry. That's my opinion. Keep call to the public, put it at the end, and maybe we'll get back to town business. Thank you.

PADGETT-ESPIRITU: And Mayor, I'd like to state for the record that that was Larry Meyers.

MEYERS: Oh, sorry.

PADGETT-ESPIRITU: That's okay. I'll just go ahead and call up Shelby Blecher.

BELCHER: Good evening. Mayor, Town Council, and staff.

My name is Shelby Blecher, Fountain Hills resident. I did write some of this, but I got most of it from the internet on a Google search, so sorry Larry.

I know the agenda item deals specifically with this six-month temporary suspension, but what is the cause that facilitated the need for this agenda item? A Notice of Claim by Beth Culp based on the Establishment Clause of the United States.

Now, I'm no attorney, but I can easily, easily grasp the concepts of this clause. So let me read from what I googled. The Establishment Clause is the first of two clauses in the

First Amendment of the United States Constitution that guarantees religious freedom. It states no -- it states Congress shall make no law respecting an establishment of religion.

Now, the core purpose. The Establishment Clause serves to prevent the government from creating an official state religion or excessively entangling itself with religious institutions. The Supreme Court interpretation intestate, the Supreme Court has used various tests to interpret the Establishment Clause. Historically, the lemon test required a secular purpose, a primary effect that neither advanced nor inhibited religion and avoidance of excessive entanglement.

Other tests have included the endorsement test, focusing on whether a reasonable observer would perceive government endorsement of a religion, and the coercion test, which considers if government action compels religious participation. More recently, the Court has indicated a shift towards interpreting the clause based on historical practices and understandings.

Now, I have never felt compelled -- no one held a gun to my head and said, bow down and pray, sinner. Nor have I ever felt that anyone on the dais was endorsing religion. And for the most part, I'm not a religious man. I stand during invocation simply out of respect for the other people's beliefs.

Personally, I think a reasonable observer would conclude after reading the Culp complaint that it simply doesn't hold up. The bucket is full of holes, based on what I just outlined. So to remove the rights of all of us for even six months while this is sorted out, makes me angry and sad. I'm angry at Culp for once again wasting our time, and sad for all of you, because you will suspend our voices for six months, and lose the opportunity to possibly hear about town, city and state things that may fall under the radar. Like toxic waste coming from Arizona to Los Angeles -- from Los Angeles. I get it once again, it's the one bad apple spoils the whole bunch mentality. So be it. If that's the price the residents of the town have to pay because Culp wants to sue the town for \$1,000 and an apology, then go ahead. Suspend our voices while you sort this out for six months. Thank you.

PADGETT-ESPIRITU: Next up is Katherine Myrick.

MYRICK: Good evening. I'm Katherine Myrick, a Fountain Hills resident. So this morning I was preparing remarks for tonight, and I did prepare them myself. And then I looked back at the agenda, and I realized that this article has changed from just a pause to an entirely new resolution that would cancel public comment entirely. So I looked back at the current rules of procedure, which says the content of the agenda may not be changed less than the Thursday prior to the meeting, except in exceptional circumstances, which left me to wonder if the exceptional circumstances were fear of public backlash, or something else.

Regardless, my comments are similar. I do not understand how you think you can do your job as Mayor and Council if you are not hearing from the citizens you were elected to represent. Similarly, your reports are part of the way that you let us know what's going on and where you're spending your time.

I've been on public boards, I've chaired them, and I know it's not easy listening to those who oppose you, and keeping calm and in control while listening is also not easy. It's also hard to hold the same standards of time and subject matter to those you agree with, and those you don't, but it's what you were elected to do.

Changing the rules so that you no longer have to listen to your constituents may be convenient, but it's not good governance. If we're going to work together, we need to be able to have public dialog about any matter related to Fountain Hills. The proposal today would remove that dialog about anything that you don't see fit to put on an agenda. The current rules of procedure you have are straightforward. They're specific, and they should be easy to follow.

The majority of Ms. Culp's claims referenced in this agenda item would not have come about if the current procedures were followed. Call to the public must be for matters that are within the council jurisdiction, and it's restricted to three minutes. Your reports, two minutes about town events and activities. There's no need to change procedures. You just need to follow them. Thank you.

MAYOR FRIEDEL: All right. We're going to switch out speakers guys so we can get the

next crew in. Thank you. You got that. Yeah, yeah. We're going to switch them out to maintain the order of the meeting, so appreciate it.

[CROSS TALK]

PADGETT-ESPIRITU: Okay. First up we have Eric Landau.

LANDAU: Mayor and Council. Little hectic tonight. Eric Landau, 27-year resident. There is no legitimate need to suspend call to the public, nor the reports here of town officials under the pretext that the pending lawsuit filed by Bethany Culp somehow justifies stifling the public airing of either one, while specifically seeking to silence residents ability to speak on matters of concern. This is simply an irrational pretext to further the current mayor's desire to exercise authoritarian rule in this chamber. It must be rejected. Thank you.

PADGETT-ESPIRITU: Next up, we have Beth Culp.

CULP: My name is Beth Culp, and I am a current resident of Fountain Hills. To my knowledge, this is the first formal notice of claim filed against the town of Fountain Hills for violating the constitutional rights of residents. Historically speaking, it is a one off. The rational response to this isolated claim is not to throw the baby out with the bathwater, and deprive residents of their long standing right to bring their concerns and criticisms to their elected representatives.

I am not buying the town attorney's justification that because my complaint is based on comments made during council reports and during the call to the public, that that justifies suspending the call to the public, or the reports. The violations I complained of in my notice of claim was Councilmember Skillicorn proselytizing, Councilmember Toth proselytizing, and Ben Larrabee using the call to the public to eulogize colleague Charlie Kirk and to proselytize.

So what I see happening now is, two people violated residents constitutional rights. The mayor failed to enforce the rules of procedure that require that calls to the public address matters within the jurisdiction of the council. And since when is it within the jurisdiction of the council to address rage filled eyes of the radical left or the toxic lifestyles of others?

The solution here is not to get rid of the call to the public, or to take away the right of conforming Councilmembers to report on their activities. The solution here was and still is for the mayor, the presiding officer, if they see a Councilmember straying in a report, going into their personal, or their biblical or whatever it is, interests, to use his gavel gently to council a member of the public who is not addressing a matter within the call to the public, to stick to matters within the call to the public.

The solution is not to radically deprive residents of their rights. And I have to say, like many, that I think this is a whole ruse. It's a sham. It's -- it's a total farce to take my complaint -- this is not about my complaint or concern that civil rights would be violated. It's about a mayor who's afraid to take criticism, who knows that if he does face criticism, he is going to lose his temper. He's going to order deputies to clear the room. This meeting was a travesty tonight, and I can only sense that there's more to come. Thank you.

PADGETT-ESPIRITU: Next up is Veronica Homsey.

HOMSEY: Thank you. I'm Veronica Homsey. I'm a resident of Fountain Hills. I came to my first council meeting two weeks ago and was overwhelmed by what I witnessed. The Councilmembers are elected to serve the public. There shouldn't be a priority of a religion, a private agenda, or shutting out others. I have never been in this type of arena before, and I have a lot of experience.

The call to the public, the voice of residents, which brings awareness to the council. It's a necessary temperature check of those whom you were elected to serve, whether you agree with what they say, or not, or whether you like them, or not. Show that you care by allowing them to speak. That's a basic need, a basic right.

Above this, the call to the public is a simple three minutes for a Fountain Hills resident to feel that they matter, that they belong to this community. Such a little thing with a huge impact.

I was a certified mediator through the Superior Court of Arizona, and I mediated community justice course [sic] cases for years. If the council pauses the call to the public for six months, or completely eliminates it, this action will cause a reaction, a

spiraling effect, and we saw that tonight.

Here's what will happen. A significant amount of time and effort will be spent from all of us. Yes, the council too, and by the way, I'm midline on things. So I'm just here because I -- I have to speak up. So it's the council too. Protests, media reports, investigations, legal complaints, lawsuits, campaigns. This negatively impacts every one of us on both sides of this. Every one of you. It tarnishes the reputation of our town, makes it less appealing for tourists, impacts event attendance, and deters from wanting to move to Fountain Hills. I have heard this myself. No one wins.

The council was elected to represent all Fountain Hills residents. For those who do not want to speak, don't speak. For those who do, allow them to use their voice and to feel like a part of this community by maintaining the call to the public. Thank you.

MAYOR FRIEDEL: These guys can switch out again. I appreciate you guys.

UNIDENTIFIED SPEAKER: I'm here for the next one also.

MAYOR FRIEDEL: Oh, you got a card for you.

[CROSS TALK]

PADGETT-ESPIRITU: First up is Wendy Corey.

COREY: Good evening Mayor, Council, everybody.

I'm Wendy Corey. I'm a resident and I'm here tonight as a resident who has officially hit my limit with the monthly performance art that passes for public comment from the same small group that we've all been witnessing in every single meeting. This isn't civic engagement. It's radical political activist theater. That's all they want. Everyone I know believes their goal has never been to help Fountain Hills. Their pattern is so predictable. Arrive early, ready to disrupt, derail the agenda, accuse anyone in leadership of corruption, and then go on social media, and to the downtown paper to claim that they are the victims, crying that they've been silenced. The same choreography every single meeting, every single time.

This behavior isn't limited to these chambers. They extend the rage to also the town community center, where they hung a Trump head last year with nasty writings all across the face. In retaliation to a perfectly fine Republican Club Christmas tree.

Ridiculous. The wreath drew national attention, and that is exactly what they wanted. The pattern, the stunts, the spectacle, the screaming victim, and zero solutions. Never have any solutions. Just theater.

Meanwhile, Mayor Friedel has shown the level of patience that most leaders could only aspire to. He has allowed open dialog, tolerated constant interruptions, and the whole council has endured endless personal attacks, all in the name of fairness. But fairness does not mean allowing the same handful of radical people to hold the entire town hostage.

So when he moves to temporarily suspend call to public because it's being abused every single meeting by the same radical group, that is not censorship. That is responsible leadership, Leadership that is also protecting the integrity of these meetings so that the actual town business can be done.

Let's be honest, the real threat to open government is not the mayor, it's the radical liberals who weaponize public comment to hijack the process, drown out reasonable voices, and turn every meeting into a radical, liberal activist circus. These residents see right -- we, the residents, see right through their antics. I stand with Mayor Friedel and our town council. I stand with order, civility, and adults acting like adults, not these children that were in here tonight. And I sincerely hope that this council recognizes the difference between genuine public participation and deliberate political activist sabotage, because the rest of us see it very, very, very clearly. Thank you.

One more thing, if I still have any time, is we have the agenda items. People can still come up. That's it. They can still speak. Thank you. Good night. And I love what you're doing.

PADGETT-ESPIRITU: Kimberly Bartmann.

BARTMANN: Thanks for letting us come back and speak. I don't know where to start, but everybody's said a lot of great things.

We can agree on supporting the Extended Hands Food Bank. We could agree tonight -- the mayor's veteran of the month, United States Air Force Lieutenant Richard Juetten. We can agree that Make a Difference Day -- Make a Difference Dat is something we can

all agree on. We can agree on, you know, economic development. The Turkey Trot. Thanksgiving Day parade. The mayor raising money for people to -- for the Extended Hands Food Bank, for whoever beats him in the race, and I hope that I beat you. But the -- and volunteer organizations. There's so many great things. Parks and rec, hiking trails, views, this wonderful hometown, but this divisiveness and to try to take away our freedoms to speak and share, and for all of you to share. You get to tell us what's going on. We need that right, and please do not take that away. And the negativity, the -- that Skillicorn has said, that he's going around saying that -- that Fountain Hills he said in public that he's the Vice Mayor. He said this is going to be the Charlie Kirk Freedom Center, and he's already using that term. We need to have voices. Thank you.

PADGETT-ESPIRITU: Yes.

MAYOR FRIEDEL: Is that the last speaker?

PADGETT-ESPIRITU: Yes. May I state for the record, the town received 11 written comments, ten with the position against and one with the position for. And that is the last of our speaker cards.

MAYOR FRIEDEL: Thank you.

Councilwoman.

EARLE: I'd like to call the question. Oh, but when I vote?

MAYOR FRIEDEL: Oh yeah.

EARLE: Oh, wait, wait. Can I say something?

MAYOR FRIEDEL: Sure.

EARLE: Because I can't say it later. I am going to be a yes vote on this, but I do want to make a statement that I am requesting that we have a council work session to more thoroughly review and amend the rules of procedure, including considering ways to revisit the call to the public. So I don't want this to be the end of it. I just think we need to get together, get clear on what we need to do, and -- and bring that back at some point, hopefully.

LARRABEE: And I'll second the call to question, but I do have a question. It's been a little bit. What's the motion on the floor?

PADGETT-ESPIRITU: No. There was a motion made earlier. And the motion, Vice Mayor Skillicorn made the motion to approve and adopt resolution 2025-42. And I believe it was seconded by Councilmember Earle.

LARRABEE: It was seconded by me, but I just wanted to make sure which option we were going with. I'm sorry.

PADGETT-ESPIRITU: A.

MAYOR FRIEDEL: So we have a motion and a second. Councilwoman Earle. I agree with you.

MCMAHON: Clarification?

MAYOR FRIEDEL: Excuse me. I was talking. I agree with your suggestion about a work study, or session to review this, to bring it back after further investigation and consideration.

Councilwoman McMahon.

MCMAHON: Thank you. To clarify the motion, please? Because there's a couple of different motions written in the staff report. And in addition, I think that perhaps we should table this, for lack of a better word, right now and move to go into a work session to discuss it further.

PADGETT-ESPIRITU: Mayor, there's technically two motions on the table. The first motion was the one by Councilmember Skillicorn, which is option number A. Then there was a motion to call to question. So we're actually on the motion to call the question because that was done and then seconded --

[CROSS TALK]

MAYOR FRIEDEL: You vote --

MCMAHON: But I'm still -- I still want clarification because A, B, C, D are involved in -- could be involved in the motion.

MAYOR FRIEDEL: Okay. Let's take care.

MCMAHON: So I'm unclear --

MAYOR FRIEDEL: Let's take --

MCMAHON: -- on this call.

MAYOR FRIEDEL: Peggy, let's -- let's take care of the call to question --

MCMAHON: Thank you.

MAYOR FRIEDEL: -- first.

So that motion was made, and was it seconded? Okay.

PADGETT-ESPIRITU: Yes, Mayor.

MAYOR FRIEDEL: All right. So we're going to vote to end discussion. Roll call, please.

MCMAHON: Gerry, excuse me a minute. Are we voting to end discussion or what? Please.

MAYOR FRIEDEL: Yes. The call the question was -- was made and seconded.

MCMAHON: Thank you.

MAYOR FRIEDEL: Roll call please.

PADGETT-ESPIRITU: Councilmember Watts.

WATTS: No.

PADGETT-ESPIRITU: Councilmember Kalivianakis.

KALIVIANAKIS: Aye.

PADGETT-ESPIRITU: Councilmember McMahan.

MCMAHON: No.

PADGETT-ESPIRITU: Councilmember Larrabee.

LARRABEE: Aye.

PADGETT-ESPIRITU: Councilmember Earle.

EARLE: Aye.

PADGETT-ESPIRITU: Vice Mayor Skillicorn.

SKILLICORN: Yes.

PADGETT-ESPIRITU: Mayor Friedel.

MAYOR FRIEDEL: Aye.

PADGETT-ESPIRITU: Motion passes four to two for the call to question.

UNKNOWN SPEAKER: So we'll call the roll call for the --

MAYOR FRIEDEL: Five to two.

PADGETT-ESPIRITU: I'm sorry, five to two. It's long. Long roll call for a long night.

MAYOR FRIEDEL: So we have the original motion and a second on the table right now.

We need a roll call on that please.

WATTS: Have we stopped discussion?

SKILLICORN: I think -- I --

MCMAHON: Again, excuse me --

KALIVIANAKIS: -- think Peggy just wanted to know which one we're voting on.

MAYOR FRIEDEL: Yeah, I think -- so that.

SKILLICORN: There should be a roll call amendment.

MAYOR FRIEDEL: Yeah. Just verify the motion, please. Speak into your microphone. So Peggy can hear you.

KALIVIANAKIS: Did you hear that, Peggy?

MCMAHON: Yes. So the -- the motion is on A to approve -- to adopt a resolution and do away with call to the public, and council comments. Is that it?

MAYOR FRIEDEL: That's correct.

MCMAHON: Thank you.

MAYOR FRIEDEL: Roll call please.

PADGETT-ESPIRITU: All right. Councilmember McMahon.

MCMAHON: No.

PADGETT-ESPIRITU: Councilmember Larrabee.

LARRABEE: Aye.

PADGETT-ESPIRITU: Councilmember Earlee.

EARLE: Aye.

PADGETT-ESPIRITU: Councilmember Kalivianakis.

KALIVIANAKIS: Nay.

PADGETT-ESPIRITU: Councilmember Watts.

WATTS: Permission to explain my vote.

MAYOR FRIEDEL: Go ahead.

WATTS: I think each one of the speakers brought up interesting points, with one exception, that this is not about really curtailing the call to the public. And I do agree,

bringing this back at some point, to look at it, to figure out how we can accommodate, because there's a lot of positive input, good constructive input in the call to the public, and there's a few troublemakers in the audience. And the troublemakers are really the ones I can point fingers at. And if they were sitting right here, that's exactly what I'd do. Because they caused this. They caused it the last meeting. They caused it at this meeting. So I'm going to vote an aye, but I really hope we can bring it back in short order and have conversation that's constructive so that we can figure out how to curtail the poor, if not bad, behavior of the audience.

PADGETT-ESPIRITU: Vice Mayor Skillicorn.

SKILLICORN: Yes.

PADGETT-ESPIRITU: Mayor Friedel.

MAYOR FRIEDEL: And I'm going to explain my vote as well. I think we definitely need to bring it back, and we will in short order, after a work -- work group is put together to get this done. So I -- I'm an aye.

PADGETT-ESPIRITU: Motion passes five to two.

MAYOR FRIEDEL: We'll move on to agenda item H which is consideration and possible action regarding resolution 2025-37, Codification of English as the official language.

Rachael.

GOODWIN: Mayor, this was discussed at our last meeting. This is bringing forth the actual motion to codify the discussion from last time, which is to follow suit with a presidential order that was given regarding English as the official language.

MAYOR FRIEDEL: Vice Mayor.

SKILLICORN: Thank you, Mr. Mayor. So the reason I kind of moved this forward is I just believe it is patriotic to codify President Trump's executive order. And it is a one for two, two for making English the official language in United States. You know, I also think that this honors the democratic process, because back in 2006, the People of Arizona overwhelmingly voted for this. And actually 74 percent of Arizona voters approved this with Prop 103. And that would again make English the official language for the State of Arizona. And really, most importantly, I don't ever want Fountain Hills

residents to -- to call city hall or town hall, and have to press one for English. So I'd like to make a motion to approve as drafted.

LARRABEE: Second.

MAYOR FRIEDEL: Councilwoman Earle.

EARLE: Sorry.

MAYOR FRIEDEL: Oh. Councilperson Kalivianakis.

KALIVIANAKIS: Thank you. Mr. -- thank you, Mr. Mayor.

Last meeting when we this came up for discussion, I said a lot of the reasons that I was against this. I -- I -- I'll let the record stand on this, on that.

This discussion reminds me of a campaign ad from 15 years ago by a failed Alabama gubernatorial candidate named Tim James. His central platform was eliminating non-English driver's license exams, claiming it would save money. He then delivered the line, this is Alabama, we speak English here. If you want to live here, learn it. In such a condescending and hostile tone to sound more like a parody on Saturday Night Live. The subject was unmistakable. I dislike foreigners and I want to make their lives harder to remind them they're unwelcome to me. That's what declarations of official language tend to sound like.

Yes, English is the predominant language in the United States, and it's reasonable to expect individuals to learn the language of the Country they live in for their own benefit, if nothing else. But declaring English as official isn't about practicality. It's about sending a message. It signals formally and deliberately that anyone who speaks English as a second language or struggles with it, like my father, is unofficial. This proposal is a veiled attempt to stigmatize entire segments of our community under the guise of public policy.

Frankly, I find it embarrassing for a town council to even be discussing it. I may be conservative, but I know discrimination when I see it. This is a modern, subtle, bureaucratic version of segregated bathrooms, whites only drinking fountains, yellow stars on jackets, and other forms of state sanctioned exclusion policies that serve no practical purpose other than to formally remind entire groups of people that their

leaders official stance on them is they are less than. Thank you.

MAYOR FRIEDEL: Councilwoman Earle.

MCMAHON: I'd like to comment too.

MAYOR FRIEDEL: Just a second, Peggy.

Councilwoman Earle.

MCMAHON: Thank you.

EARLE: I 100 percent disagree with the councilperson next to me. This is not saying anything bad about anyone else or making them a second class citizen. We all speak English anyway. It's not going to hurt anybody. It's not going to cost the town anything. So I'm going to vote a yes on this.

MAYOR FRIEDEL: Councilwoman -- Councilwoman McMahon.

MCMAHON: Thank you. I also made comments about this, the last council meeting on the record, and I stand on those. I think this is the biggest waste of time in my five years as a Councilmember. It is costing the town time and thousands of tax dollars for our staff to address this, sit in the audience, and attend and listen to this. It is already in our state constitution. There is no need to republish it and embarrass Fountain Hills. It is divisive and it is not democratic. And I will not vote for this.

MAYOR FRIEDEL: Councilwoman Larabee.

LARRABEE: I -- I am gathering my thoughts because I'm frankly done dumbfounded. Town Manager or Mayor -- asking the town manager. How much money have we spent on this agenda item as of now?

GOODWIN: Let's see.

LARRABEE: Just for the for the record. Okay. The --

GOODWIN: Do you want me to read it?

MAYOR FRIEDEL: Can I go ahead, Councilwoman.

EARLE: So to answer, Councilwoman Larabee, in our agenda item, print out right here. Fiscal impact. There is no anticipated fiscal impact to the town.

LARRABEE: Okay.

EARLE: So there's no thousands being spent. Not a dime.

LARRABEE: Thank you, Councilwoman. And if you don't mind, Mayor, I do have just a couple more comments.

To expand upon that. Are we hiring any staff to adjust for this? Does anything that we currently do as a town change due to this resolution?

GOODWIN: No. Our processes and procedures won't be affected by this right now.

LARRABEE: Would you consider our current policies -- okay. I'll go there. Would you consider our current policies as, you know, earlier, the metaphor, would you consider us Nazis based off of our current town policy of only using English?

GOODWIN: Actually, I'm not going to answer that.

LARRABEE: You don't actually have to answer that, Rachael. It's okay. I'm just making a joke.

GOODWIN: Thanks.

LARRABEE: But hey, the metaphor was create -- was made by another Councilmember.

I'm just pointing out the ridiculousness of it. As much as I enjoy that, nearly every conversation -- not every conversation, that's unfair. But every meeting, at least one conversation is brought to ad ridiculum, [sic] or however that's allegedly pronounced.

The fact that once a meeting, we have a conversation that goes to the most ridiculous level possible, has got to come to an end. I am so tired of talking about something that does not change anything in our town policy, does not change any of our practices.

It's a resolution to align with English being the official language, which is already how we practice what we do. It puts a barrier to change anything for the future in other languages, but we're not actually changing anything we currently do. And yet my fellow Councilmember compared us to yellow stars and whatever else, I mean --

First of all, and I'm not going to address the fellow Councilmember directly, but I find it incredibly insulting that someone would minimize horrible things in our history down to the level of being equivalent of not changing anything. I don't even know how to fully respond to that, but that's what I got.

MAYOR FRIEDEL: Councilmember --

MCMAHON: I have further comment.

MAYOR FRIEDEL: Hold on.

Councilman Watts.

WATTS: I think it's interesting that we had two agenda items that we had to align with state and federal rules, and we had no problem processing those and passing them. All this does, it's really no harm, no foul. We're aligning pure and simple. So I'd be a vote yes.

MAYOR FRIEDEL: And I think we've probably had enough discussion on this. We've beat it pretty bad.

KALIVIANAKIS: I was kind of called out and I'm not --

MCMAHON: I'd like --

KALIVIANAKIS: -- going to -- I'm not going to defend myself. But I do want to just make a quick statement. Very, very quick statement.

MAYOR FRIEDEL: Peggy, I think we've had enough discussion.

MCMAHON: Please let me -- so I want to clarify the money thing that I said. Because I'm not talking about it costing after the vote. I'm talking about the tax dollars and salaries spent to bring it to the council. And yes, we spent staff time and salaries doing that. And as for Nazi, I'm appalled that you even brought that up.

MAYOR FRIEDEL: Okay. Thank you.

KALIVIANAKIS: And Mr. Mayor, if I may just request one minute and then I'll be finished.

MAYOR FRIEDEL: Make it brief, please. We've -- we've --

KALIVIANAKIS: I will, it's late, I understand that.

PADGETT-ESPIRITU: Speaker cards.

KALIVIANAKIS: Okay. I'll make my quick statement, then we go to speaker cards. But you know, this -- this might sound offensive, some of my language, but this might just go right back to the conversation we had about communicating with residents, call to the public, and listening to people. Because the people that have been in communication with me on this particular agenda item have been numerous, and they have -- have expressed the overtones of racism and this action. And so I'm -- I'm again, just -- just speaking for the people that have talked to me that finds this offensive to them

unnecessary, and they feel like they're being singled out if they don't speak English as a primary language.

MAYOR FRIEDEL: Thank you.

KALIVIANAKIS: Some people might not understand that, but it's a perception in the community that I would like to deal with.

MAYOR FRIEDEL: Okay.

Councilwoman Earle.

EARLE: I'd like to call the question now.

MAYOR FRIEDEL: Well, we --

LARRABEE: But you want to --

MAYOR FRIEDEL: Are there any speaker cards?

PADGETT-ESPIRITU: Yes, Mayor, there is. The town received eight written comments with a position against, and received five cards that would like to -- of people like to speak.

MAYOR FRIEDEL: Okay.

(Pause)

PADGETT-ESPIRITU: All right. First up is Eric Landau.

LANDAU: Mayor and Council, good evening again. This ridiculous, indefensible, and unnecessary resolution from the Council's most reactionary member duplicates existing law and serves only to demonstrate allegiance to a current federal executive order, which rejects anything that can be targeted and attacked as multiculturalism.

Our town government has no legitimate basis to take such action on behalf of an electorate which has not, and would not endorse such an intolerant position. We don't need more bad publicity. English is already designated as the state's official language, as has been noted already by law, and that state law is one which also permits, rather than excludes, use of other languages.

I would also add to my prepared comments a comment with regard to what I've heard here in the past few minutes. This resolution has nothing to do with what its cost might or might not be in dollars to the town. It has to do with what the cost will be to the

message that it sends to the residents, and the rest of the valley, and probably country that's watching.

MAYOR FRIEDEL: (Indiscernible) Please stop.

LANDAU: Thank you. It send -- it sends the wrong message. And we can't afford that to be done. It's unnecessary. It's not our purpose here in town government to try to replicate the messages from the white house, whether you like them or you don't like them. It's got nothing to do with the town government, and it just detracts from the perception that people have of the legitimacy of the town government. So I urge your rejection of resolution 2025-37. Thank you.

PADGETT-ESPIRITU: Next up we have Katherine Myrick.

MYRICK: Good evening, Katherine Myrick, Fountain Hills resident. So as I listen to the discussion about this resolution, I was struck by how many of you are obviously concerned about whether this would have a cost to the town, which makes sense, as budget is one of your major responsibilities, and it's important to do a cost benefit analysis on anything the council is contemplating.

But it seems to me that there's been almost no discussion of benefits and only a very narrow discussion of costs. So let's think about benefits first.

We've established that town staff said this wouldn't change their operations, so no benefits there. And from the discussion last week and this week, the only other benefit I heard mentioned was when Vice Mayor Skillicorn introduced it, saying residents will never have to press one for English when calling town hall, so our benefits are never having to press an additional button to get English.

Let's look at the other side. What would the costs be? Again, discussion sounds like there's no direct costs, no new staff, no reprinting materials. That's great. But what about the indirect costs of this divisive, pointless maneuver? Time. It's been a waste of time for the town attorney to draft the resolution for town staff to agendize and figure staff reports, et cetera, et cetera.

What about our reputation? A resolution like this is not simply codifying federal and state law. It is putting a neon sign over Fountain Hills saying diversity is not welcome

here. Which leads right into my third point. Revenue. As we all know, most of Fountain Hills revenue comes from local sales tax and permitting. We need to be a welcoming community if we're going to attract businesses, residents and visitors.

This resolution is exactly the opposite. This will put a public stain on Fountain Hills that will tarnish our character and cost us tax revenues that we need for all your priorities. Mayor and council, you were elected to do what's best for the town of Fountain Hills and all of its residents, not to waste time codifying federal and state decrees. This resolution is a cost to the town, not a benefit. Please vote it down and move on. Thank you.

PADGETT-ESPIRITU: Next up is Beth Culp.

CULP: I don't have much to add other than to say I believe there is a huge cost to this. Tomorrow you will see Rachael Alexander and other right wing pundits putting Mr. Skillicorn's name out there, saying Allen Skillicorn pushes through an English only resolution in Fountain Hills. And I want to ask you all to seriously consider, when are you going to start taking into consideration the reputation of this town? Do you really want it to be regarded as a right wing haven?

I want to give a brief anecdote. I was at the fair on Sunday and I was leaving, and it was the afternoon, and I was walking down the street with a young couple, and -- and -- and one of the women asked, you know, like where -- where are the porta potties or something. And then I said something and then I -- I said, you know, it's really not very busy here today. And she said, you're right. We've been here in the past and it's been packed even like, at the end of the day. And I was there all three days and it was never very busy. But these two young women said to me that they, in the past had, on the last date of the fair, met friends who came from Scottsdale, and I assume that they were like this couple, I don't know, but they were diverse couple, and one of the women was Hispanic and the other one was not. But one of them said they don't feel safe here. They don't feel safe here. And is that what we want?

We have always been known as a welcoming community, and now we're putting another right wing dog whistle issue on our books. And every one of you, basically that

has addressed the issue has said it does nothing. It changes nothing. The only thing it does, it creates more headlines, more media coverage. Fountain Hills is not only anti-DEI, and anti- the Green New Deal, and anti-road diets, we're also anti people who don't speak English because that is the message. Thank you.

PADGETT-ESPIRITU: Kimberly Bartman.

BARTMAN: Hannah Toth, you mentioned earlier that there is no impact of the codification of the English as an official language. Rick Watts, you said no harm, no foul. But as these other speakers have said, the negativity, the poor reputation, real estate, you know, people that don't want to move here to buy a house. People at the art festival who might not come back if there's a Charlie Kirk statue in this town, or if the community center is named the Charlie Kirk Freedom Center. Somebody might not have their wedding at the community center when it's called the Charlie Kirk Freedom Center.

Visitors and -- and people online are commenting on some of these articles about Fountain Hills and the negativity, and the awful things that have, you know, come about. We don't need this. And people are saying we're going to go right through Fountain Hills. We're not even shopping there. So this is -- there is a cost, a very big cost, like everybody else has said. And some of you, I know you're trying to further your agenda, and you know that it'll -- it'll look good on your, you know, social media. So shame on you.

PADGETT-ESPIRITU: There's no other cards.

MAYOR FRIEDEL: Councilwoman.

LARRABEE: I just wanted to repeat the earlier motion. I'd like to call the question.

MAYOR FRIEDEL: I thought the discussion was over.

WATTS: Yeah.

MAYOR FRIEDEL: We did that already. Yeah. Can we get a -- do we have a motion?

PADGETT-ESPIRITU: Uh-huh.

MAYOR FRIEDEL: And a second?

PADGETT-ESPIRITU: Yes.

MAYOR FRIEDEL: Okay. Can we get a roll call, please?

PADGETT-ESPIRITU: Yes.

Councilmember Earle.

EARLE: Yes.

PADGETT-ESPIRITU: Councilmember Larrabee.

LARRABEE: Aye.

PADGETT-ESPIRITU: Councilmember McMahon.

MCMAHON: No.

PADGETT-ESPIRITU: Councilmember Kalivianakis.

KALIVIANAKIS: Nay.

PADGETT-ESPIRITU: Councilmember Watts.

WATTS: Aye.

PADGETT-ESPIRITU: Vice Mayor Skillicorn.

SKILLICORN: Yes.

PADGETT-ESPIRITU: Mayor Friedel.

MAYOR FRIEDEL: Aye.

PADGETT-ESPIRITU: The motion passes five to two.

MAYOR FRIEDEL: We are now at council discussion and direction to the town manager.

Nothing, nothing.

WATTS: Good job this last weekend.

MAYOR FRIEDEL: Future agenda items.

PADGETT-ESPIRITU: We already talked about the --

MAYOR FRIEDEL: Oh, we already did that. Okay. All right. And then we've got call to the public. Call of the public?

WATTS: We should do it.

LARRABEE: Yeah. Yeah.

MAYOR FRIEDEL: Do you have any speaker cards for the call of public?

PADGETT-ESPIRITU: I think we've already moved on from that.

WATTS: Oh.

PADGETT-ESPIRITU: Yes, Mayor. We -- we have six speaker cards.

(Pause)

PADGETT-ESPIRITU: And so first up is Crystal Caverns.

CAVERNS: Crystal Caverns, Fountain Hills resident. There is an invocation at the start of most of our meetings. Sometimes it's religious and sometimes it's secular. The town government of Fountain Hills does not require that you believe in the messages.

Doesn't require you to sign up for any religion before you leave town hall, and does not require you to stand up, participate, or even acknowledge an invocation is occurring.

Even AZ Central quoted First Amendment expert Erwin Chemerinsky, Dean of UC Berkeley Law, when he stated that the line between permissible and not permissible religious discussion hinges on whether there's religious coercion, such as the town strong arming the public to adhere to one faith, which clearly did not happen here in Town Hall.

More interestingly, he stated, discussion of religion doesn't violate the First Amendment, but to exclude discussion of religion would actually violate the First Amendment. So for a small segment of folks to be so offended and vocal because they heard some religiously themed words during a unique meeting situation here on September 16th, only six days following the assassination of a well-known figure and Arizonan, a coworker and boss to grieving residents is, to say the least, an overreaction in my opinion.

PADGETT-ESPIRITU: Next up we have Baron Smith.

SMITH: Hello, my name is Baron Smith.

I've been a resident of Fountain Hills for 27 years.

It's come to my attention that certain town Councilmembers have proposed renaming our community center in honor of Charlie Kirk and or erecting a statue of him in a public area, or at least approving of a third-party to do so.

I don't know much about Charlie Kirk, but I understand and appreciate that a lot of people admire him greatly. I think it's nice that people want to honor someone they admire in a way that others can see.

But let's look at this from a different perspective. I greatly admire President Barack Obama, but if I were a town Councilmember, wouldn't it be very selfish of me to propose or approve of renaming the community center after him, or erecting a statue of him in a public place in town? I wouldn't do it because I understand that not all residents feel the same about him as I do. I don't need any of my heroes to have a statue in town. I can be content to honor them in a personal, private way, as opposed to putting it out there for everyone else to see. For not everyone wants to see it. I urge our town Councilmembers to continue honoring Charlie Kirk in private, and with those that are like-minded. To approve of a community center renaming or public statue of Charlie Kirk would be as divisive as doing the same for Barack Obama. Let's not go there. Thank you.

PADGETT-ESPIRITU: Next up is Shelby Blecker.

BLECKER: Good evening again Mayor and town Councilmembers Shelby Blecker, resident of Fountain Hills. I was going to talk tonight about the morally and ethically bankrupt individuals in town that would deny someone the right to grieve, or that would be so disruptive in a public setting as to cause what this has degraded into tonight. But it's late and we're all tired, so I'm going to skip that portion and I'm just going to go to the purple shirt.

So what's with the purple shirt? I wanted to bring awareness to Pancreatic Cancer Awareness Month. Since our town did not recognize this month as such, I wanted to make a statement and hope that next year it will be given recognition.

This is important to me because my wife and I, for over 25 years have served as board members on Concern Foundation for Cancer Research. And this organization has typically raised \$2.5 million in a night for cancer researchers.

I quickly want to share some information on two of the 2024 -- 2026 grant recipients, so bear with me. Caitlin Byrne, PhD, from Oregon Health and Science University, is working on reprogramming suppressive regulatory T cells in the tumor microenvironment. And Yang Chen, PhD, University of Texas MD Anderson Cancer Center, is targeting collagen one homotrimer induced IL18 as a novel therapeutic strategy in pancreatic cancer.

So raising money for cancer research is a very big deal, and I love the work that these people do. There were more grant recipients. These were the two working on cures for pancreatic cancer. Luckily, board members like me get to focus on raising funds and we leave the grant recommendations to our oncology review board.

So thank you all for recognizing this month by wearing purple. And many of you have, many members of the public did tonight. And I hope you'll all join me in making a special donation to Concern Foundation for Cancer Research today. Thank you very much.

MAYOR FRIEDEL: Mr. Larry Meyer. You got one more?

MEYER: I'm going to do it. This way, it's official. Mayor, Council, staff. Is it tomorrow? Anyway thank you for allowing call to the public. Pure town business. I would like to have council direct staff to look into lightning the restrictions on the parking for the two corner lots in the downtown area, which would enhance our ability to create, what I call a fun zone, in Plat 208. Only the commercial portion of whatever building would go there, strictly because the parking restrictions that we have are not conducive to bars, restaurants, music establishments, and entertainment. We need too many parking spaces for them, specifically those two lots. So if you all could direct staff to look into that. It's part of the Economic Development Committee's package, and it would enhance our efforts in Plat 208 downtown. Thank you very much.

PADGETT-ESPIRITU: And for the record, that was Larry Meyers. Next up we have Beth Culp.

CULP: Again, my name is Beth Culp, and I am a resident of Fountain Hills Downhill since Ms. Kavanagh, another speaker, decided to revisit the issue of the constitutionality of that September 16th meeting, I want to make one point that I think people might overlook, and that we're not only dealing with the Establishment Clause here, we're dealing with the Arizona Constitution that has a provision that says no public money or property shall be appropriated for or applied to any religious worship, exercises, or instruction.

The way that has been interpreted by the Arizona courts is that if you are in a public

meeting in a public building, you don't get to proselytize your religion. It's very much more simple than the Establishment Clause. So that means when you are sitting on the dais, and you use a public microphone, and you talk into it, you're using a microphone that's owned by the People of Fountain Hills. When you are recorded by the video recording system, you are using the property of Fountain Hills. That is a limitation that was disrespected on September 16th and is every bit as valid as the Establishment clause, and a lot easier to understand.

So what I would like to suggest, and addressing First Amendment concerns. When you are on the dais, the law is that you are speaking in your official capacity, and you have to abide by the rules that govern you in that official capacity, and that if you, as council persons, want to quote scripture, or discuss rejoicing demons, or if a member of the public wants to speak of staring back into the rage filled eyes of the radical left, then he or she is welcome to take their First Amendment rights to another venue like a church. But when you have a captive audience, and you're in a public building during a public meeting, using public property, you do not have the right to invoke Jesus, or demons, or your faith. It is inherently coercive, and it is unconstitutional.

EARLE: Can I make a motion to adjourn?

MAYOR FRIEDEL: I don't know, can you?

EARLE: Oh, I make a motion to adjourn. Sorry. Okay. Aye.

(Off the Record)

HAVING NO FURTHER BUSINESS, MAYOR GERRY M. FRIEDEL ADJOURNED THE REGULAR MEETING OF THE FOUNTAIN HILLS TOWN COUNCIL HELD ON NOVEMBER 18, 2025, AT 10:06 P.M.

APPROVED:

GERRY M. FRIEDEL, MAYOR

ATTEST:

BEVELYN BENDER, TOWN CLERK

CERTIFICATION

I HEREBY CERTIFY THAT THE FOREGOING MINUTES ARE A TRUE AND CORRECT COPY OF THE MINUTES OF THE REGULAR CITY COUNCIL MEETING OF THE COUNCIL OF THE TOWN OF FOUNTAIN HILLS, ARIZONA HELD ON NOVEMBER 18, 2025. I FURTHER CERTIFY THAT THE MEETING WAS DULY CALLED AND HELD, AND THAT A QUORUM WAS PRESENT.

BEVELYN BENDER, TOWN CLERK

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

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

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

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

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



Post-Production File

Town of Fountain Hills

Work Session

November 12, 2025

Transcription Provided By:

eScribers, LLC

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Transcription is provided in order to facilitate communication accessibility and may not
be a totally verbatim record of the proceedings.

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MAYOR FRIEDEL: Call this session to order.

GOODWIN: All right.

MAYOR FRIEDEL: Rachel?

GOODWIN: Good morning, everybody. Thanks, everyone, for coming. Before we get started, a few housekeeping things. You have a schedule in front of you that is a draft. It's intended to kind of give us an idea of the outline of the day, maybe where some breaks will be built in. But as we all know, it doesn't always run that way. So if we need a break, please just let the mayor know. Kind of give a high sign. We definitely understand. It's a long day, and everybody needs moments to get up and wiggle. There is food in the back. There's coffee. There's a charcuterie board for breakfast items if you'd like a little something as we get started. So please stop back there. Amanda, thank you for arranging that with Graze Craze. Appreciate it. And just a reminder, I wanted to, again, just kind of thank everybody for being here and being part of this process. Today's meeting marks the beginning of our next budget cycle. It's a chance to take a step back and think about where we want to go as an organization, as a -- and as a community. It isn't about diving into numbers just yet. We'll get there. It's about setting priorities.

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

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

[LAUGHTER]

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

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

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

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

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

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

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

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

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

Our fire insurance premium taxes, we brought \$95,000. And we'll talk about this later in the presentation, but we're going to start bringing in a lot more of these revenues. And the reason is, it's because we brought the fire department in-house from a contract.

And so statute basically restricts the amount you get for these revenues until it becomes an in-house fire department, like most of the municipalities in Arizona. So we'll talk about it in a little bit, but we're going to start gaining over \$300,000 or so per year for that purpose. And it's legally restricted. It can only be spent on the fire department retirement benefits.

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

Any questions on that? Yes. Of course.

EARLE: Did you say of course? Sorry.

SOLDINGER: I said yes, of course, Councilwoman.

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

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

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

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

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

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

EARLE: Yeah.

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

EARLE: Yeah.

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

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

SOLDINGER: Yes.

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

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

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

SOLDINGER: Yeah. Yeah. Yeah --

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

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

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

SOLDINGER: Yes.

EARLE: So --

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

EARLE: Okay. Sorry.

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

EARLE: Okay. Thank you.

SOLDINGER: Yeah, of course.

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

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

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

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

So yeah, we -- we do have -- the last couple years we've had larger General Fund excess reserves. But why? It's really intentional. We do this intentionally. We have an intentionally conservative framework and projection methodology because we have shortfalls in some funds. So there's three shortfalls on the screen. The first one relates to Capital Projects Fund and Facilities Reserve that we use to build infrastructure and maintain them. So right now, we put about 2.1 million into the Capital Projects Fund

last year of ongoing revenues, but we spent 4.5 million from that balance. So there's a funding shortfall there. Without the General Fund excess reserve, our fund balance would start going down dramatically or we'd have to reduce Capital Projects. Facilities Reserve, we don't even put money in there other than investment earnings. On an ongoing basis, we rely on General Fund excess reserves to support that fund and those operations. It's -- it's set up that way because the Facilities Reserve Fund is like a backup fund to the Capital Projects Fund. It's used for repairs and maintenance. Ideally, we could set up an ongoing revenue source, but now we -- we don't have one. So we do rely on the General Fund transfers to -- to be able to operate out of that fund. So that's funding shortfall one.

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

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

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

KALIVIANAKIS: Thank you. Just a quick question on that \$17 million. Is -- is -- is that a

pretty stable number, or is there an upper and lower number that we're looking at?

Because yeah, that -- that seems like it might be a little low.

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

KALIVIANAKIS: Okay.

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

KALIVIANAKIS: It's a placemark.

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

KALIVIANAKIS: Okay.

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

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

Our second step is we intentionally look at that projection and we reduce the projection to a lower range of outcomes. So the way a projection works is it gives you a wide range of outcomes of where the revenue might turn out. And so we kind of start out here towards the middle, and we intentionally lower it to be conservative because -- so we're saying, hey, we're going to probably bring in a little bit less than that. And so this

typically reduces our projections by about 5 to 15 percent. And when we're talking about this, it's mainly the main category of revenues, which is our local sales tax revenues. Our state shared revenues and things like that, that's more precise based on Arizona lead projections.

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

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

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

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

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

SOLDINGER: Yes.

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

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

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

SOLDINGER: Okay.

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

MAYOR FRIEDEL: Tourism.

WATTS: Tourism itself.

SOLDINGER: Yes.

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

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

consider, of course. Yeah, absolutely. That's something I consider in my projections.

WATTS: But at this point, you don't have anything included to offset the decline that we've seen in sales tax that we're deriving from bars, restaurants, and so on?

SOLDINGER: Well, so Councilman, we -- we have -- so it's based on the historical trends, right? So the trends have been kind of flat. That was actually a -- it's kind of funny you bring that up. The restaurants, that was a category that I slightly manually modified because our -- our projections were low -- were low, a lot lower than the previous year. So it actually worked better than I did, because you're seeing that our -- our revenues are coming in below projected. But I mean, it was a slight manual modification of, like, maybe ten percent. But we -- yeah, we are seeing a slowdown in our restaurants. That's a key point.

WATTS: Okay. Thank you.

GOODWIN: Paul, I was going to just jump in and just as a -- you know, kind of a sweeping overview of what you just talked about is, all of this is obviously contingent on the greater economics, you know, throughout our country. You know, if -- all of this is dependent on local spending. None of this works -- this model only works when we, you know, reach those goals. If there is a downturn in the economy; if people decide, you know, to travel less, to recreate less, to dine less -- you know, dine out less, that all has that ripple effect on these. And so the conservative approach also, as you kind of identified it, protects us from those -- those fluctuations to a point.

And while it might protect us, it doesn't necessarily -- it does show at the end of the year when we don't have as high of a reserve balance, you know, coming into the next year. So it does get felt down the line, so to speak. So it's just that simple reminder that what Amanda does, and what the town does to promote local, shop local, eat local, dine local, all of that, you know, has this cyclical effect on our budget.

SOLDINGER: Yeah. Appreciate it, Rachel.

And I'll just say before we move on, I know it's kind of my job to, you know, make people hesitate and say, hey, you know, there's some challenging times ahead. We're still in good shape. I mean, because of our conservative approach, we feel good.

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

WATTS: I guess the --

MAYOR FRIEDEL: No, go ahead.

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

SOLDINGER: Yeah, absolutely.

WATTS: So thank you.

SOLDINGER: Thank you.

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

SOLDINGER: Yeah.

MAYOR FRIEDEL: Yeah.

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

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

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

have less money, and with less money comes less investment earnings.

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

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

Why so conservative?

SOLDINGER: So Councilman, it's -- it's just to continue with our conservative process.

What I did -- so we -- we used to just have -- before I started, we used to just have a lump sum amount, just to -- like, any investment earnings was almost like -- I'm trying to say the right --

WATTS: Icing on the cake type of thing?

SOLDINGER: Yeah, icing on the cake.

WATTS: Got it.

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

WATTS: Seems to be a theme here.

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

WATTS: Thanks.

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

but --

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

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

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

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

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

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

manner.

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

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

WATTS: Well, before you jump to that --

SOLDINGER: Yes?

WATTS: How do you get a half an FTE?

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

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

UNIDENTIFIED SPEAKER: Yeah.

SOLDINGER: Yes.

WATTS: Okay. Thank you.

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

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

maintenance and repair. We spent \$807,000 in total, \$132,000 less than -- than budgeted.

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

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

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

Public Works Department. Again, this is out of the General Fund. So non-street related items like facilities, engineering, things like that. We spent \$1.68 million for the year. It has 6.95 town staff. So that is kind of an odd number. But again, just a reminder -- well, we did spend about \$21,000 under budget, but actually it got closer to budget because we did a lot of wash maintenance out of this department last year. So without that, we

actually, you know, would have been well under budget. And so the only key thing to note here is for the adopted budget this year, this is where we put all the environmental program stuff, wash maintenance, and that's why that budget went up so much from -- from last year.

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

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

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

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

SOLDINGER: Yeah. So thanks, Rachel.

So Mayor, we have 450,000 in the budget for wash maintenance this year. As long as our revenues continue to look good and we feel like we can do that, that was something we'll talk about, but hoping to continue that because talking to -- well, Justin's (ph.) not here. But talking to Justin, we have a few more years of catch up needed. This is a lot more -- I think that's a key point. 450,000's a lot more than the town has budgeted for wash maintenance ever in the past. I mean, I didn't go look at it, but he told me it was, like, more like 50,000 to 100,000 many years. So we are -- based on council discussion, we are prioritizing that and trying to catch up and make that a priority for the town. So for streets, this one -- so the budget amounts of 7.7 million, that includes a large transfer of budget of \$594,000 that Justin had come to council for to do additional road

paving. So this -- this particular one -- I think maybe one other -- I include the budget transfers to show. But we did spend \$7.3 million on streets last year. And of that, 5.26 million was directly on the road paving and curbing, the things that we talked about during the council meetings, such as doing El Lago and things like that.

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

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

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

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

Fire department. Here's kind of the star of the show, and we'll have more discussions later. 33.5 town staff. Our biggest town department now, you know, for the past year and a half. So we did spend -- I think one key point is we did spend \$500,000 less than budget. And we are still -- I'll be very honest and upfront, we are still learning as a

finance staff on the fire department and their needs. And their -- their scheduling is much different than other town departments, with their overtime and backfilling, but we've talked through some of that.

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

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

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

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

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

And then the Law Enforcement Department, this is just a department we use to pay for

contracted services for the MCSO patrol, county jail fees, and animal control services.

You'll see that it was \$56,000 under budget out of the General Fund.

Any questions on departments or expenditures?

EARLE: You went real fast, sir.

SOLDINGER: Sure.

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

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

EARLE: Just came down?

SOLDINGER: Yeah.

EARLE: Yeah, that was it.

GOODWIN: (Indiscernible).

EARLE: Okay.

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

UNIDENTIFIED SPEAKER: (Indiscernible).

SOLDINGER: What's that?

UNIDENTIFIED SPEAKER: (Indiscernible).

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

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

So remember, state shared revenues, all the municipalities are in a pot of money for these different types of state shared revenues, and we get those revenues based on our portion of the pie based on our population. I think we get 0.4% of the pie right now

based on our current population. But now that San Tan Valley's incorporated, starting in fiscal year '27, and maybe partially this year, we'll start losing some of those revenues because they'll take part of that pie. So the league is projecting that we'll lose about \$150,000 of state shared revenue starting next year.

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

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

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

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

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

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

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

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

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

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

EARLE: Thank you for --

MAYOR FRIEDEL: Oh, I'm sorry.

EARLE: Sorry.

MAYOR FRIEDEL: Go ahead.

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

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

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

[LAUGHTER]

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

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

WATTS: So Paul --

SOLDINGER: Yeah?

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

SOLDINGER: Um-hum.

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

SOLDINGER: Um-hum.

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

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

WATTS: Go ahead.

GOODWIN: I mean, arguably -- and I'll let Paul chime in too, but a lot of this isn't a relationship between the effort or work of staff as it relates to the budget. Most of this is contingent on either, like we said, the -- the taxability, the spending, the state shared revenue. We don't have any influence over those types of things. If anything, we do

our best to make sure people are, you know, following up on the fees that are owed, getting their business licenses, getting -- you know, registering for programs, those types of things, to try to collect where we know we can. I'm not sure how much influence we have over meeting the goals.

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

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

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

SOLDINGER: Um-hum.

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

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

you guys do a good job.

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

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

EARLE: Right.

GOODWIN: There's not a reward factor here.

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

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

WATTS: Sure.

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

We're doing pretty well. I would say -- I'd say, definitely, that's something, the town manager and staff, we discuss often, especially with capital projects. We've made that a

big priority, to be more efficient and effective with that. But there's always savings, there's always things we can do. So I mean, I appreciate the feedback, and, definitely, the town manager will take that in advisement.

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

SOLDINGER: Uh-huh.

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

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

WATTS: Yes. Yes and no.

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

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

WATTS: The spend side.

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

WATTS: The revenue side as well?

SOLDINGER: Yes.

WATTS: Okay.

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

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

SOLDINGER: Uh-huh.

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

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

But it's to continue to -- talk about impact fees, similar to maintain our levels of service without concern to cutting our services, but also giving the Council flexibility to put the monies in the different buckets, as needed, to get additional road repairs done, to save for the lake liner, and things like that. So it's all very intentional, and all of this is

thought through. And it's been this way, as far as I know, with the town of Fountain Hills, back many, many years.

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

SOLDINGER: Yeah.

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

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

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

SOLDINGER: Yeah, of course.

MAYOR FRIEDEL: Paul, I just want to add, I think that what we're doing is spot on, and I

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

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

SOLDINGER: All right. Thank you.

WATTS: That's it?

SOLDINGER: Well, I'm just checking.

GOODWIN: Good try, good try.

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

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

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

GOODWIN: Correct.

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

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

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

STELPSTRA: I can.

GOODWIN: Okay, thanks.

(Recess)

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

STELPSTRA: All right. You're welcome.

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

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

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

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

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

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

And what they came up with was, based on that per capita actual spending for the other Maricopa County municipalities, is that our base limit was 3.3 million. Then again, in

fiscal year 2023, there was an adjustment to that base limit. This was an administrative adjustment, pursuant to the constitution, which directs the EEC to modify a municipality's base limit if there is a shifting of governmental functions between one level of government and another.

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

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

So I try and avoid the -- that local revenues, so as not to be misleading. Instead, we refer to them as nonexcludable revenues. And so these are the revenues that, when we spend them, those expenditures are subject to our expenditure limitation, so those are the nonexcludable revenues. Then we have exclusions, and this is everything that the constitution excludes from its definition of local revenue. I'll go and give you some examples of those later. But basically, these are -- we refer to them as exclusions, because the expenditures of those monies are excluded from our expenditure

limitation, which basically means we can spend as much of those excludable monies as we wish, without it impacting our expenditure limitation.

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

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

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

EARLE: If you add to it --

STELPSTRA: What's that?

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

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

EARLE: Okay.

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

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

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

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

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

SOLDINGER: Just a thought.

STELPSTRA: Yeah.

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

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

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

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

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

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

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

were under our expenditure limitation. So had we had the money in the budget capacity, we -- we had an additional 1.5 million of room there.

But for '25, that room has disappeared, so we are now spending up to our expenditure limitation. So that means at -- for '25, we're expecting that, also, for '26, and to carry forward into '27. So what that means is we are spending all of the nonexcludable revenue that we can, within our expenditure limitation. So any increase in spending of that nonlocal revenue is going to be dependent solely on our increase in -- in our expenditure limitation next year, and I'll go into that in a moment. The second line there has to do with our carryforward. So these are the monies that we've saved. And so for '24, we saved about \$5 million of these -- these carryforwards, because -- as I mentioned earlier, with our ability to manage the flow assumptions -- since we had room under our expenditure limitation -- we used as much of the nonlocal revenues -- or sorry, as much of the nonexcludable revenue as we could, and save the -- the excludable so we can use that in a future year. Same thing with '25. We had to use more of that because we were up to our limitations, only brought in -- saved another 4 million there. But you look at '26, we budgeted to go the other direction, and this is intentional

Like the Palomino project we've -- we've mentioned, this is to use the money that we've saved up to meet Council priorities, such as Palomino, and other street paving needs, or other capital projects. So we are looking at '26, that we are now using up some of those previously saved monies. So where does this leave us for '27? Well, first of all, we don't know what our expenditure limitation is going to be yet for '27, and we won't find out until February 1st, as an estimate, and the final by April 1st. Based on the most recent information out there on inflation factors, this was an October update by the EEC, they're looking at about 2.2%, so that would be about 800,000 just for that inflation adjustment there. Obviously, any -- any change in population would also increase that. So we'll know, later, as we go through the process, just how much that expenditure limitation is going to go up there. And then, carryforward is the other piece of it. How much of this carryforward do we have left? So you see here from the actual '24-'25, we

built in that extra for -- say that extra \$4 million. But then, in '26, we're using that carryforward. The most significant usage there is our highway user revenue, because that is what we're using for the Palomino project, so that's why you see a big decrease there. So these are the monies that we have left that are excludable and that we can budget to spend without impacting our expenditure limitation.

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

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

STELPSTRA: Yeah, yeah.

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

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

WATTS: But looking forward, you --

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

WATTS: Right.

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

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

STELPSTRA: Uh-huh.

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

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

WATTS: Got it.

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

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

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

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

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

MAYOR FRIEDEL: Yeah.

STELPSTRA: If we were to issue debt, it does have to be long term, so -- and long term, the auditor general has said, is more than one year. So as long as it's a long-term debt, both the proceeds that we receive from those debt -- from that debt is excludable, as well as the principal and interest payments to repay it. So we would -- it would not

impact our expenditure limitation in the year that we do the project, because we'd be spending the bond proceeds, and it would not affect our expenditure limitation in future years, because those would all -- the repayments would also be excludable.

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

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

GOODWIN: Not so much.

EARLE: Okay.

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

EARLE: Okay.

GOODWIN: Sorry. So this is to talk about where our -- this is going to be a more high-level conversation about what we have -- may have available, and how we can operate within the expenditure -- expenditure limitation, and then where we might want to go long term, as we start talking about other things like the lake liner or future streets. But

we won't be talking about -- to the extent of, you know, what's the next Palomino, if you want to say that.

EARLE: Okay.

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

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

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

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

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

WATTS: No, no.

GOODWIN: Oh, go ahead. Chime in.

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

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

WATTS: Right.

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

WATTS: Exclusively, Palomino.

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

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

GOODWIN: Correct.

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

GOODWIN: No, spending --

EARLE: So we're talking about --

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

EARLE: Okay.

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

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

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

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

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

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

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

So what I'm going to focus on, the remainder of my presentation here, is some options that -- as we look forward to this project, and this is -- this is not for 27, this is going to be for -- for future years, but things that we need to start considering now of how we're going to be able to spend the money we've saved up within our expenditure limitation. So first of all, options. Most obvious is we reduce spending in -- in other areas. You know, we reduce our spending on either capital or other operating expenditures of -- of those nonexcludable revenues, to free up the space to be able to spend it in the lake liner project. This will, obviously, affect other Council priorities, if we have to start cutting our existing spending, so probably not ideal.

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

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

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

STELPSTRA: Correct.

MAYOR FRIEDEL: -- have sitting there, too.

STELPSTRA: Yeah.

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

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

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

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

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

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

STELPSTRA: Mayor, Councilmember, it depends. So first of all, in order for this to be excludable, it has to be long term. So we do need to keep it outstanding for at least a year. And then beyond that, it's really going to depend on the lender, and what terms

they're willing to accept is how quickly we can repay it, because there's usually some provisions in a bond as far as how quickly we could call that bond. So it really is going to depend on what terms we get on the -- on the bond, just how quickly we may be able to -- to repay it, bond or any other debt that we might use there.

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

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

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

If you have the list of all the Maricopa municipalities memorized, you'll realize there's only one that's not on there, and that's us. In fact, we are one of only eight municipalities, statewide, that does not have one of these two options. And so that -- that does make it more challenging for us to manage our expenditure limitation,

whereas these other entities have -- have chosen the home rule option or the permanent base adjustment to make -- give them more flexibility and wiggle room there. All right.

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

STELPSTRA: Okay. I'll go back.

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

SOLDINGER: Yes. Mayor, Councilman, there's a lot of unknowns with the lake liner. We got an estimate in 2019, I believe, was the last time. It was lower than our current estimate. But there's a lot of different ways it can be done, so we really don't know. So later today, we're going to have a discussion where we ask the Council to consider including a million dollars in the budget for next year, for us to start that process, not necessarily the design process, but the planning, finding experts that can help us. For me, at least -- I know, with Rachel, we've had these discussions. The main priority for the town is to get this done efficiently, and the right way, and to minimize the impact to the town economics. We don't want a lake liner that -- oh, I'm sorry -- a lake without water for three years. You know, we want to find the best way to do it, and so we need to go through that process, first, to get a better idea of what we actually even want to do before we -- we have an estimate, just as a placeholder, but it almost means nothing at this point. We're just saving towards it just in case, but we need to find out what's the best approach to doing this, before we even have those discussions further.

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

SOLDINGER: Uh-huh.

WATTS: Shade structures come to my mind --

SOLDINGER: Yes.

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

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

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

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

WATTS: All right.

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

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

SOLDINGER: Uh-huh.

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

GOODWIN: Councilman, just to, kind of -- sort of piggyback on what was just shared.

Yes, we do the -- we've heard it referred to as the FRAD, the facility replacement -- facility reserve fund. At the time that that was developed, 2014-15, it was

recommended that we be putting at least a million dollars a year, every year, into that fund. That didn't happen. We were doing, at best, 500 a year. So it has been significantly underfunded over the past decade. Additionally, that is what we've been pulling from when something comes up. So I don't want to set the idea or put the tone that we have no plan, it would just, you know, catch us off guard.

We've been proactively tracking things, but as we add new assets -- to your point, as we add new shade structures, as we add new equipment, you know, playground equipment, you know, tractors, things like that, we do have -- we do have them on a schedule. The problem is we have not been proactively and accurately forecasting that. That's why, when we've done the budget transfers the last couple of times, we've asked for more money to go into that FRAD, so that we could take care of those things. The roofs of our building is another really good example of what we're working through to make sure that we, you know, stay ahead of that, but we need an updated version. And you're absolutely right in that it's got to be something that we move up the priority list, because taking them as they come is not a good plan. We have somewhat of a plan, but it's not the best one, so we need to -- we do need to be more proactive about that.

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

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

WATTS: Why?

STELPSTRA: I wasn't around then.

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

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

WATTS: Okay. That's why it failed.

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

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

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

GOODWIN: Yes.

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

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

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

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

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

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

EARLE: Uh-huh.

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

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

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

EARLE: Okay.

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

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

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

is another challenge. But luckily we have the experience, knowledge and abilities to -- to maneuver.

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

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

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

EARLE: Um-hum.

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

EARLE: Um-hum.

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

EARLE: Um-hum.

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

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

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

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

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

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

EARLE: Um-hum.

STELPSTRA: -- inflation factors are applied.

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

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

MAYOR FRIEDEL: Oh.

EARLE: Okay?

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

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

MAYOR FRIEDEL: Um-hum.

EARLE: -- explain it to the general public.

SOLDINGER: I think the -- Councilwoman, the challenge with that is we are a smaller government, and so we only have a certain amount of buckets, right, and funds. And a lot of them are legally restricted. Like, development impact fee funds are a good example. We have maybe \$2 million of -- of those monies set aside, something like that, 1.5 to 2 million. But we can only spend it on certain projects to maintain the levels of

service, right? We can't just spend it on -- on road paving and things like that. So there's only a few buckets we can even pull from for these types of things, which would be the Capital Projects Fund, Facilities Reserve Fund, and -- well, the Street Fund for road repairs.

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

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

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

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

savings and ready to go, you can't -- you cannot go spend it.

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

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

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

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

UNIDENTIFIED SPEAKER: It's -- allows us --
(audio interference)

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

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

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

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

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

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

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

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

STELPSTRA: Um-hum.

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

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

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

STELPSTRA: Correct.

WATTS: Okay.

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

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

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

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

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

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

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

STELPSTRA: Yes.

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

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

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

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

WATTS: Okay.

STELPSTRA: Because the permanent base adjustment has no restriction on what we

use -- use that for.

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

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

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

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

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

STELPSTRA: Right.

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

STELPSTRA: Um-hum.

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

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

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

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

GOODWIN: Right.

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

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

MAYOR FRIEDEL: They -- they like a sunset.

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

MAYOR FRIEDEL: Very project centric.

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

no more, no less. So if we want to go down that route, that's why there's -- we've talked about that.

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

UNIDENTIFIED SPEAKER: Thanks, Michael. Well done.

(Recess)

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

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

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

MAYOR FRIEDEL: Yeah.

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

MAYOR FRIEDEL: Right.

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

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

MAYOR FRIEDEL: Good.

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

MAYOR FRIEDEL: Gayle?

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

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

MAYOR FRIEDEL: A lot of education.

SOLDINGER: Yeah.

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

UNIDENTIFIED SPEAKER: Okay.

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

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

MAYOR FRIEDEL: Brenda, what do you think?

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

MAYOR FRIEDEL: I agree.

SOLDINGER: Okay. There's your direction.

MAYOR FRIEDEL: Yeah.

SOLDINGER: Great. Thank you.

GOODWIN: All right. Next up, we have Dave Trimble. He's going to be talking with us about the RideChoice. This is something we brought up back in the spring as we adopted last year's -- or this current year's budget. This has to do with our ride services for our seniors and disabled. It is a very popular service. Then our funding is -- is going to be changing, and we're not going to be having the same amount of -- of lottery funds

and other things to support it. So we're going to need to have some conversations about if the General Fund should be used for it, and if so to what extent, and how you'd like to move forward with this.

All right. Dave, take it away.

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

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

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

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

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

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

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

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

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

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

And on the next slide, we'll look at factors that contributed to the increase, one of the factors that increased the ridership over the years. And that was with this new service model called the mileage option. Valley Metro allowed that a few years back, in

addition to what was the classic RideChoice program. And you can kind of see the -- that it was economically better for people to choose the mileage option that generally are in Fountain Hills, where the longer trips are a lot less expensive under the new mileage option.

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

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

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

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

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

half at current levels, so.

MAYOR FRIEDEL: So can I ask you a question?

TRIMBLE: Sure.

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

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

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

MAYOR FRIEDEL: So --

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

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

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

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

TRIMBLE: Right.

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

MAYOR FRIEDEL: Yeah.

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

TRIMBLE: That's correct.

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

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

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

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

TRIMBLE: Yeah, I don't think --

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

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

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

MAYOR FRIEDEL: Gayle, go ahead.

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

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

EARLE: Um-hum.

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

EARLE: Okay.

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

EARLE: Um-hum.

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

EARLE: Okay. I have a few questions.

So -- and then the other question is --

TRIMBLE: Um-hum.

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

TRIMBLE: Yes.

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

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

EARLE: From their General Fund?

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

EARLE: Then --

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

EARLE: Some of their tax? Okay.

And then my other thought was, I don't know how we can limit it if we did limit it to medical. Because now food you can't limit, because I mean, food, you can -- you can

order food and have it delivered now. You can order -- I order everything offline because I don't have time to go shopping. I don't want to. Home Depot -- just bought some RYOBI items from Home Depot.

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

EARLE: So --

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

EARLE: Um-hum.

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

EARLE: Okay. Yeah. ADA --

TRIMBLE: -- probably -- probably do that.

EARLE: -- certification type? Okay.

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

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

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

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

WATTS: \$18 to --

TRIMBLE: -- (indiscernible) --

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

TRIMBLE: Actually 6 now.

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

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

WATTS: What was the original intent of the program?

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

WATTS: Well, something had to drive that incremental increase between the last three,

four years to where it is today. Could be gas prices, could be abuse, could be a lot of different things.

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

SNIPES: So --

MAYOR FRIEDEL: -- of why the dramatic increase.

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

GOODWIN: It's on.

UNIDENTIFIED SPEAKER: It's on.

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

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

And so pulling the rug out from under them is very difficult as well, because they've

trusted us to give them a viable solution to -- to a problem that they've had. So I know that it takes -- that we're going to have to look into our ridership and -- and -- and see, more specific, what we have going on.

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

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

WATTS: Is?

SNIPES: Essential.

WATTS: Okay.

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

GOODWIN: To the mic.

WICKLAND: Oh. Sorry. Okay.

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

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

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

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

MAYOR FRIEDEL: Okay.

WICKLAND: -- of Fountain Hills.

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

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

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

WICKLAND: We know.

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

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

KALIVIANAKIS: Thank you, Mr. Mayor.

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

WICKLAND: Oh. I'm sorry.

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

WICKLAND: For RideChoice? Or --

KALIVIANAKIS: For, yeah, ride share.

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

KALIVIANAKIS: So they can just --

WICKLAND: Yeah, 65 and older is --

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

WICKLAND: Right. Correct.

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

WICKLAND: Yes.

KALIVIANAKIS: Yeah. To me, this is kind of just a taxpayer issue. I -- I think people the average Fountain Hills taxpayer would be very sympathetic for people of limited means that have medical problems, and that we could all share the cost of providing them the -- that kind of transportation services. But if you have a -- a cashier making \$40,000, or a waitress, you're making \$35,000, you're paying for a 70-year-old that's clipping

coupons, living in a \$2 million house and has an income of \$500,000 a year. But they think it's a great program, and -- and they're trying to use it. I -- I think that should be discouraged.

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

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

WICKLAND: Yeah.

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

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

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

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

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

KALIVIANAKIS: Okay.

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

KALIVIANAKIS: Okay.

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

them. That said --

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

WICKLAND: For -- for?

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

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

MAYOR FRIEDEL: Okay.

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

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

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

MAYOR FRIEDEL: And is there an --

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

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

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

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

WICKLAND: You just --

MAYOR FRIEDEL: 50? 50, \$60?

WICKLAND: He said about 40.

MAYOR FRIEDEL: Oh. 40?

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

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

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

TRIMBLE: Right.

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

WICKLAND: I think (indiscernible) considerably more expensive?

TRIMBLE: They sure can be.

WICKLAND: Yeah.

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

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

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

TRIMBLE: So then if we had ADA certification --

UNIDENTIFIED SPEAKER: Yeah.

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

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

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

WATTS: They'll need a ride.

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

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

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

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

to be -- keep in mind.

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

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

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

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

EARLE: Okay.

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

EARLE: Okay.

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

EARLE: Okay.

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

EARLE: To that?

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

EARLE: Um-hum. Okay.

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

EARLE: Okay.

WICKLAND: Now I have clients that have physical therapy. They have three

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

EARLE: Sure.

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

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

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

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

WICKLAND: Yeah.

EARLE: -- put it?

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

EARLE: Okay.

WICKLAND: Yeah.

EARLE: Okay.

MAYOR FRIEDEL: Okay. Rick?

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

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

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

If you went back to the classic program, if you had a discount for ADA, and I'd suggest that we talk to Uber or Lyft and see if they don't have some sort of program that -- that they would give us a discount as well if the -- if the resident chose to go that way. So

you got three options. But I'm still a supporter of going back to the classic with the mileage because, as Kim said, nobody squawked before.

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

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

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

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

WICKLAND: I know.

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

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

WATTS: -- with the drivers.

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

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

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

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

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

MAYOR FRIEDEL: I had a question for you. So if we went back to the classic RideChoice, based on the current numbers you have right now, 2,500 people in it, and you've got

how many, 75 active? How long would the 60,000 last? Do we have any idea?

TRIMBLE: That's a tough question.

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

TRIMBLE: Longer, I would say.

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

TRIMBLE: Longer.

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

TRIMBLE: We really don't.

MAYOR FRIEDEL: No?

TRIMBLE: We really don't.

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

TRIMBLE: Yeah.

WATTS: Go back to classic --

MAYOR FRIEDEL: Yeah.

TRIMBLE: That's how it --

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

TRIMBLE: Unfortunately, that's what it is.

WATTS: Yeah.

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

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

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

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

TRIMBLE: Yes. Yeah.

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

UNIDENTIFIED SPEAKER: (Indiscernible)?

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

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

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

SNIPES: Or a combination of the two.

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

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

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

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

TRIMBLE: -- 100,000.

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

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

WICKLAND: Yeah.

WATTS: Somewhere, you got to establish a baseline.

GOODWIN: Agreed.

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

TRIMBLE: Right.

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

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

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

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

EARLE: Okay.

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

EARLE: In a year or now?

TRIMBLE: Yeah. What's your time?

SNIPES: Changing that for --

TRIMBLE: Because I was thinking --

SNIPES: -- for the next fiscal --

TRIMBLE: -- of mid-year.

EARLE: For 20- --

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

SNIPES: Of '7, yeah.

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

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

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

SNIPES: Yeah. We have funding --

EARLE: -- right now.

SNIPES: -- for about a year.

EARLE: Okay.

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

EARLE: July.

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

EARLE: July 2026, right?

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

SNIPES: Right.

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

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

TRIMBLE: Okay.

SNIPES: -- January of '27.

TRIMBLE: Did everybody understand that?

EARLE: No.

MAYOR FRIEDEL: So -- so David --

EARLE: Say that again.

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

TRIMBLE: That's what I would propose.

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

MAYOR FRIEDEL: January '26.

TRIMBLE: January of 2027.

SNIPES: '27.

MAYOR FRIEDEL: Oh, '27.

TRIMBLE: Yeah. So we have another entire year.

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

TRIMBLE: We could probably implement sooner.

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

TRIMBLE: We get that once a year.

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

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

MAYOR FRIEDEL: Oh. Okay.

TRIMBLE: So we do have to spend it all.

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

TRIMBLE: It's use or lose money.

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

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

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

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

GOODWIN: I think July would make more sense.

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

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

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

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

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

TRIMBLE: Yeah.

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

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

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

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

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

TRIMBLE: They do. Yeah.

WATTS: Okay. Than I am.

TRIMBLE: Okay. Okay.

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

TRIMBLE: Yep.

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

TRIMBLE: Yeah.

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

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

MAYOR FRIEDEL: Thank you.

TRIMBLE: Thank you. Appreciate it.

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

UNIDENTIFIED SPEAKER: As indicated by the pizza.

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

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

GOODWIN: Well, I've got --

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

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

JACOBS: I'll be short and sweet.

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

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

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

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

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

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

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

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

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

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

entryway signs.

WATTS: Okay.

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

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

EARLE: Okay.

JACOBS: -- of 300,000.

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

JACOBS: Yep. Come February.

EARLE: Okay.

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

MAYOR FRIEDEL: Go ahead, Brenda.

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

JACOBS: That could be. Yep.

KALIVIANAKIS: Yeah. Because that might be a spray.

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

KALIVIANAKIS: Yeah. Yeah.

MAYOR FRIEDEL: Yeah.

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

JACOBS: We could do that.

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

EARLE: Yes, I like that idea.

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

WATTS: I think re --

MAYOR FRIEDEL: The mayor's nodding his head.

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

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

Okay. I see head nods.

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

UNIDENTIFIED SPEAKER: That was short. Thank you.

(Recess)

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

[LAUGHTER]

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

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

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

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

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

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

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

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

The same thing with our SCBAs. They're to the point now where we really can't service those. There's new revisions that come out every time that they do an update. On the standards forum, there's some sort of new safety measure that was tied into them. I

remember starting with you had a hose that just you screwed onto your regulator. If you ran out of air, you stuck it in your coat because your coat had a wool lining on it, and that wool lining would protect you for a little bit until you could get out of that smoke-filled environment. Not really the right way of doing it. Not really the best for -- for all the employees and the firefighters.

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

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

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

FRIEDEL: What is that SBGA or what?

OTT: Self-contained breathing apparatus.

FRIEDEL: Okay.

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

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

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

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

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

OTT: Correct.

WATTS: Okay.

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

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

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

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

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

OTT: You bet.

WATTS: Okay.

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

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

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

So as we're starting to get some that are out of service, I can kind of steal some of those

parts and put those back together. But at some point that inventory gets down to where you don't have anything other than parts and no working radios.

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

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

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

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

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

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

If we did it in house, it's kind of hard to put a cost to it. But if we hired a consultant,

those are about \$30,000 to do all the paperwork, submit the application to the state. From the state standpoint, once they get it, whether we would -- we would process that request or we would hire someone else to do that for us. The minimum the state would take would be 180 days. And the reality of it is that it takes about a year from our past -- recent past experience for Department of Health Services to approve those CON requests.

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

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

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

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

OTT: Well, I think it's always good to have a backup plan. And -- and there are no -- I don't have any reservations about our current provider, which is AMR. They've

provided excellent service for us. It's really been at a minimal cost to us. We actually take in a little bit of money through the rent that they pay to stay at the station. And they've done a great job of making sure that once the unit that's stationed here is on a call, that we get another unit backing them up.

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

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

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

OTT: What's the rent?

SOLDINGER: Yeah. Just the rent.

OTT: 40,000 a year.

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

KALIVIANAKIS: Okay. So if we --

OTT: About 40 a year, I think

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

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

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

OTT: Correct.

KALIVIANAKIS: Is that within that still making income?

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

GOODWIN: That's an expensive rideshare.

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

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

reimbursed off of the insurance billing. But again, those are outlying costs that we would have.

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

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

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

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

OTT: No, no.

KALIVIANAKIS: Okay.

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

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

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

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

would be a mutual aid request for them to send that even if we were in auto aid.

WATTS: How many ambulances does Rio Verde have?

OTT: They have -- they have two. They actually staff one. And they would drop staffing off of their two engines to staff the second one if they needed it. So that's kind of a hybrid. That is something that we would definitely consider looking at to see how well it works. And -- and they don't run a lot of calls out there. So it's not a high volume. And taking that into consideration also looking at what we could do, there's always a possibility that we could set ourselves up to do GT's, which might end -- add a little bit more revenue. But again, you don't want to have your 911 ambulance committed on general transport when you need it for the 911 system, so.

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

OTT: Okay. I would agree with that.

WATTS: Thanks.

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

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

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

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

OTT: Well we probably average three transports -- three to four transports a day. And we're probably 85 percent medical calls, realistically. A lot of those are -- are just more public assists. Someone who's fallen, they don't need to be transported. Or we get there, and then they decide that either they'd rather go have someone drive them there or just completely refuse to go to the hospital. So not everybody gets transported. But I think the -- we'd always figured that we were at about three a day, sometimes four, and sometimes it seems like gravity hits all at once and we have a lot of people fall and we'll have three or four transports, which is a little taxing on the system. It's taxing

on anybody's system, not just not just what we have in our region.

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

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

FRIEDEL: Yeah.

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

GOODWIN: I have a question, Chief.

OTT: Okay.

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

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

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

But I think one thing that that is kind of a given would be having the certificate of necessity and not necessarily needing to run an ambulance service, but we would have that in hand. And I'd also talk to AMR management about that and at one of the Council

meetings where we talked about it and it kind of -- it goes through the grapevine on the -- the people who work here go to their boss and say, oh, they were talking about a CON at town Council the other night, and -- and they're going to start their own and we're going to be gone. And then squashing those rumors and having the conversation about, well, getting a CON for the town makes -- makes good sense.

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

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

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

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

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

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

OTT: Correct. And I think part of that too, would also be doing the cost analysis of what

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

FRIEDEL: Paul is running away right now.

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

FRIEDEL: Rick?

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

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

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

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

To allocate the funding to do it, I'm a little more reticent to go that direction. Again, you

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

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

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

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

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

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

So one of the things that we've been kind of talking about not -- he should run away for this one. But Michaels looked at it, but would need to look into it a little bit further, I think. On what that breakeven point is if we added another employee per shift to cover the times where somebody's gone, somebody's hurt, somebody's -- right now we're a

little challenged overtime wise, but we're still within budget. But we had three people get hurt, so they were out. So those positions automatically need to get filled. Some of that's overtime, some of it's not overtime. But I don't want to confuse the overtime to fill positions with the overtime that's part of the normal -- normal salary.

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

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

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

OTT: Thank you.

WATTS: So that's good.

OTT: I tried.

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

OTT: Right.

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

OTT: Right.

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

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

KALIVIANAKIS: Can I just make some comments on there? I definitely support the equipment needs and hopefully we get a grant for that. The ambulance service, I feel like we're still kind of getting settled in with having our own fire department. Like we're still working out how we pay for it, working out equipment, upgrading all that stuff. And the outside ambulance seems to be working now, so I'm not sure how I feel about doing that right now. Going towards getting our own maybe a few years down the road. And I was going to ask, what is the cost of overtime that we're spending now and what would be the cost of a new employee? So I guess that's something that we'd get later. Which one would be less expensive?

OTT: Right.

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

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

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

help staff. So it's not just a numbers dollars and cents kind of conversation. It's a little bit more nuanced than that.

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

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

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

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

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

SOLDINGER: It's a challenging topic.

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

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

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

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

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

SOLDINGER: Sure.

WATTS: Could we have any benefit from it?

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

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

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

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

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

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

There's a -- there's a bigger conversation that we're having internally about making sure that we have checks and balances with this. So if there are deliverables that are expected from the recipients, we want to make sure that we're following up and getting what we need. But I wanted you guys to understand what is going out the door and

how much and to where. So that if there are questions about it in the budget or changes you want to see, now's the time to let us know.

SOLDINGER: Yeah. Thank you, Rachel.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

So with that being said it says 39,200. That's what's gone out the door already. We have 73,000 allocated to these contracts. That's actually gone out the door, but we

have 120,000 in the budget in the general fund for these purposes. And we're kind of bringing up the conversation to -- to seek your feedback going forward.

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

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

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

KALIVIANAKIS: It helps facilitate?

FRIEDEL: Yeah.

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

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

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

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

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

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

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

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

KALIVIANAKIS: Okay.

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

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

SOLDINGER: Not since I've been here.

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

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

GOODWIN: Correct. We moved then in, basically at the end of FY 24, we began negotiations with CASS to say we need something that's a little more guaranteed. I wanted to know that my money is getting me something. So we moved into a contractual agreement with CASS that says they will guarantee that we have beds. We went for a year with them. It was a good contract, but again, it was never used. So we said, okay, how do we do this and how do we get the most for our money? And Paul and staff worked with them to negotiate it down, to say, clearly not a big user, if at all, for the CASS services. Again, there's a hardship. The reason we also did this was -- and this kind of overlaps with some policies that we've talked about recently. At the time there was a Ninth Circuit Court decision that said you had to provide beds as an option for unsheltered if you want -- otherwise you had to let them be where they were.

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

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

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

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

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

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

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

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

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

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

WATTS: Right.

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

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

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

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

GOODWIN: And if I can, I'll add to that that that is a conversation we're also having with MCSO about other options. Because to the point when you offer and say, hey, we have beds available at CASS, people go, I'm not going down there. It's too far. So they recognize that there's a lot of barriers beyond that. And MCSO has been working with us and some of their resource officers to identify better or new options or alternative

options outside of just CASS. It feels like sometimes it's -- it's CASS or nothing that has evolved over time. And so MCSO has some more resources that we're going to be working with as well.

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

GOODWIN: Sure.

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

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

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

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

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

GOODWIN: We can still pull it.

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

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

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

SOLDINGER: June 30th.

EARLE: June? Yeah. June 30th.

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

SOLDINGER: Right?

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

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

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

SOLDINGER: We're good right now until June.

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

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

KALIVIANAKIS: Right.

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

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

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

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

SOLDINGER: I'll do my best.

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

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

KALIVIANAKIS: Pay as you go.

SOLDINGER: Yeah. So I'll approach them and see what they think. We'll see what they

say. They might be able to do that, but not like reserve a bed for us, which might be a reasonable alternative for the town. So I'll look into that.

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

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

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

FRIEDEL: Donations too.

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

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

GOODWIN: Yeah. I would think.

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

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

GOODWIN: Okay. The next up is everybody's favorite. It's a capital project preview. I want to be really specific and let you know these are not all of the capital projects. These are just a preview of a few of the -- a few of the ones we'd like to get some

direction on. There are others that need to happen. They are continuations of other things. They're, you know, second year, third year of -- of multi-year projects. But there are a few that are coming -- that are coming down the pike that we'd like to get your input on so that we can either keep them in -- accurate -- do some more work on, or kind of put to outline years and not take the time and resources needed.

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

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

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

One of the big problems that we have is out of the lake, we pull Bryozoa out of the lake and their shells clog our sprinklers. That's a sprinkler filter there. In Golden Eagle Park, we have around 300 sprinklers. And so when that comes through and clogs 300 sprinklers, you can imagine how much time that that takes for cleaning out. We do a treatment to our lines to help treat for that. But it still creates quite a lot of havoc in the park around the June, July, August time frame when we need to do a treatment for it. Other things that we found is -- is just in general, there being different philosophies on -- on how the pump house should be run. There's a rental fee that we pay for -- for the -- for the pump house. And we've been looking into doing this for years. Right now we're at about 13,000 a year for the -- for the rental of the space.

We have had conversations with the sanitary district. The red line there that you see running through the parking lot is a sanitary line that feeds the lake across the street. And we've come up with a way that we could tap into that line and set up our own pump house over near the basketball courts there, as you can see, so that we could have an in-ground tank, which would eliminate the ability to -- to have Bryozoa or other infestations and make it to where we wouldn't have ongoing issues with our water. The other thing that it provides is our ability to be able to use any of the chemicals that we need to use with reclaimed water so that we would get better yield out of our turf and

our plans that are at the park.

KALIVIANAKIS: What is Rissoa?

SNIPES: It's a snail that gets into the water of the lake, and then we pump it into our irrigation system. And so that's what you're looking at in that picture is what the snail looks like.

KALIVIANAKIS: Just smooshed -- that's smooshed.

SNIPES: That's what happens when they shed their shells.

KALIVIANAKIS: And then that blue area where it says pump house and water tank, is that what you'd want to put the --

SNIPES: That's correct.

KALIVIANAKIS: -- the thing. You just tie off there.

SNIPES: That's we're -- I mean, to put it.

KALIVIANAKIS: Okay.

SNIPES: We have main lines that run through that general area. And we think that we could get with a design team to help figure out exactly what our best route would be to run it. But we have a looping system that's in the park so that we could easily tap into it there and do it as cheap as possible.

EARLE: Kevin, am I wrong in thinking that the Sanitary District has given a preliminary support of this project?

SNIPES: Yeah, we've talked to them about it and they are -- we found a way that we -- we can set this up so that it would be successful.

WATTS: So right now, we're getting -- we store our water as part of Sunridge Canyon's storage area?

SNIPES: Uh-huh. Correct.

WATTS: Similar to the --

SNIPES: Yeah, to the lake across.

WATTS: -- that lake that's across the street. All right.

SNIPES: Correct.

WATTS: And so whatever feeds that lake, which is sanitary or the sanitary district's

water, we're going to tap off of that?

SNIPES: It's the same water, yes.

WATTS: And we'll meter it separately so we know what's going in?

SNIPES: Exactly.

WATTS: And then treat accordingly for the salt containment and that sort of thing and --

SNIPES: Correct.

WATTS: And just as an FYI, I'm not so sure servicing a sprinkler head with wire strippers is the smartest thing I've ever seen.

SNIPES: That's just pulling out the filter.

WATTS: I understand.

GOODWIN: I want to articulate a little bit, and I -- Kevin and I have gone through this recently, which is why it's on top of mind is there's a challenge. Again, any shared resource, there's always different viewpoints because obviously, their priority is the golf course and their user experience of the golf course. Our priority, of course, is the park and they have different needs and different demands. And it has been -- there have been some challenges especially because there's a shared resource in terms of utilities as well. And you know, the electric, the water, et cetera, and there's a lot of challenge as to saying what portion of the electric and water are ours.

And we've done our due diligence and have the right systems in there to sort of parse it out and make sure that we're -- what we're reporting is accurate. And yet there still continues to be challenges that it's faulty or malfunctioning or whatnot. We've got the sanitary district involved. We've had meters on. There is simply a disconnect as to how the shared facility can and should be used. Over and above the fact that when you have control over the water, you can treat better and you can target the specific needs of the park.

Again, we can't use fertigation systems in there. We can't treat for the Rissoa from there. They have specific prohibitions on things that we can or cannot do in the shared pump house. So this gives us a lot more leverage to better treat our park.

MAYOR FRIEDEL: It gives us control and --

GOODWIN: It does.

MAYOR FRIEDEL: -- and we're paying \$13,000 a year in rent. What do you estimate the cost to be on the new project?

SNIPES: I'm not sure at this time. This is preliminary to see if you guys --

MAYOR FRIEDEL: I'm interested because I think we could pay it back with the rent being gone. And also, the big thing is no aggravation. We deal with our own water, our own way, and we can take care of what we need to take care of.

GOODWIN: Exactly. And I think it also will pay dividends. And what you see in the park, the turf, you know, management, all of the other pieces of that will continue -- will support that too.

SNIPES: Yeah.

MAYOR FRIEDEL: And you've got electric close enough to that you can tap into, right?

SNIPES: Correct. Yeah. The other big thing is, you know, when you have an exposed lake, the water evaporates off, the salt stay behind. We've talked about that with Fountain Park being a huge problem. It happens in smaller lakes too. So by having this be in an enclosed tank, we minimize that substantially to where that -- we are actually getting the best quality water that we can get from the sanitary district to use our park.

WATTS: Yeah, I think I'm going to be I'm absolutely a supporter of it. I think regardless of -- not regardless of the cost, but we'll get more benefit out of it than it will cost us, so, I'm a supporter.

SNIPES: Okay. Thank you. We'll move forward with that one then.

The next one is the fun one. For the Fountain Park Lake liner design, we've talked about this several different times about wanting to get knowledge on paper to where that we can make sure that we're making the best choices possible when we do it. So this is in 2000 when they did the lake liner replacement. As you can see, it's no small task. And the bigger factor to me is making sure that we're prepared when we go to do it. There's a lot of things that were done on the first time they did it where it was rushed. It was, you know, the town had just gotten the lake and immediately found out that it was leaking. And so they had to jump on to getting it repaired as quickly as possible. So

they didn't have the time that we are, right now, have the luxury of having, and that's our lakes not leaking right now.

We don't have any issues with it, but we could get this planned out. And with having the Black & Veatch study that was done, we have a lot of knowledge there. And in getting with a designer to figure out exactly what to do, things like that middle picture where they dumped all the sludge out on the turf. You want to know why we're still not growing grass in some areas of the park.

UNIDENTIFIED MALE: Covered with concrete.

SNIPES: That's why. So the salt levels that were in the sludge was astronomical. And even when we went in and we put the new shade structure next to the splash pad, that was another area. They dumped all their sludge and about 6 feet underground, it was still a black layer of sludge that was left behind. So we don't want to do that at all. It was their best solution at that time. We can do better than that. Making sure that the base repairs are done where there's cracks or anything like that. Once we get into it, we want to make sure that we get those repairs done before we put back in another liner. The cracks and heaving and anything like that that we do find, which we didn't find any issues like that when we had Black & Veatch here and was doing the, the underwater study on the lake itself, but more than likely there'll be some here and there that we're going to have to do, so we want to kind of have a, an idea of, of what we want to expect for that.

And then finally, the environmental factors of fish, turtles, bald eagles, bobcats, everything else that we have around here that use the park as a wildlife refuge, we want to make sure that we're cautious of that as well, and that we're doing the best we can to turn this around as quickly as possible to have a minimal effect. The other major factor is when the lakes -- if there's no water in the lake, there's less reason for tourism to come. And if there's odor issues with the sludge that we're pulling out, there's less issues for people to come. And as Paul will tell you, that's bad for business.

So what we really want to make sure is that we turn this around as quickly as possible, but get the high quality product that we need. And what we don't know yet is there's

several different ways that Black & Veatch throughout that we're different ways to do it. And so now is the time to kind of dive into that further and see which one has the best cost to quality product that we need moving forward. So with that, we're looking to just get a design done so that we can start to plan and figure this out. And again, this is one where it's a pretty big project, so there is a substantial amount said a million was put in.

BRENNEMAN: Yeah. So a lot of numbers have been discussed, but I know discussing with the town manager, we're thinking asking counsel for a million next year to start the design process is more like planning. Finding experts that can, whether it's in Arizona or nationwide or wherever, that can help us put together the best plan for the town. So it's more of an initial step towards design. It's not going to be the full design maybe not, maybe it is, I don't know. We just don't know. But just giving us \$1 million to be able to start the process and start putting the design to moving forward.

SNIPES: When we did the Black & Veatch study, I was fortunate enough that I was able to get ahold of a lot of different experts. And so getting them back now versus in five or ten years when they may not be around anymore could potentially be easier to get more information out of those same people as well. You know, I spoke with the person that works out at the Palo Verde nuclear power plant. And you know, being able to pick those brains and see how they do things versus how we're going to do it, I just think that it's critical to get this plan in place so that we're ready when the time does come.

WATTS: So when you look at to engage for a plan that million dollars, I assume that's going to include the federal EPA, the Arizona Department of Environmental Quality, all of those, because what --

SNIPES: It is involve.

WATTS: -- wasn't an issue 20 years ago, that sludge may be an issue today.

SNIPES: Absolutely.

WATTS: You know, not only the removal, but the containment and the disposal all of those things.

SNIPES: We're going to get rid of that.

WATTS: So we're going to do cradle to grave --

SNIPES: Yep.

WATTS: -- in the design aspect options to look at how to phase it in or do it in total?

SNIPES: I want to have it be a full playbook where we go ten years from now, 20, 30, 40, 60 years from now when we have to do it, we can go. This is our plan. This is what we're going to do. Let's roll and we'll be ready.

WATTS: Thanks.

SNIPES: We're good with that. Okay.

Our next one here is a project that we've been working on for at least three years now, maybe four. Kiwanis came to me and said that they had some money that they were willing to help put in a bike park for the smaller kids to learn how to ride on. And we've been looking for a spot and looking for a spot. And we looked at schools, we looked at parks. We went through a whole bunch of different ideas. This year, I kind of came up with this spot, which is right next to the pump track and the skate park that's existing, which I think would be great. We'll connect the two across the sidewalk there. But getting it to where that our less talented skill wise kids can learn how to ride a bike safely, which is great for our streets and for our other parks as well. And their donation is 100,000. We're looking to match that with another one hundred to where that we can have it be a good quality park for the smaller kids. This is just a rendering of the idea that we're looking into but giving them lots of little skill sets to help improve their, their writing quality.

KALIVIANAKIS: Does this include areas that are covered for the parents to sit and watch the kids?

SNIPES: So that's one of the great things about this location. There's just below the track. There's a Ramada and then up by the playground, we just put in a new Ramada there with the blue top. And so they'll actually be spots on both ends of the track to have that.

WATTS: And then you said provide services for less skilled children. Is this going to include instruction too or just paying for the track?

SNIPES: This is just for the track. Uh-huh. As far as instruction, that would be through --

if we wanted to do any classes like we have classes where we teach kids how to skate and that works out really well where we take -- where we have smaller kids that have never ridden the skateboard and want to learn how, and we run them through a class to teach those skills.

KALIVIANAKIS: I think the Kiwanis in the past have done bike safety days. And you know, they've done like volunteer programs where you can come out and they will teach you how to pump up your tires, you do different things, make sure you have reflectors on your bikes, things like that. I could definitely see them utilizing the space as a community service type thing.

SNIPES: Yeah.

WATTS: Those little green circles, what are those in the path? What is that? Is that a tree?

SNIPES: It's just -- so it's like a technical skill area where they'll have either things that are turning or bumpy or.

WELDY: (Indiscernible) or something.

SNIPES: Yeah. Exactly.

KALIVIANAKIS: Oh, fun. Okay.

SNIPES: Any other questions on that? Absolutely. Yeah. And then you could donate a dollar for any kids that pass you on the bike path. Does that work or I'm just kind of feeling this out?

WELDY: No, a dollar on the contract.

SNIPES: Yeah, I remember. I seen you. So are we good with moving forward on that one as well? Okay. Thank you.

Then this one's -- with our third year at the linear park, we're looking at -- we've had -- since we put the shade structure at the other end, we've gotten lots of requests to do one on the west half as well. This would be right outside of the parking lot for MCSO. The first fountain on this side and doing one that's similar to the other one. It's gotten lots of use already. When it was interesting going out on Wednesday to see the farmer's market going on and we've moved -- we've added some picnic tables to this

spot, and seeing the people sit all the way to one end, squished on top of each other, trying to get the shade from one of the trees that's there was definitely an eye-opening vision of seeing how much it is needed. And it's definitely created a different space where people are hanging out a lot more on the avenue in those spots.

KALIVIANAKIS: So you're just asking to go forward. So you're going to bring us a design --

SNIPES: Uh-huh.

KALIVIANAKIS: -- because I know there was some people that don't like the metal circle hole on the other one. Just interesting.

SNIPES: I am not -- heard from anyone, so.

KALIVIANAKIS: You haven't heard that from anyone. Is he joking?

SNIPES: No, not at all. I mean, no one's -- like what --

KALIVIANAKIS: Well, I did.

SNIPES: What happened is how much they like seeing the shadow, the actual sunspot that's on the ground.

KALIVIANAKIS: Well, that's not true, because I did talk to you about that, or maybe it was you. And I've heard that from other people, too, so. Didn't like the way that looked, so. There you go. That's it.

SNIPES: We're probably in the same ballpark as we were on the other one, around 200, 250. It's a little bit smaller, so I'm hoping it'll come in a little under, but.

MAYOR FRIEDEL: Will it affect any of the Christmas display that goes up?

SNIPES: Absolutely not.

MAYOR FRIEDEL: Okay. And I see are there two smaller shade structures there now?

SNIPES: Yes, there are. Yep. Same as what there was on the other one.

MAYOR FRIEDEL: Will those be removed or will those be --

SNIPES: Those will be removed.

WATTS: Can we eliminate the roundabout at the same time?

SNIPES: You want to put a shade over that?

WATTS: Not that I've got an opinion, but yeah. Put a shade structure over the

roundabout. Oh, my God.

WELDY: I guess for me, I have no problem going forward. I'm not sure if we're going to get the support, but if you want to proceed, get renderings and estimates, I got no problem with that.

WATTS: I think of anything that sells. It's going to be the uniformity --

SNIPES: Yeah. That's --

WATTS: -- from the other end to this end.

SNIPES: That's the way I look at it. It needs to be complementary to the one that's already --

WATTS: Well, let's see where we're at as far as budget, and then we can always say yay or nay, but.

SNIPES: And this is one that's planning on -- so we have 200 that we did over the multi-year. So that's already planned to be in. And then whatever's over that, we were planning on using development fee funds to cover to try and bridge that gap. So we're not needing to get more money out of that.

WATTS: Let's see what we've got and --

SNIPES: Yeah.

WATTS: -- make it a little more public than we did last time. So that --

SNIPES: It was -- that was --

WATTS: Not that there were any complaints.

SNIPES: -- very, very public last time.

WATTS: Well, in the eyes of the certain people, it wasn't, so. Yeah. I'm just saying.

SNIPES: That's it for me. I'd love to, but.

WELDY: How's everybody this afternoon? I'm the closer. I have 155 slides. We should be out of here by dinnertime. So what we're going to discuss, and I have a PowerPoint with about six sheets, if you'd like to see it. But what we're going to discuss are the roofs on the town hall campus buildings. We've had numerous discussions about this in the past. We know that we have some discrepancies in regards to the different types of construction and material that were used as part of the original construction. Council

approved a firm to come in and do an evaluation of them. That included observations to look at the roofs and all the different types of material, and a destructive analysis where they drilled holes in it and looked at all the different compositions.

We've brought back to you the results of that and the recommendations in the past few weeks and months, since the last time we've discussed this. It has been proposed to us by the professionals that we really focus on using the recoding. We've agreed to that internally after discussions with the town manager. Currently, they are scheduled to come out and do some adhesion testing on the three different buildings in several different locations. That's really where we're at. And so we just want to bring you up to date with that and remind you that we had already received permission to get to this point, and we are certainly willing to answer questions.

I'm limited on that because it's not my specialty, but we have the facility supervisor here. He is far more qualified and very professional to answer any of the technical questions. We had hoped by this time, but we do not have it yet, to have some estimates for each one of the campus buildings in regards to the cost for this recoding, but we do not have that at this time.

GOODWIN: So again, this is a preview of -- well, we were hoping to have an actual cost to kind of prepare you for the number that's coming in for the roof repairs, but it will be in the CIP budget as an ask for the next fiscal. Is that accurate, Justin?

WELDY: That is correct.

GOODWIN: Well, do you anticipate that we'll be able to do all three-town hall camp or town campus buildings in one fiscal, or will we need to stagger them, do you think?

WELDY: That's a challenging one to address right now simply because of -- and I've said this before, there's no convenient time for construction, and roof construction is included in that. And even if you're just doing a recoating, it can be very disruptive to the use of the facility. And there are going to be limitations. And again, I'm starting to get out of my wheelhouse here in regards to temperature fluctuations and what will and will not be appropriate in regards to highs and lows. We're not yet at that point. Ideally, one contractor run through all of them and get it all done, and then we're done

in a timely manner. But I'm not able to give that commitment right now.

WATTS: Justin, do you know offhand if the consultant that did the review and the coring. Did they do a structural analysis, and if so, what kind of a wait are you inducing by just doing a coating? Do you have any idea what that? How many additional pounds per square foot or yard?

WELDY: Council member, they certainly have a structural engineer working for them, and I'm not certain that they're at that point right now, since the type of material that's going to be used has not yet been selected. But as part of their analysis and their recommendation, we will ensure that they have addressed that question.

WATTS: Thank you.

GOODWIN: Any concerns with us moving forward with that project?

MAYOR FRIEDEL: I say move forward. We need to get those roofs.

EARLE: My only concern is for the workers. You don't do it in the summer.

WELDY: We appreciate those. Well, we've got 4.5 hours, so what would you like folks like to do? That's all I have on the roofs. Thank you for your time.

GOODWIN: All right. The final item is really about the wrap up of the priorities. So I think we've gotten through the staff presented items. Is there anything from the council that you would like us to see or concerns or approaches to the budget as we get ready to initiate this next year budget process? I'm not hearing anything. Okay.

There was one -- I will I understand that Councilman Skillicorn is not here, but he has indicated his continued desire for us to have a St. Patrick's Day parade. Is there any support for that? Okay. All right. Going once. Going twice. We will -- you will see just kind of as a housekeeping. You'll see -- Paul has already come up with our schedule for the budget process. We'll be returning back in February where we'll do the final kind of workshop, introducing certain items, kind of getting final feedback. That is the rule -- that at that point, we are about six weeks away from adoption and moving through, so that's really the last time we really get into the weeds on things. We will do a separate meeting workshop, just specific to CIPs, where we'll go through all of them not just the ones that you saw here today, but all of the other ones that will be coming down as

well. So that schedule is out and ready to go for the new year; is that right?

BRENNEMAN: Yes.

GOODWIN: Okay.

BRENNEMAN: It's on our website. I can also email it to the Mayor and council as well.

GOODWIN: Okay. Did you have any other final items?

BRENNEMAN: No. Just happy -- are we on schedule?

GOODWIN: We are very on schedule. I'm very impressed. Exactly.

BRENNEMAN: We'll make it through another retreat.

GOODWIN: All right. Mayor, you can take a motion to adjourn if you'd like.

MAYOR FRIEDEL: All right. Can I get a motion to adjourn?

WATTS: Motion to adjourn.

ALL: Second.

MAYOR FRIEDEL: Motion second. All in favor?

ALL: Aye.

HAVING NO FURTHER BUSINESS, MAYOR GERRY M. FRIEDEL ADJOURNED THE WORK SESSION OF THE FOUNTAIN HILLS TOWN COUNCIL HELD ON NOVEMBER 12, 2025, AT 1:51 P.M

APPROVED:

GERRY FRIEDEL, MAYOR

ATTEST:

BEVELYN BENDER, TOWN CLERK

CERTIFICATION

I HEREBY CERTIFY THAT THE FOREGOING MINUTES ARE A TRUE AND CORRECT COPY OF THE MINUTES OF THE WORK SESSION COUNCIL MEETING OF THE TOWN COUNCIL, FOUNTAIN HILLS, ARIZONA HELD ON NOVEMBER 12, 2025. I FURTHER CERTIFY THAT THE MEETING WAS DULY CALLED AND HELD AND THAT A QUORUM WAS PRESENT.

BEVELYN BENDER, TOWN CLERK



TOWN OF FOUNTAIN HILLS

STAFF REPORT

Meeting Date: 12/16/2025
Meeting Type: Town Council Regular Meeting - **AMENDED**
Submitting Department: Public Works / Engineering
Prepared by: David Janover, Town Engineer
Staff Contact Information: Phone: 480-816-5112
Email: djanover@fountainhillsaz.gov

Request to Town Council Regular Meeting (Agenda Language)

CONSIDERATION AND POSSIBLE ACTION: Approving Resolution 2025-44, abandoning the 10' Public Utility and Drainage Easement along the east side of 15840 E Cavern Drive (Application A25-000014)

Staff Summary (background)

This is a proposal to abandon the pre-incorporation 10' Public Utility and Drainage Easement along the east property line of Plat 602-B, Block 1, Lot 35 (15840 E Cavern Drive). Josiah Litton, the owner of the property, is planning to install a perimeter fence that will encroach into the existing easement. Staff have reviewed the site to evaluate the potential on-site drainage issues and the Town's overall interest in the easement. There is no necessity for the Town to retain the drainage easement proposed for abandonment, given that the owner of the lot is required to allow the developed flows from upstream lots to pass across their property. All public utilities have approved the abandonment of this easement.

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)

Staff recommends adoption of Resolution 2025-44

Suggested Motion

Move to approve Resolution 2025-44

FISCAL IMPACT

Fiscal Impact: N/A

Budget Reference: N/A

Funding Source: N/A

ATTACHMENTS

- | | |
|----|--------------------|
| 1. | VICINTY MAP |
| 2. | AERIAL MAP |
| 3. | Resolution 2025-44 |



TOWN OF FOUNTAIN HILLS

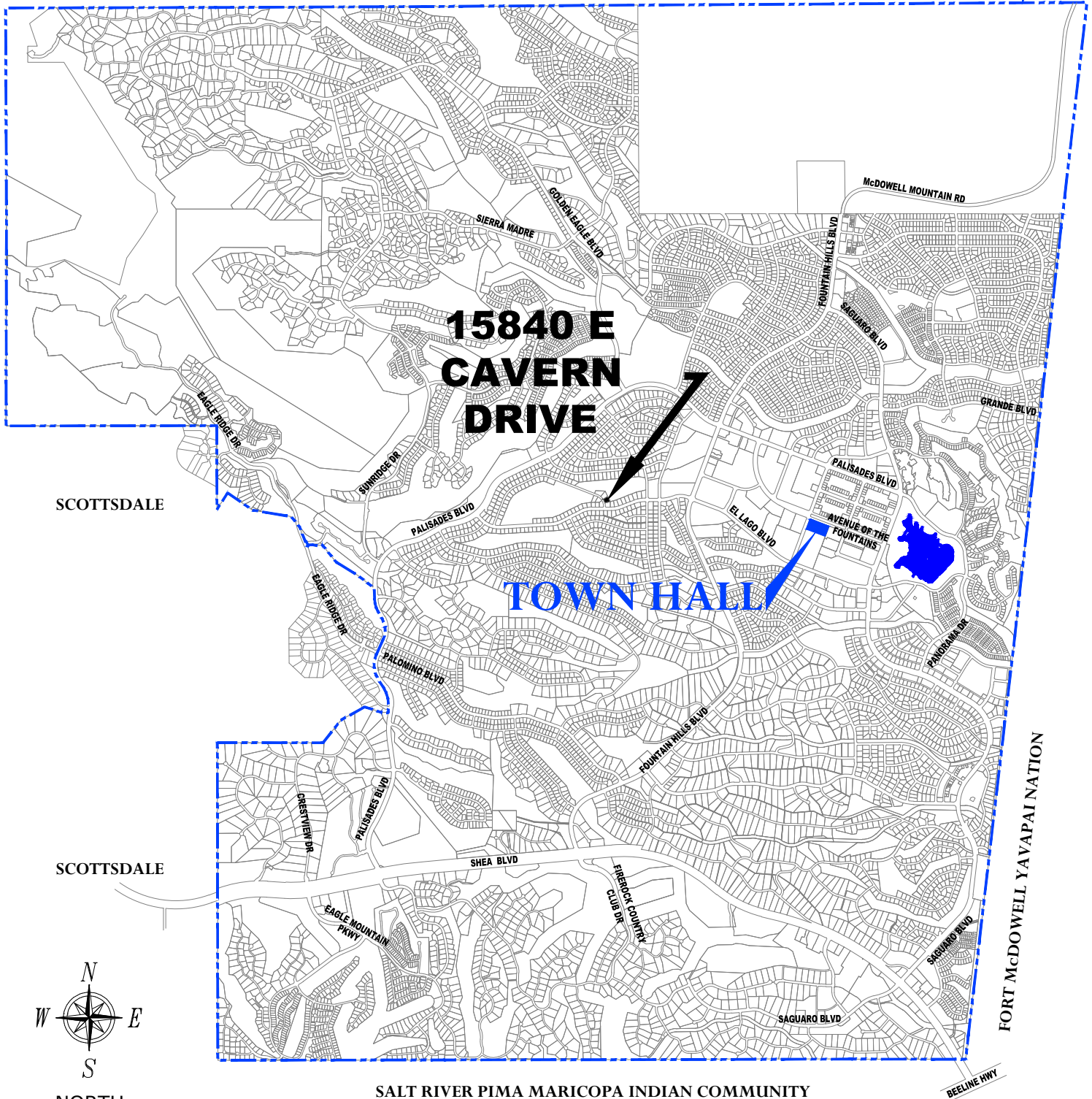
DEVELOPMENT SERVICES DEPARTMENT

VICINITY MAP

A25-000014

McDOWELL MOUNTAIN PARK

TOWN BOUNDARY



NORTH
SCALE: 1" = 3500'



DEVELOPMENT SERVICES

2025 AERIAL
SITE PLAN

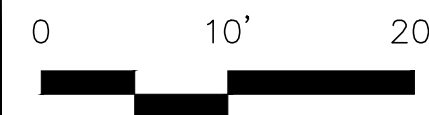
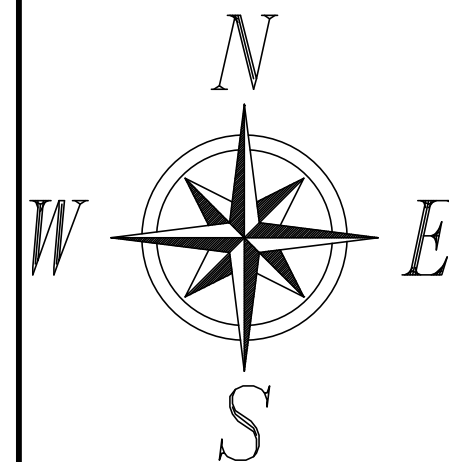
PLAT 602-B, Block 1, Lot 35
ADDRESS: 15840 E CAVERN DRIVE

ZONING: R1-10

LOT AREA: 16,169 SF
LIVABLE ROOF AREA: 3,335 SF

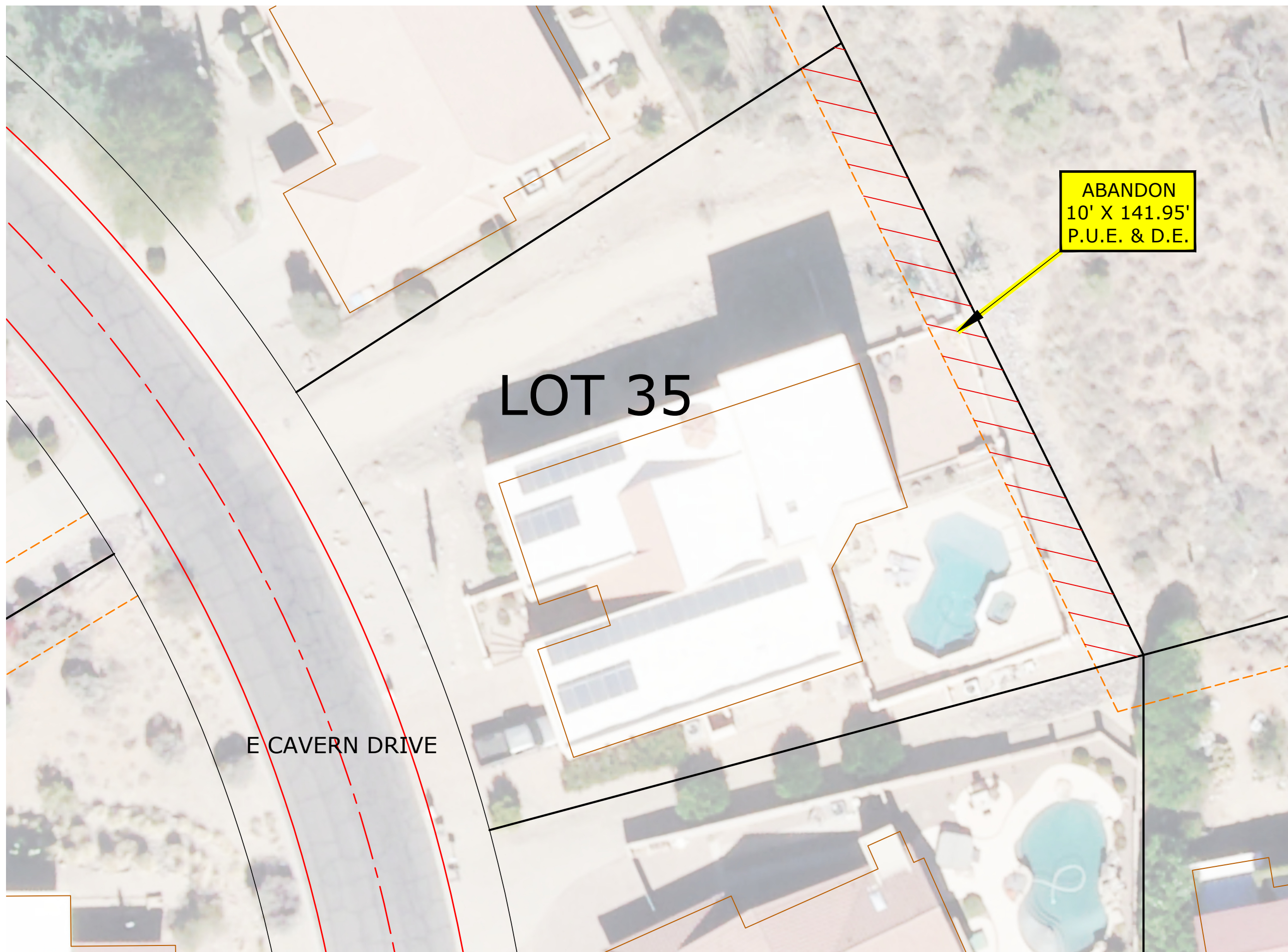
(AREAS ARE APPROXIMATE)

LOTLINE ———
CENTERLINE - - - - -
EASEMENT - - - - -
ABAND. EASEMENT // // //



SCALE: 1" = 20'

DATE: NOVEMBER 26, 2025



RESOLUTION 2025-44

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF FOUNTAIN HILLS, ARIZONA, ABANDONING WHATEVER RIGHT, TITLE, OR INTEREST IT HAS IN THE PRE-INCORPORATION 10' PUBLIC UTILITY AND DRAINAGE EASEMENT ALONG THE EASTERN PROPERTY LINE OF PLAT 602-B, BLOCK 1, LOT 35 (15840 E CAVERN DRIVE) FOUNTAIN HILLS, ARIZONA, AS RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF MARICOPA COUNTY, ARIZONA, BOOK 166 OF MAPS, PAGE 32

WHEREAS, the Mayor and Council of the Town of Fountain Hills (the "Town Council"), as the governing body of real property located in the Town of Fountain Hills (the "Town"), may require the dedication of public streets, sewer, water, drainage, and other utility easements or rights-of-way within any proposed subdivision; and

WHEREAS, the Town Council has the authority to accept or reject offers of dedication of private property by easement, deed, subdivision, plat or other lawful means; and

WHEREAS, all present utility companies have received notification of the proposed abandonment.

NOW THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE TOWN OF FOUNTAIN HILLS, as follows:

SECTION 1. That the certain public utility and drainage easement, located at the eastern property line of Plat 602-B, Block 1, Lot 35 (15840 E Cavern Drive) Fountain Hills, as recorded in the Office of the County Recorder of Maricopa County, Arizona, Book 166 of Maps, Page 32, and as more particularly described in Exhibit A, attached hereto and incorporated herein by reference, are hereby declared to be abandoned by the Town. Certain lots within this subdivision are subject to lot-to-lot drainage runoff. The property owner is required to pass the developed flows generated by the upstream lots across their property.

SECTION 2. That this Resolution is one of abandonment and disclaimer by the Town solely for the purpose of removing any potential cloud on the title to said property and that the Town in no way attempts to affect the rights of any private party to oppose the abandonment or assert any right resulting there from or existing previous to any action by the Town.

**PASSED AND ADOPTED BY the Mayor and Council of the Town of Fountain Hills
December 16, 2025.**

FOR THE TOWN OF FOUNTAIN HILLS:

ATTESTED TO:

Gerry Friedel, Mayor

Bevelyn Bender, Town Clerk

REVIEWED BY:

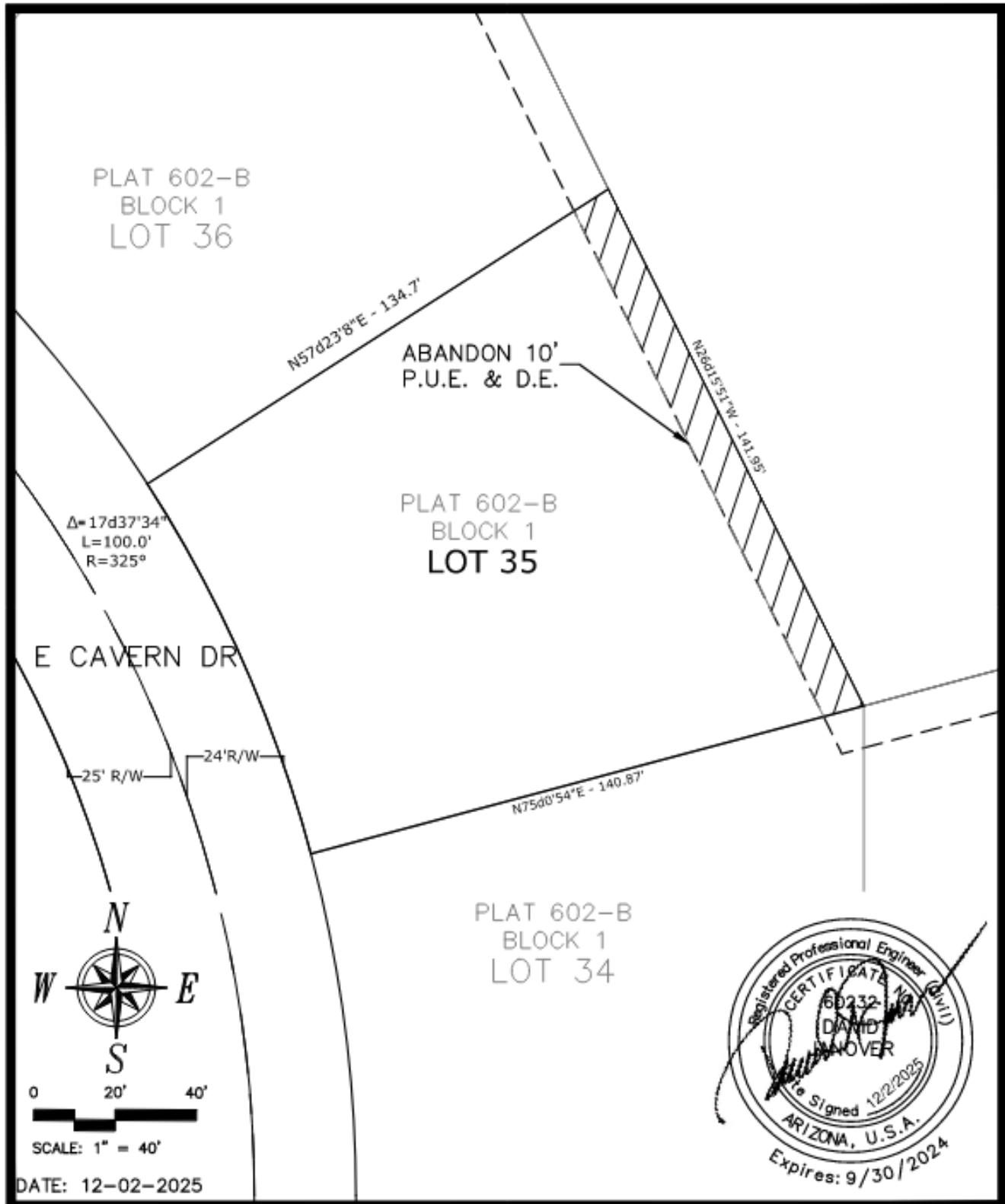
APPROVED AS TO FORM:

Rachael Goodwin, Town Manager

Jennifer Wright, Town Attorney

TOWN OF FOUNTAIN HILLS
EASEMENT ABANDONMENT
EXHIBIT "A"
A25-000014

FOUNTAIN HILLS AZ FINAL PLAT NO. 602-B BLOCK 1 LOT 35





TOWN OF FOUNTAIN HILLS

STAFF REPORT

Meeting Date: 12/16/2025
Meeting Type: Town Council Regular Meeting - **AMENDED**
Submitting Department: Public Works / Engineering
Prepared by: David Janover, Town Engineer
Staff Contact Information: Phone: 480-816-5112
Email: djanover@fountainhillsaz.gov

Request to Town Council Regular Meeting (Agenda Language)

CONSIDERATION AND POSSIBLE ACTION: Approving Resolution 2025-45, abandoning the 10' Public Utility and Drainage Easement along the north side of 15612 E Thistle Drive (Application A25-000015)

Staff Summary (background)

This is a proposal to abandon the pre-incorporation 10' Public Utility and Drainage Easement along the north property line of Plat 602-D, Block 2, Lot 38 (15612 E Thistle Drive). Vikram Khandelwal, the owner of the property, is planning site improvements that will encroach into the existing easement. Staff have reviewed the site to evaluate the potential on-site drainage issues and the Town's overall interest in the easement. There is no necessity for the Town to retain the drainage easement proposed for abandonment, given that the owner of the lot is required to allow the developed flows from upstream lots to pass across their property. All public utilities have approved the abandonment of this easement.

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)

Staff recommends adoption of Resolution 2025-45

Suggested Motion

Move to approve Resolution 2025-45

FISCAL IMPACT

Fiscal Impact: N/A

Budget Reference: N/A

Funding Source: N/A

ATTACHMENTS

- | | |
|----|--------------------|
| 1. | VICINTY MAP |
| 2. | AERIAL MAP |
| 3. | Resolution 2025-45 |



TOWN OF FOUNTAIN HILLS

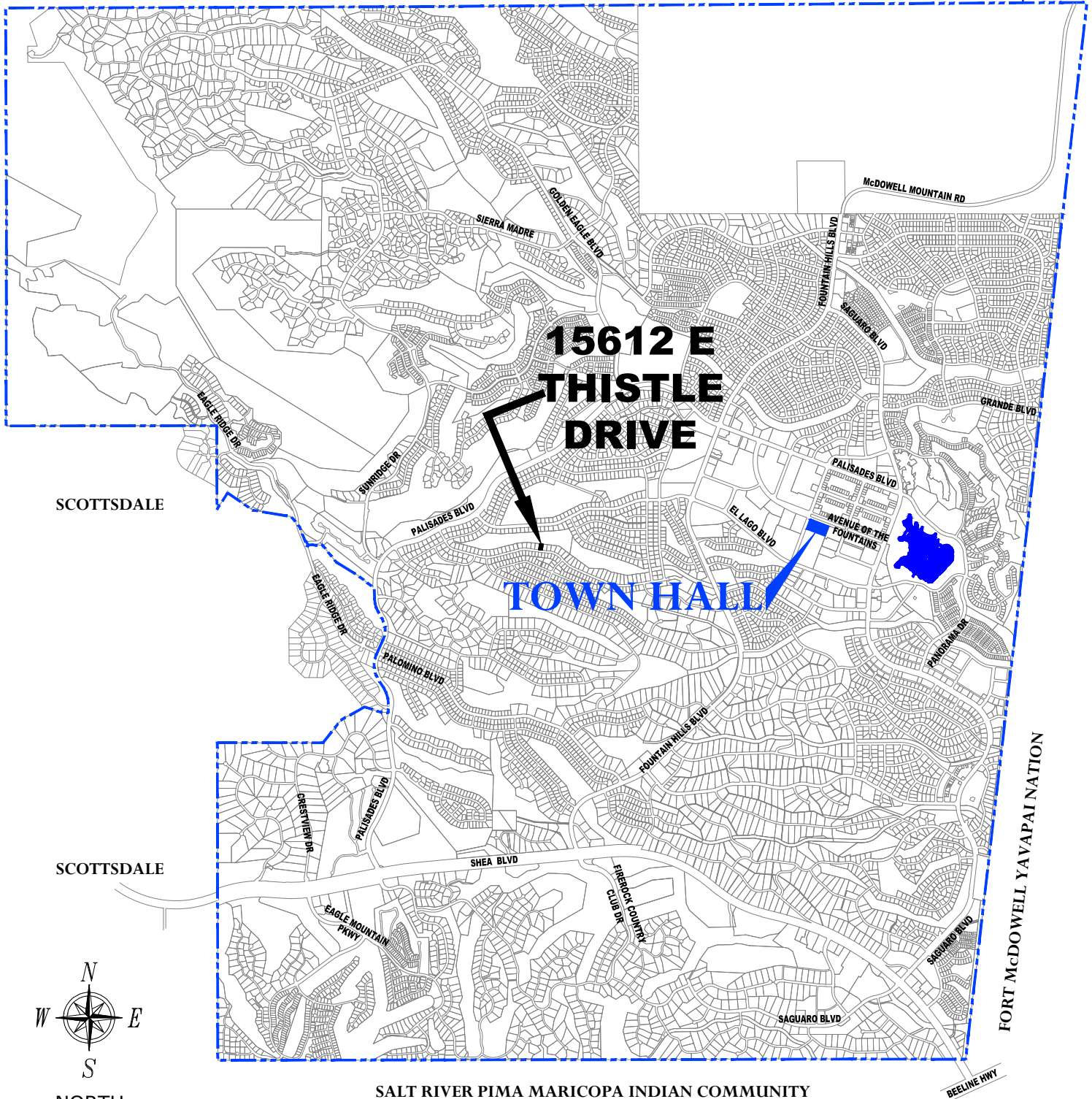
DEVELOPMENT SERVICES DEPARTMENT

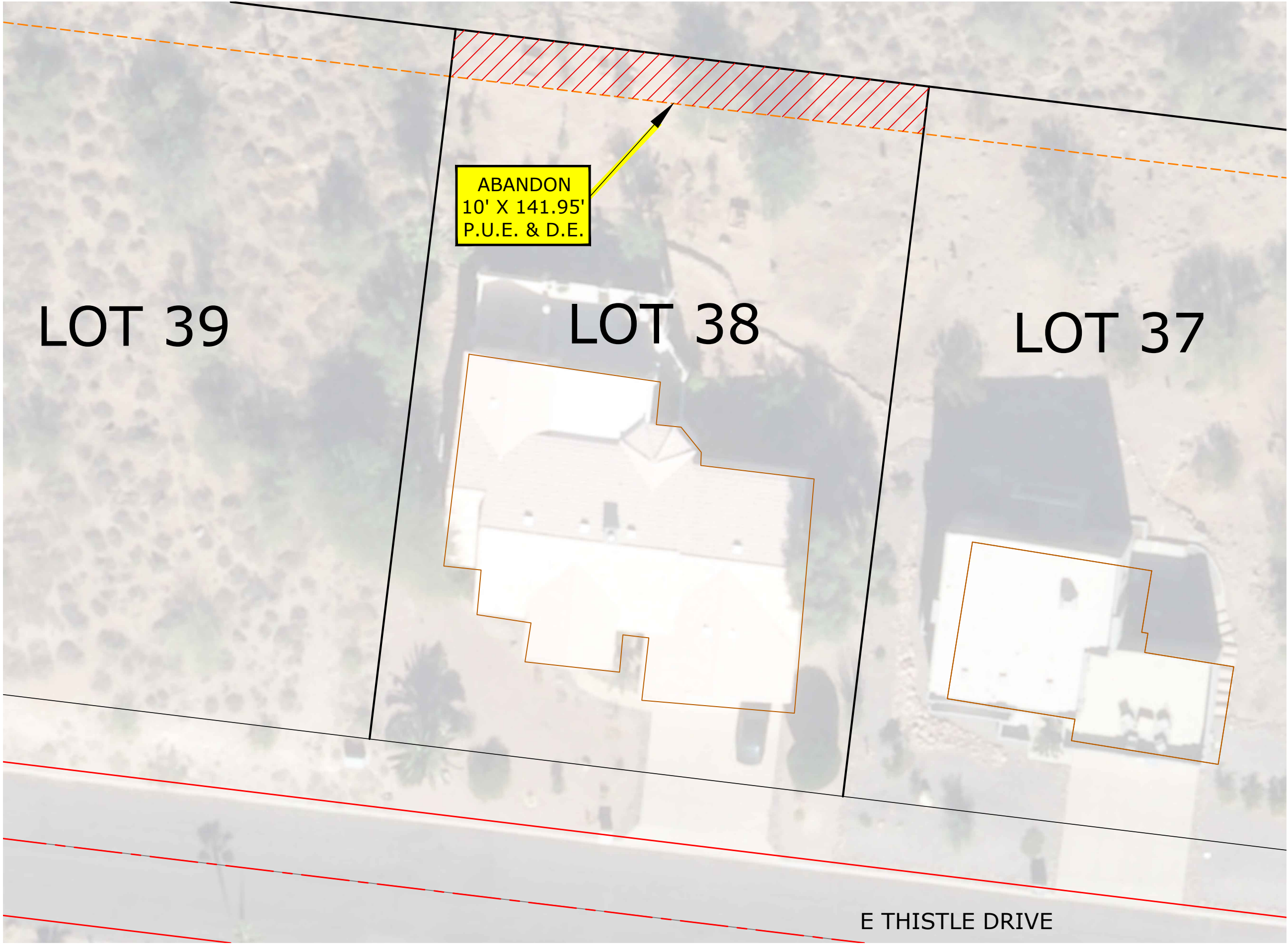
VICINITY MAP

A25-000015

McDOWELL MOUNTAIN PARK

TOWN BOUNDARY





DEVELOPMENT SERVICES

2025 AERIAL SITE PLAN

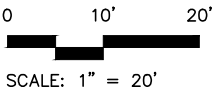
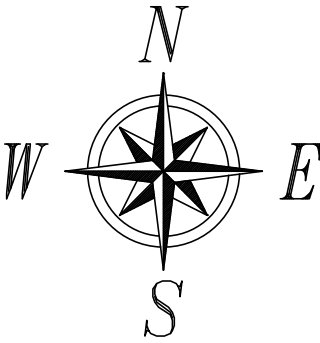
PLAT 602-D, Block 2, Lot 38
ADDRESS: 15612 E THISTLE DRIVE

ZONING: R1-10

LOT AREA: 15,011 SF
LIVABLE ROOF AREA: 2,522 SF

(AREAS ARE APPROXIMATE)

- LOTLINE —————
- CENTERLINE - - - - -
- EASEMENT - - - - -
- ABAND. EASEMENT // // // //



SCALE: 1" = 20'

RESOLUTION 2025-45

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF FOUNTAIN HILLS, ARIZONA, ABANDONING WHATEVER RIGHT, TITLE, OR INTEREST IT HAS IN THE PRE-INCORPORATION 10' PUBLIC UTILITY AND DRAINAGE EASEMENT ALONG THE NOTHERN PROPERTY LINE OF PLAT 602-D, BLOCK 2, LOT 38 (15612 E THISTLE DRIVE) FOUNTAIN HILLS, ARIZONA, AS RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF MARICOPA COUNTY, ARIZONA, BOOK 166 OF MAPS, PAGE 34

WHEREAS, the Mayor and Council of the Town of Fountain Hills (the "Town Council"), as the governing body of real property located in the Town of Fountain Hills (the "Town"), may require the dedication of public streets, sewer, water, drainage, and other utility easements or rights-of-way within any proposed subdivision; and

WHEREAS, the Town Council has the authority to accept or reject offers of dedication of private property by easement, deed, subdivision, plat or other lawful means; and

WHEREAS, all present utility companies have received notification of the proposed abandonment.

NOW THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE TOWN OF FOUNTAIN HILLS, as follows:

SECTION 1. That the certain public utility and drainage easement, located at the northern property line of Plat 602-D, Block 2, Lot 38 (15612 E Thistle Drive) Fountain Hills, as recorded in the Office of the County Recorder of Maricopa County, Arizona, Book 166 of Maps, Page 34, and as more particularly described in Exhibit A, attached hereto and incorporated herein by reference, are hereby declared to be abandoned by the Town. Certain lots within this subdivision are subject to lot-to-lot drainage runoff. The property owner is required to pass the developed flows generated by the upstream lots across their property.

SECTION 2. That this Resolution is one of abandonment and disclaimer by the Town solely for the purpose of removing any potential cloud on the title to said property and that the Town in no way attempts to affect the rights of any private party to oppose the abandonment or assert any right resulting there from or existing previous to any action by the Town.

**PASSED AND ADOPTED BY the Mayor and Council of the Town of Fountain Hills
December 16, 2025.**

FOR THE TOWN OF FOUNTAIN HILLS:

ATTESTED TO:

Gerry Friedel, Mayor

Bevelyn Bender, Town Clerk

REVIEWED BY:

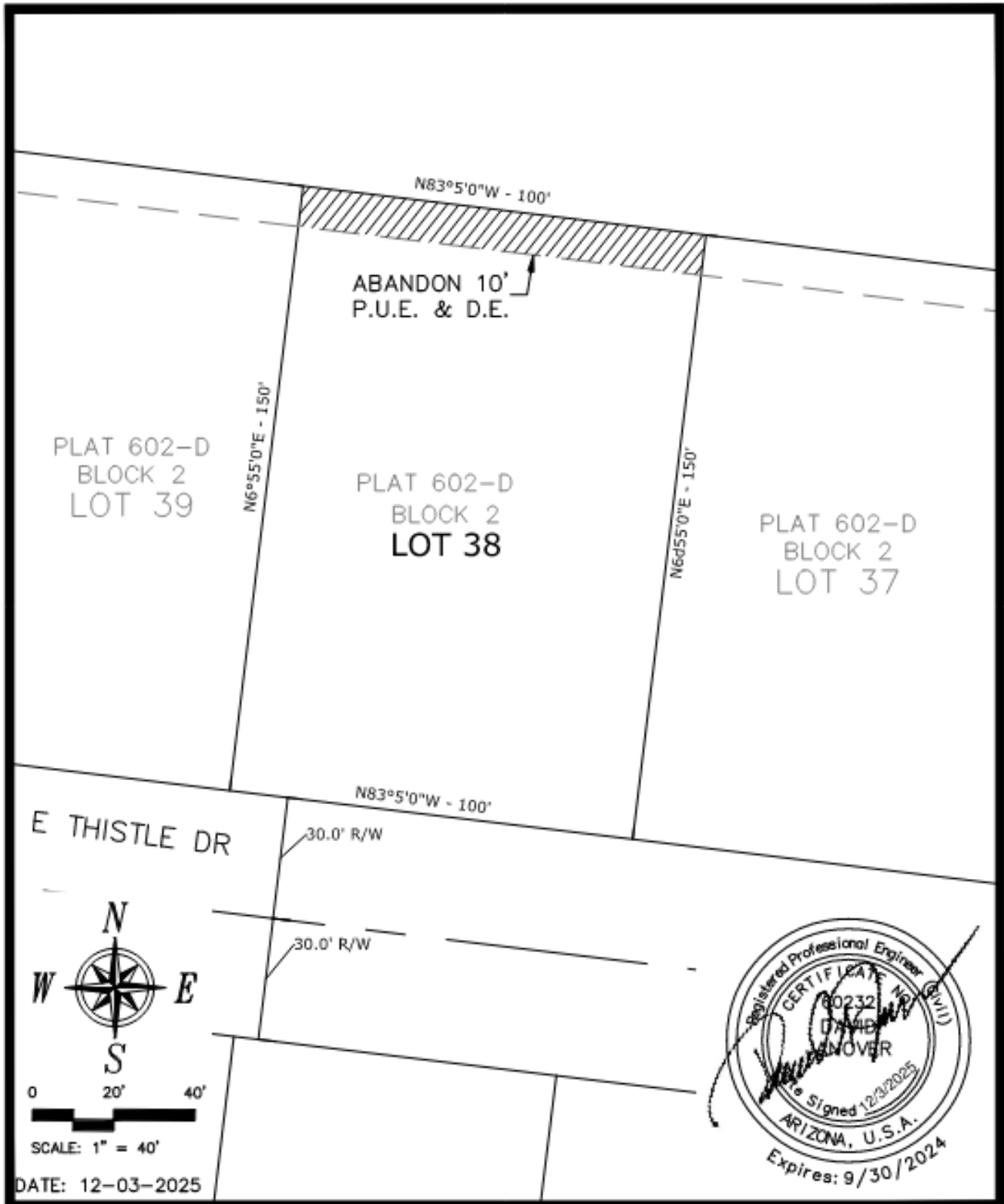
APPROVED AS TO FORM:

Rachael Goodwin, Town Manager

Jennifer Wright, Town Attorney

TOWN OF FOUNTAIN HILLS
EASEMENT ABANDONMENT
EXHIBIT "A"
A25-000015

FOUNTAIN HILLS AZ FINAL PLAT NO. 602-D BLOCK 2 LOT 38





TOWN OF FOUNTAIN HILLS

STAFF REPORT

Meeting Date: 12/16/2025
Meeting Type: Town Council Regular Meeting - **AMENDED**
Submitting Department: Community Services
Prepared by: Stormy Mazeikis, Administrative Assistant
Staff Contact Information: Phone: 480-816-5148
Email: smazeikis@fountainhillsaz.gov

Request to Town Council Regular Meeting (Agenda Language)

CONSIDERATION AND POSSIBLE ACTION: Regarding the Town Council Subcommittee's recommendation for the Town's Community Services Advisory Commission to appoint one Youth Commissioner, to serve a partial term from December 17, 2025, through June 22, 2026.

Staff Summary (background)

The Council Subcommittees for the Towns Boards, Commissions, and Committees conduct interviews to recommend new members based on term expiration, vacancies from resignations, or changes in membership eligibility status. Appointments are made twice a year in April and October.

Community Services Advisory Commission

There is currently one vacancy on the Community Services Advisory Commission due to the Youth Commissioners' term expiring at the end of June 2025.

The Town received two applications from residents interested in serving on the commission: Aurick Nath and Adam Oberg

On September 3, 2025, the Subcommittee B for the Community Services Advisory Commission conducted interviews with applicants for the vacancy on the Town's Boards, Commissions, and Committees. Based on those interviews, Subcommittee B developed recommendations for appointment to the Community Services Advisory Commission.

Related Ordinance, Policy or Guiding Principle

Chapter 2A of the Town Code
Council Rules of Procedure, Section 9.5 (G & H)

Risk Analysis

N/A

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

Recommendations to the Mayor have been made by the Council Subcommittee.

Staff Recommendation(s)

To approve the Council Subcommittee recommendations for one partial-term appointment to the Community Services Advisory Commission:

Make the following appointment of citizen to the Community Services Advisory Commission as follows:

Community Services Advisory Commission

Appoint _____ for a partial term (12/17/2025 to 06/22/2026)

Suggested Motion

I, Mayor Friedel, MOVE to approve the Town Council Subcommittees' recommendations to appoint _____ as the Community Services Advisory Commission Youth Commissioner, to serve a partial term from December 17, 2025, through June 22, 2026,

FISCAL IMPACT

Fiscal Impact: N/A

Budget Reference: N/A

Funding Source: N/A

ATTACHMENTS

None



TOWN OF FOUNTAIN HILLS

STAFF REPORT

Meeting Date: 12/16/2025
Meeting Type: Town Council Regular Meeting - **AMENDED**
Submitting Department: Development Services
Prepared by: John Wesley, Development Services Director
Staff Contact Information: Phone: 480-816-5138
Email: jwesley@fountainhillsaz.gov

Request to Town Council Regular Meeting (Agenda Language)

PUBLIC HEARING, with CONSIDERATION AND POSSIBLE ACTION: Relating to Ordinance 25-12 rezoning the area bounded by La Montana Dr., Saguaro Boulevard, and Avenue of the Fountains to adopt the Downtown Overlay District and to remove the existing Entertainment and Planned Shopping Plaza Overlay Districts to the area bounded by La Montana Drive, Palisades Boulevard, Saguaro Boulevard, and Avenue of the Fountains.

Staff Summary (background)

On September 2, 2025, the Town Council approved the new Downtown Overlay District. Following the approval of this new zoning overlay, staff began the process of rezoning the area to apply the new zoning district to the designated area. This proposed rezoning will remove the two existing overlays in the area bounded by La Montana, Palisades, Saguaro, and Avenue of the Fountains and apply the new Downtown Overlay as approved by Council to the area bounded by La Montana, Saguaro, and Avenue of the Fountains.

Staff have processed this rezoning in the same manner as any other rezoning application. The steps have included:

- Creating a Citizen Participation Plan. The Plan involved sending a letter to all property owners within the overlay area them of the rezoning process. Information was also posted on the Town's website, including a link to the new ordinance.

As a result of the Citizen Participation notice sent to all property owners, staff received an email asking questions about some specifics of the new ordinance and restricting residential use of the ground floor in the Avenue District. There were no comments or questions about the actual rezoning, removing the existing overlays and replacing them with the new overlay.

- Providing notice of the public hearing. Notices were mailed to all property owners in the area and within 300' of the area and signs were posted throughout the area on October 21, 2025. A notice has also been published in the newspaper on October 22 and 29, 2025. Each of these notices describe the action being proposed and provides the dates and times for the rezoning hearings that will be held by the Planning and

As a result of the public notice which was sent, staff have received several emails and phone calls requesting additional information. These came primarily from residents north of La Montana. Staff have responded to the calls and emails and explained the change. Most of the residents' concerns have been satisfied. Some are concerned the increased employment use opportunity might spur new buildings in the area south of La Montana and those new buildings would be built at the maximum allowed height of 40 feet and block their views. It should be understood, the 40' building height is in the base C-2 zoning district which applies today and is not changed with the overlay. One property owner within the area raised a concern about the new overlay establishing a built-to line.

The new overlay district was drafted and approved based on the goals of the new Downtown Strategic Plan to bring increased residential density, additional employment opportunities, and entertainment activities to the downtown area. The issue before the Commission at this time is not about any of the provisions contained within the new overlay district. The issue is whether or not to remove the existing overlays and replace them with the newly adopted overlay district. The new district implements the goals for the area by increasing the allowed residential density by right from 8 units per acre, adds employment options for the area north of Palisades, and facilitating active uses along the Avenue over time.

Related Ordinance, Policy or Guiding Principle

General Plan, Downtown Character Area

General Plan, Economic Development Element, Goal 1, Policies 1 and 2

Community Economic Development Strategy

Resolution 2024-28, Downtown Strategy

Risk Analysis

N/A

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

The Planning and Zoning Commission held a public hearing and received comments on this application at their regular meeting on November 10, 2025. Two citizens spoke and expressed concerns regarding potential impacts of employment development and activities on their residences north of La Montana. Commissioners reviewed other ordinance provisions on light and noise that will help mitigate any possible negative impacts.

Following the hearing and discussion, the Commission voted 5-1 to recommend approval of the rezoning.

Staff Recommendation(s)

Staff recommends adoption of Ordinance 25-12.

Suggested Motion

MOVE TO approve Ordinance 25-12.

FISCAL IMPACT

Fiscal Impact: N/A

Budget Reference: N/A

Funding Source: N/A

ATTACHMENTS

- | | |
|----|------------------------------|
| 1. | Ord 25-12 Rezoning |
| 2. | Citizen Participation Plan |
| 3. | Citizen Participation Report |

ORDINANCE NO. 25-12

AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE TOWN OF FOUNTAIN HILLS, ARIZONA, AMENDING THE OFFICIAL ZONING DISTRICT MAPS OF THE TOWN OF FOUNTAIN HILLS, ARIZONA, BY CHANGING THE ZONING DESIGNATION FOR 50.7 ACRES OF A 72.3-ACRE PROPERTY SOUTH OF PALISADES TO REMOVE THE ENTERTAINMENT AND PLANNED SHOPPING PLAZA OVERLAY DISTRICTS AND REZONING THE ENTIRE AREA BOUNDED BY LA MONTANA DRIVE, SAGUARO BOULEVARD, AND AVENUE OF THE FOUNTAINS TO ADOPT THE DOWNTOWN OVERLAY DISTRICT, KEEPING THE UNDERLYING BASE ZONES AS THEY EXIST

ENACTMENTS

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE TOWN OF FOUNTAIN HILLS as follows:

SECTION 1. The approximately 50.7 acres depicted on Exhibit A, attached hereto and incorporated herein by reference, is rezoned to remove the Entertainment and Planned Shopping Plaza Overlay Districts.

SECTION 2. The approximately 72.3 acres depicted on Exhibit B, attached hereto and incorporated herein by reference, is rezoned to add the Downtown Overlay District to the existing base zoning districts.

SECTION 3. If any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance.

SECTION 4. The Mayor, the Town Manager, the Town Clerk and the Town Attorney are hereby authorized and directed to execute all documents and take all steps necessary to carry out the purpose and intent of this Ordinance.

PASSED AND ADOPTED by the Mayor and Council of the Town of Fountain Hills, Arizona, this 16th day of December, 2025.

FOR THE TOWN OF FOUNTAIN HILLS: ATTESTED TO:

Gerry Friedel, Mayor

Bevelyn Bender, Town Clerk

REVIEWED BY:

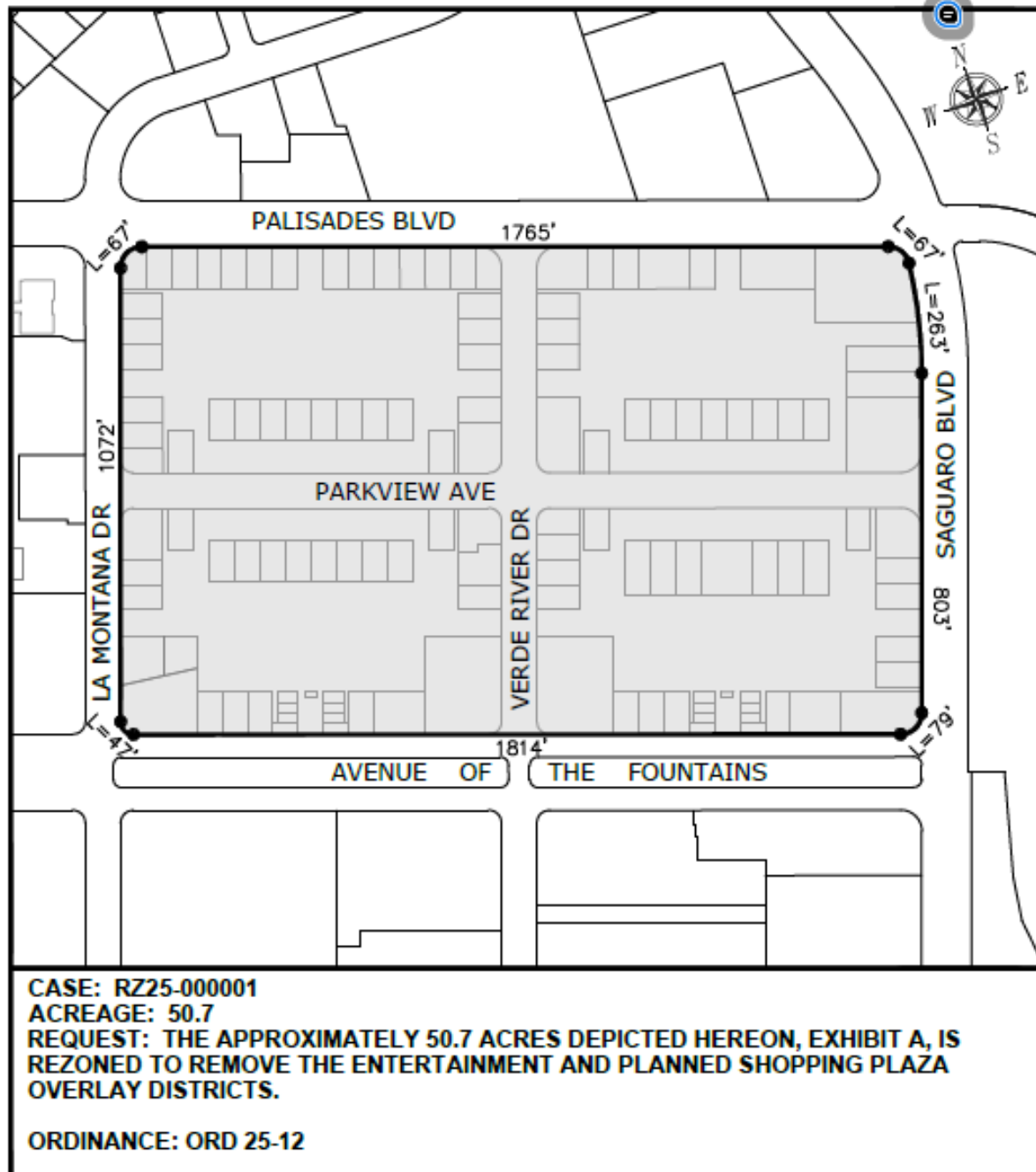
APPROVED AS TO FORM:

Rachael Goodwin, Town Manager

Jennifer J. Wright, Town Attorney



EXHIBIT A
OFFICIAL SUPPLEMENTARY ZONING MAP
AMENDING THE TOWN OF FOUNTAIN HILLS ZONING MAP



Please be advised that the attached zoning changes were approved by the Fountain Hills Town Council on December 16th, 2025 by Ordinance # 25-12. If you have any questions concerning these changes, contact the Town of Fountain Hills Development Services Department at 480-816-5122.

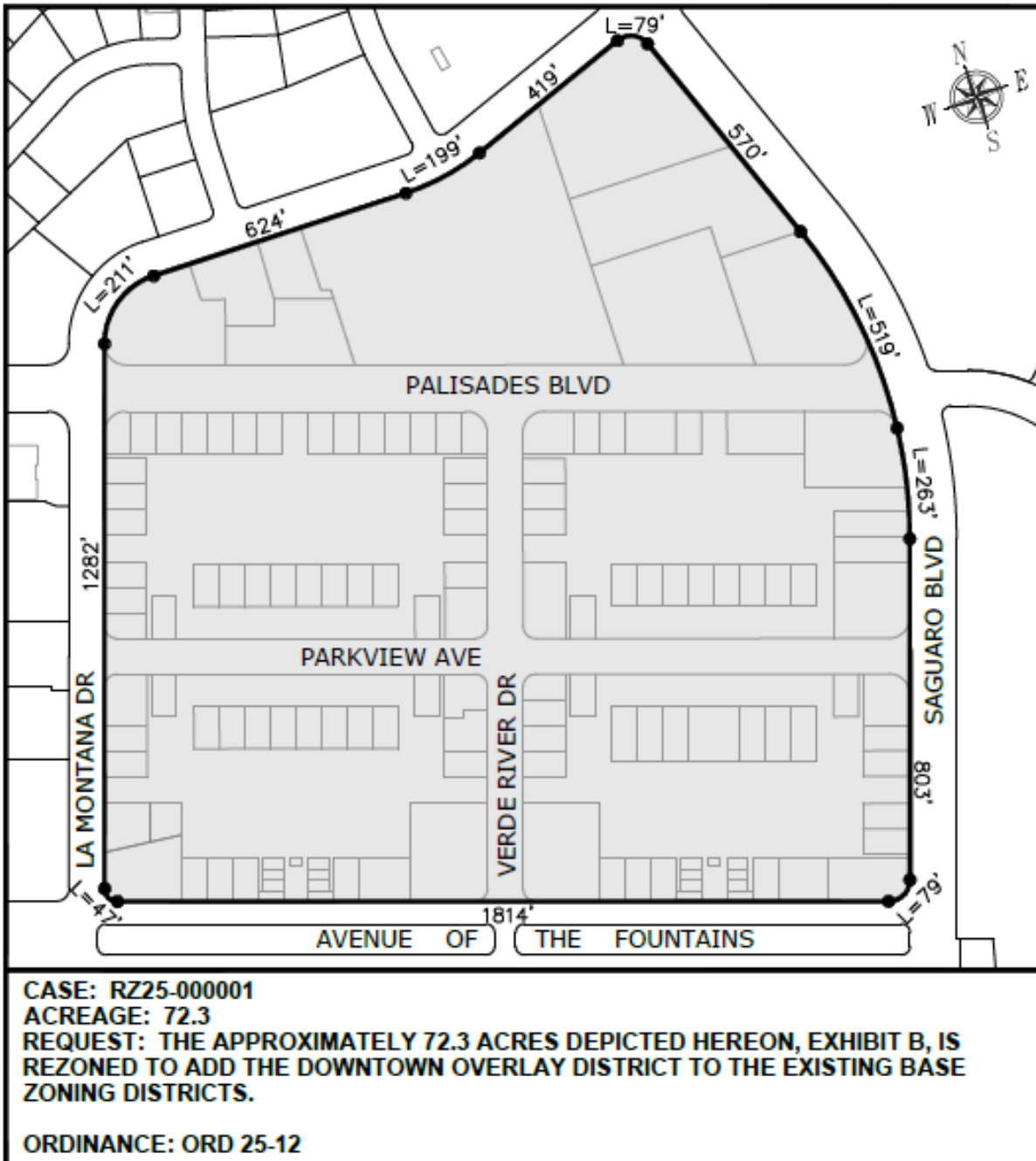
MAYOR

ATTEST: _____
TOWN CLERK

DATE: _____



EXHIBIT B
OFFICIAL SUPPLEMENTARY ZONING MAP
AMENDING THE TOWN OF FOUNTAIN HILLS ZONING MAP



Please be advised that the attached zoning changes were approved by the Fountain Hills Town Council on December 16th, 2025 by Ordinance # 25-12. If you have any questions concerning these changes, contact the Town of Fountain Hills Development Services Department at 480-816-5122.

MAYOR

ATTEST: _____
TOWN CLERK

DATE: _____

Citizen Participation Plan

Rezoning downtown to apply the Downtown Overlay Ordinance

Purpose: The purpose of this Citizen Participation Plan is to inform citizens, property owners, business owners, and property owner associations of the rezoning application to apply the newly created Downtown Overlay to the defined downtown area. The rezoning will remove the existing two overlay districts from the Plat 208 area. This plan has been prepared to define the process which will be used to inform the impacted property owners and businesses of the intended rezoning and provide them with a means to provide input to the proposed zoning change.

Applicant:

Town of Fountain Hills

Location:

The area bounded by Avenue of the Fountains, La Montana, and Saguaro.

Action Plan: In order to provide effective citizen participation in conjunction with this rezoning process, the following actions will be taken:

1. A contact list of property owners, business owners, and property owner associations within the area and property owners within 300' of the boundary of the rezoning area will be created.
2. All persons on the contact list will be sent a letter describing the proposed rezoning and provided a link to the new Downtown Overlay District. The letter will describe the process for Planning and Zoning Commission and Town Council consideration and adoption of the new overlay district. The letter will also inform the recipients of the options to provide feedback on the proposed rezoning.
3. The Town's website will be updated with a page describing the rezoning and the new overlay and provide interested individuals with information on how to provide feedback on the proposal.

Schedule:

Letters mailed: NLT 9/18

Public hearings: Planning and Zoning Commission November 10; Town Council December 16

Citizen Participation Report

Notification

As required by the Plan, the letters were mailed to the property owners on September 19. The letter provided property owners with information about the rezoning request and the staff email address and phone number to ask questions or provide comments.

Results

One property owner emailed with a comment about the zoning. The comments were about a couple of the details of the ordinance, the restriction on services uses along the Avenue the on ground floor residential uses. There was no comment specifically on the removal of the existing overlay to be replaced with the new overlay.

No other comments were received.



TOWN OF FOUNTAIN HILLS

STAFF REPORT

Meeting Date: 12/16/2025
Meeting Type: Town Council Regular Meeting - **AMENDED**
Submitting Department: Development Services
Prepared by: John Wesley, Development Services Director
Staff Contact Information: Phone: 480-816-5138
Email: jwesley@fountainhillsaz.gov

Request to Town Council Regular Meeting (Agenda Language)

PUBLIC HEARING, with CONSIDERATION AND POSSIBLE ACTION: Relating to a request for approval of a Special Use Permit for property at 13212 N. Saguaro Blvd. (southwest corner of Saguaro and Palisades Blvds.) to reduce the required number of parking spaces by up to nine spaces.

Staff Summary (background)

The Request

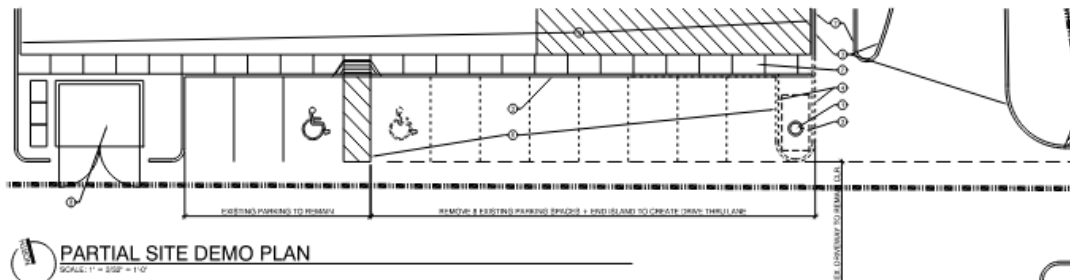
The property owner at 13212 N. Saguaro Blvd (southwest corner of Saguaro and Palisades Blvds.) is requesting approval of a Special Use Permit (SUP) to allow a reduction in the total number of parking spaces required for the existing building. This SUP request is allowed by Zoning Ordinance Section 26.06 A, which allows up to a 50% reduction of required parking for properties within the Planned Shopping Plaza Overlay District.

Section 7.06 of the Zoning Ordinance establishes the minimum parking requirements for developments. For lots such as this with a group commercial building that can have a variety of uses in it over time, the parking requirement is one space for each 275 gross square feet of floor area. This building requires 41 parking spaces. There are 41 spaces currently provided on the lot.

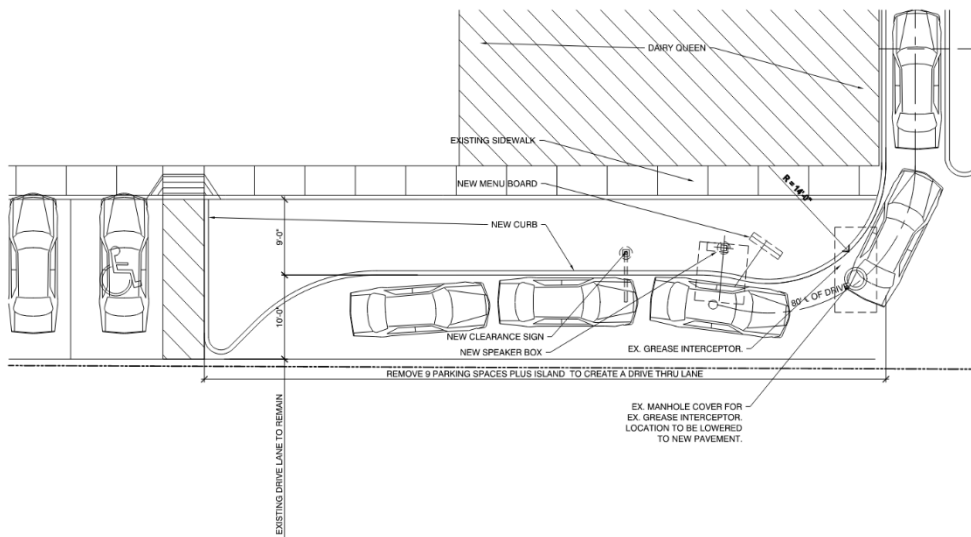
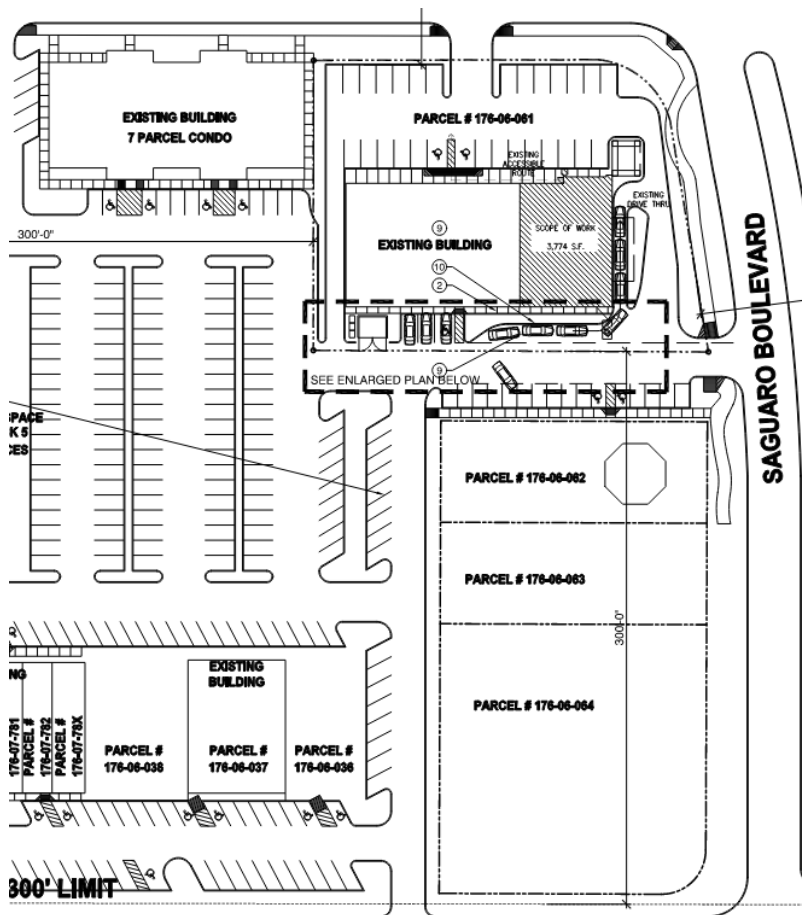
A suite in the building is being remodeled to a quick-serve restaurant (Dairy Queen). The standard for Dairy Queen is to have room for a minimum of five vehicles between the pick-up window and the order board. There is also a need for vehicles to stack behind the order board in a way that does not block traffic. To provide the needed drive-up lane, parking spaces and a landscape island need to be removed from the south side of the building.



Existing parking spaces and landscape island to be removed:



Site plan for the proposed drive-up lane:



General and Area Plans

Fountain Hills General Plan 2020

Character Areas

GOAL 1: Encourage future development, redevelopment and infill in a manner that will

maintain and protect existing neighborhoods, the Town's economic health, community well-being, and natural environment.

GOAL 2: Development, redevelopment and infill support Fountain Hill's small-town identity and the distinct character of each area while fostering long-term viability.

GOAL 4: Allow the Town Center to achieve its full potential.

2. Attract and retain small and medium-sized businesses to mixed-use projects in the Town Center to promote day and evening activities.

Zoning Ordinance

This lot and the surrounding area is zoned C-2 and developed with a variety of commercial uses. The Zoning Ordinance, Chapter 12, defines the intention of the C-2 zoning district as follows:

"C-2. Intermediate Commercial Zoning District: The principal purpose of this Zoning District is to provide for the sale of commodities and the performance of services and other activities in locations for which the market area extends beyond the immediate residential neighborhoods. Principal uses permitted in this Zoning District include furniture stores, hotels and motels, restaurants, and some commercial recreation and cultural facilities such as movies and instruction in art and music. This Zoning District is designed for application at major street intersections"

Section 26.06 A of the Zoning Ordinance allows for consideration of reducing the required parking in the Planning Shopping Plaza Overlay zoning district through a Special Use Permit. This section of the ordinance allows for a reduction of up to 50% of the required parking.

Section 2.02 of the zoning ordinance establishes the process and criteria for consideration of a SUP. Section 2.02 F. 1. d. of the zoning ordinance states:

- d. In order to recommend approval of any use permit, the findings of the Commission must be that the establishment, maintenance, or operation of the use or building applied for will not be detrimental to the public health, safety, peace, comfort, and general welfare of persons residing or working in the neighborhood of such proposed use, nor shall it be detrimental or injurious to property and improvements in the neighborhood or to the general welfare of the Town.

Analysis

This area has been zoned, platted and developed for a variety of commercial and business uses. Plat 208 was developed with a large common parking field to serve the needs of most of the lots within the Plat. The exception was five larger corner lots that are to provide all of their own parking. This lot is one of the lots required to provide its own parking. The use being proposed for the site will require elimination of up to nine existing parking spaces.

Based on the requirements stated above, the consideration for approval of this SUP is based on the Commission determining the following conditions have been met.

- Will approval of the SUP to reduce the on-site required parking be detrimental to the public health, safety, peace, or comfort of the neighborhood?

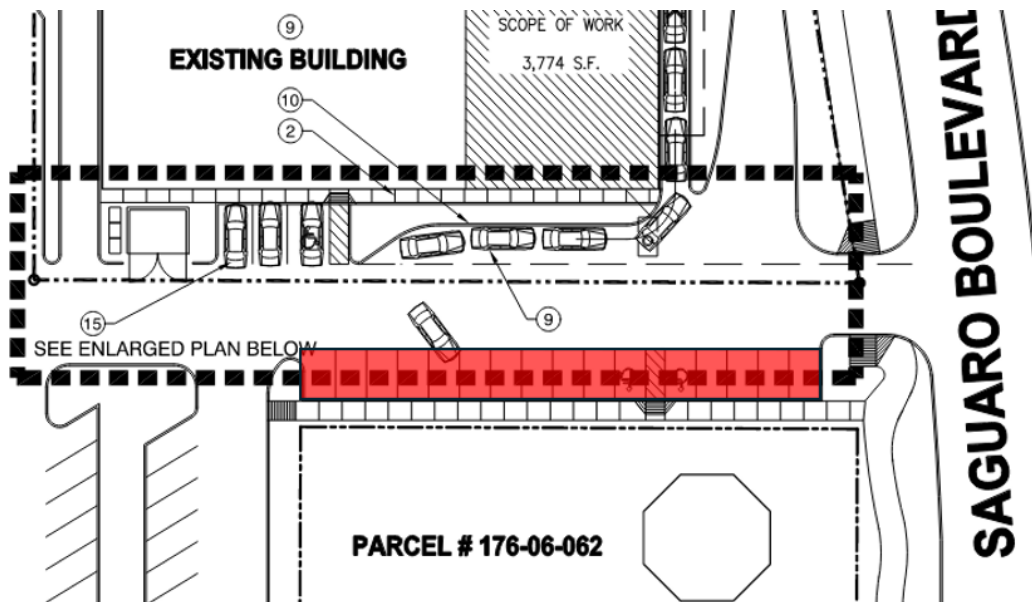
In practice today, the other uses of this building do not generate much parking demand. The parking lot typically has ample spaces available to serve the new restaurant use. The applicant has provided information stating they calculated a parking demand for the

restaurant at 16 spaces.

The eastern end of the block (area bounded by Verde River, Palisades, Saguaro, and Parkview) contains 216 common-use parking spaces. The calculated parking requirement for this area at build out will need is 142 parking spaces. Based on this calculation, there is an excess of 74 spaces. If there is a high concentration of restaurants or medical offices in this area, the number of excess spaces would be reduced.

- Will approval of the SUP be detrimental or injurious to the current commercial improvements within this Plat?

Staff has been in discussions with owners of the two lots along Saguaro south of this property. They are considering restaurant uses of these properties. The owner of the lot immediately south of the access drive has concerns that reduced parking on this lot will impact the parking available for her lot (the area in red below). Given access challenges from this area to the businesses, customers are unlikely to park here, but employees might.



A related concern comes from the proposed re-use of the parking area as a drive-thru lane. The site plan provided shows a maximum of 7 cars stacked from the pick-up window to the end of the drive-up lane. There are only two spaces behind the vehicle stopped at the menu board. Under the ordinances today, there is no specific requirement for the number of stacking spaces required. Chapter 19 of the zoning ordinance recommends 11 spaces. Staff has researched the stacking requirement in other jurisdictions and find that most require six or seven spaces behind the pick up window.

Staff has some concern the stacking behind the menu board will impede circulation in the driveway from Saguaro leading into the parking lot. The owner of the lot to the south has also expressed some concerns that stacking in this drive-thru lane could impact costumers coming and going from her business. The applicant has supplied

information from their corporate perspective that states they are comfortable this amount of stacking will work for this building and will not cause a conflict. There is also a commitment from the applicant that if a problem arises they will put out cones to direct the traffic.

- Will the approval of this SUP be detrimental or injurious to the general welfare of the Town?

Staff has not identified any impacts of approval of this SUP on the general welfare of the Town.

ADDITIONAL ITEMS

The documents submitted with the application show a menu board 40 square feet in size. The maximum allowed by code is 20 square feet. Further, there is an approved comprehensive sign plan for this property that also limits the size of a menu board to 20 square feet. The size of the menu board is not part of this request. However, because this information was included in the packet of materials for this SUP, staff does not want the applicant to believe approval of the SUP also approves the menu board.

There is an existing grease interceptor for the sanitary sewer in the landscape island at the corner of the building. In order to construct the new drive-thru lane, they will remove the landscape island and lower the manhole for the grease interceptor. Fountain Hills Sanitary District has expressed concerns with this solution and wants to see the grease interceptor moved. Again, this is not directly an issue at this point but will be if the SUP is approved, and they move forward with the drive-thru lane.

Citizen Participation

Copies of the applicant's citizen participation plan and report are attached. Two virtual meetings were held, one on October 15 and one on October 22. Two neighbors attended the meeting on the 15th; no one attended the meeting on the 22nd.

Concerns raised at the meeting on the 15th included:

- Concern about stacking traffic from the drive-thru blocking the main drive to the south of the property.
- Common parking parcel, the POA concerned about dedicating parking to this tenant.

Applicant responses to these concerns included:

- The applicant noted that they would address any parking that blocked the main drive immediately. The applicant said they would use cones or other necessary measures to immediately address traffic. The neighbor was comfortable with this proposal.
- The applicant had several calls with HOA and Town staff to address parking. The HOA submitted a letter to staff on October 22, 2025, supporting our proposal and use of parking.

Related Ordinance, Policy or Guiding Principle

Zoning Ordinance Section 2.02, Special Use Permits
Zoning Ordinance Section 7.06, Schedule of Off-street Parking Spaces
Zoning Ordinance Chapter 26, Planned Shopping Plaza Overlay

Risk Analysis

N/A

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

The Planning and Zoning Commission held a public hearing and discussed this request at their regular meeting on November 10, 2025. There were no members of the public who spoke on this item.

The Commissioners raised some questions about access to the property, possible impacts on the general traffic circulation through the area, and options for changing the circulation pattern. In response to questions, the applicant explained their plan for signage to the drive-thru lane will direct customers to enter from the main parking lot entrance on Palisades to the west of this lot or from Parkview. Following discussion, the Commission voted 5-1 to recommend approval with the conditions stated in the staff report.

Staff Recommendation(s)

There is clearly excess parking in the area today. The property owner projects there are plenty of spaces on the lot to contain all the parking necessary for the proposed use. Staff has some concern that the stacking of vehicles for the order board will interfere with or block traffic using the adjacent driveway and seeks comments from the Commissioners regarding these possible impacts on the area.

If the Planning and Zoning Commission is satisfied the issue with the stacking of vehicles for the future drive-thru lane can be handled, Staff recommends approval of the SUP to allow a reduction of up to nine parking spaces on this lot, leaving a requirement for a minimum of 32 spaces on this lot.

Conditions that could be placed on the approval to address concerns include:

- Resolving the issue of the location of the grease interceptor with the Fountain Hills Sanitary District prior to submission of a building permit application.
- Requiring all employees of businesses in this building to park either on site or in the parking area to the southwest, not in the parking spaces directly to the south.

Suggested Motion

MOVE TO approve SUP25-000002 to allow a reduction of up to 9 parking spaces subject to relocating the grease interceptor as shown in the revised site plan and ensuring employees of the businesses on this lot do not park in the spaces on the south side of the access drive adjacent to 13050 N. Saguaro Boulevard.

FISCAL IMPACT

Fiscal Impact: N/A

Budget Reference: N/A

Funding Source: N/A

ATTACHMENTS

1. Case Details Map

2. 009-narrative-9-3-2025
3. site plans (1)
4. SUP-PROPOSED SITE PLAN (11-5-25) - moved grease interceptor
5. Dairy Queen ENLARGED SITE PLAN w 14' Turning Rad (10-29-25)
6. Citizen Participation Plan Response Report-10-23-25
7. 011-GOOD NEIGHBOR STATEMENT

Special Use Permit Vicinity Map



Case Details

CASE:

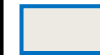
SUP25-000002

SITE / ADDRESS:

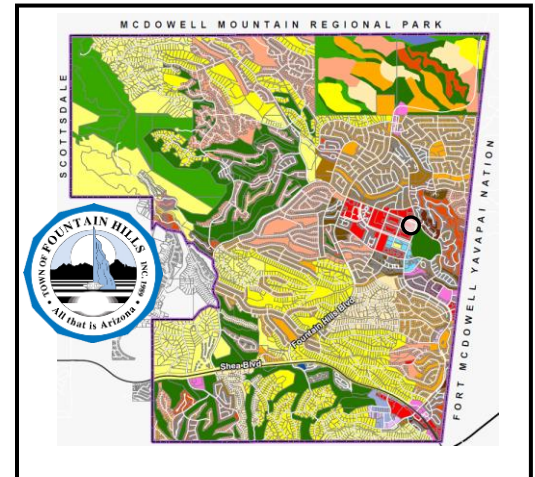
13212 N. Saguaro

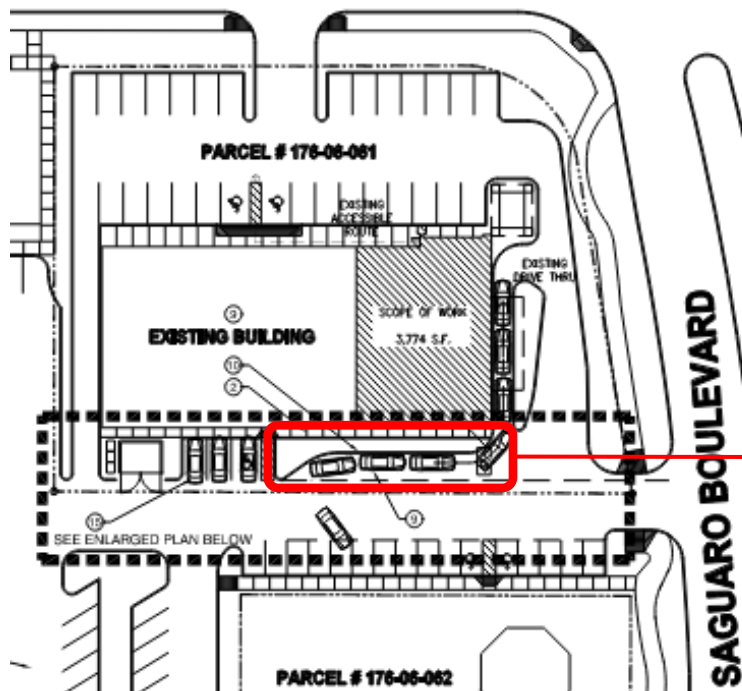
REQUEST:

Reduce the required parking on the lot by up to nine (9) parking spaces



Site Location





PLAN NOTES

1. EXISTING BURIED GREASE INTERCEPTOR TO REMAIN IN PLACE. MANHOLE LID TO BE LOWERED AS REQUIRED TO BE FLUSH WITH NEW DRIVE LANE.
2. EXISTING SIDEWALK TO REMAIN IN PLACE.
3. EXISTING CURB TO REMAIN IN PLACE.
4. REMOVE EXISTING CURB AT ISLAND.
5. REMOVE 8 PARKING SPACES TO CREATE DRIVE THRU LANE.
6. EXISTING BUILDING.
7. EXISTING DRIVE THRU LANE.
8. EXISTING TRASH ENCLOSURE TO REMAIN.
9. PROPOSED NEW DRIVE THRU LANE. SEE ENLARGED PLAN ON SHEET A-2. SEE DEMO PLAN BELOW ON THIS SHEET.
10. PROPOSED NEW CONCRETE CURB TO DEFINE NEW DRIVE THRU LANE.
11. EXISTING COMMON PARKING AREA TO TO USED FOR THE 8 SPACES WE ARE DELETING TO CREATE THE DRIVE THRU LANE.
12. NEW DAIRY QUEEN HEIGHT CLEARANCE BAR. SEE CUT SHEET.
13. NEW DAIRY QUEEN SPEAKER PYLON AND CANOPY. SEE CUT SHEET.
14. NEW DAIRY QUEEN MENU BOARD. SEE CUT SHEET.
15. EXISTING PARKING TO REMAIN.

Location where
parking spaces will be
removed

September 3, 2025

Town of Fountain Hills
Development Services
16705 East Avenue of the Fountains
Fountain Hills, Az. 85268

RE: Special Use Permit
Dairy Queen
13212 North Saguaro Blvd.
Fountain Hills, Arizona

NARRATIVE

Location

The property address is 13212 North Saguaro Blvd. and the site area is approximately 41,004 SF (0.9413 acres). This property is Parcel # 176-06-061 and it is located on southwest corner of North Saguaro Blvd. & East Palisades Blvd.

This property is zoned C-2 and is currently occupied by a single, one-story retail building with three (3) tenants. Our client is Dairy Queen and they will be occupying approximately 3,774 SF at the east end of the building. The total area of the building is approximately 11,260 SF. Parking Required for this building is $11,260 \text{ SF} / 275 = 41 \text{ Spaces}$.

Parking Provided on-site for this building is 41 Spaces.

This parcel is located on the northeast corner of a development of parcels that surround a large lot used for common parking. This common parking lot has 287 shared parking spaces.

Proposal Development

Back in the early 2000's there was a Dairy Queen in this building at this location. There is an existing drive-through lane at the east end of this building. Over the past 18-20 years this space has been used as a fitness center, a bank and an office space. Our client is looking to put a new Dairy Queen Restaurant in this location. They plan to use the existing drive thru window on the east side of the building. Due to current Dairy queen corporate requirements, they need to provide a 5-car stacking Distance (approximately 80') from the order speaker to the pick-up window. They also need to provide a 2-car stack behind the order speaker.

We are proposing to eliminate 8 parking spaces along the south side of our building to create a drive thru lane that provides the drive-thru lane for required stacking, that is clear of the required 2-way drive lane. We will provide a new concrete curb to create and define this drive-thru lane. We will also add a clear height monument to call out drive thru clearance, a speaker monument with a canopy and a menu board. See attached plans and cut sheets of Dairy Queen standard elements.

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2716 north 16th street phoenix arizona 85006 602.571.5711 jack@leonardarchitects.com

We are proposing to replace these 8 spaces we are losing with 8 spaces from the Common Parking Area. The property owner has agreed to this new drive thru lane and the use of the common parking.

We are not aware of any conditions or restrictions that would prevent this proposed development.

Existing Property Access

- There is existing road access to the property from the north off of East Palisades Blvd. This road does not have a median and there is access from both directions.
- There is a drive along the west end of the property that connects the front parking with the parking in the rear.
- Along the east side of the property there is an existing drive-thru lane with a canopy and a by-pass lane.
- To the south of the property, there is a driveway that provides access to the parking on the south side of the building as well as access to the large common parking lot. Saguaro Boulevard at this point has a median, so you only have access to enter the property when traveling south on Saguaro Blvd. When leaving the property, you may only exit to the south as well.
- Access to the large common parking lot has access off on N. Verde River Drive to the west, East Palisades Blvd. to the north, and East Parkview Ave. to the south.

SUMMARY

We believe our proposal to relocate 8 parking spaces and create a drive thru lane will not have a negative impact on the property and it will allow a restaurant with a drive thru to be located on this site. The town and the property owner both agree that a restaurant will be a good addition to this area and serve a need. The property owner is in support of this proposal. The size of the standard Dairy Queen Menu Board will be sized to comply with the Town of Fountain Hills Sign Plan.

PHOTOS



Photo of rear of building looking west.



Photo of rear of building looking east. This is the island that will be removed for the drive thru lane.

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Rear of building looking to the north and the existing drive thru on the east side of the building.

Sincerely,

A handwritten signature in black ink, appearing to read "Jack Leonard".

Jack Leonard AIA, NCARB, LEED AP

Exhibits: Sheet A1 Context Plan and Demo

Sheet A2 Proposed site plan and Enlarged Plan of Proposed Drive Thru Lane

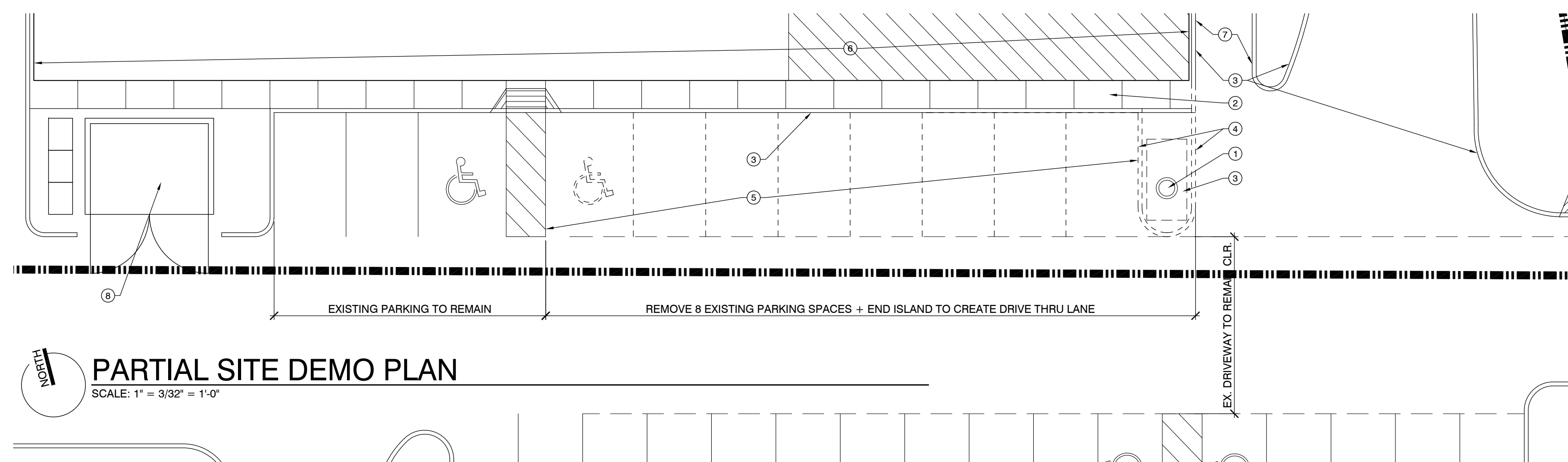
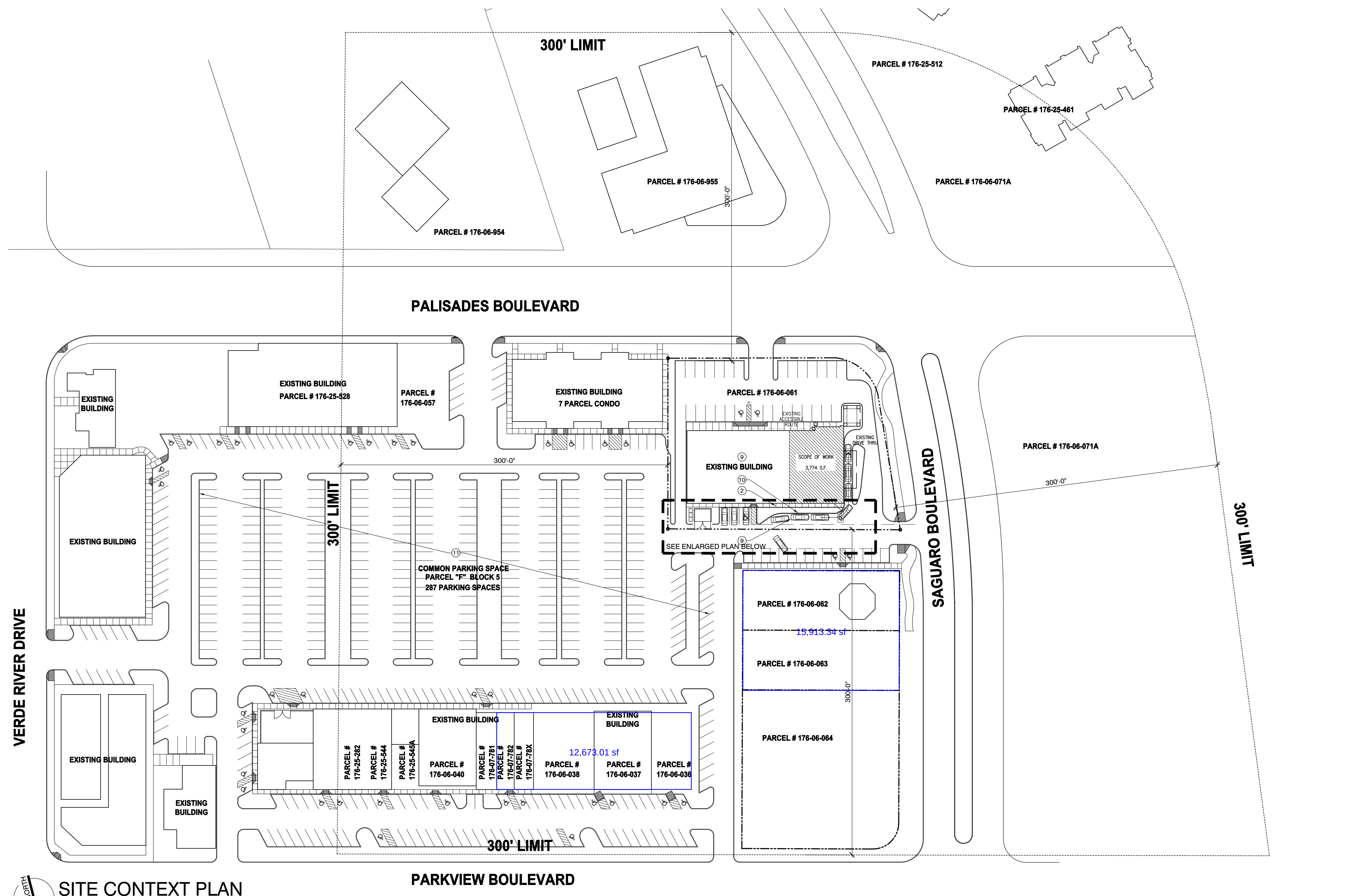
Dairy Queen Clearance Bar

Dairy Queen Speaker Plyon & Canopy

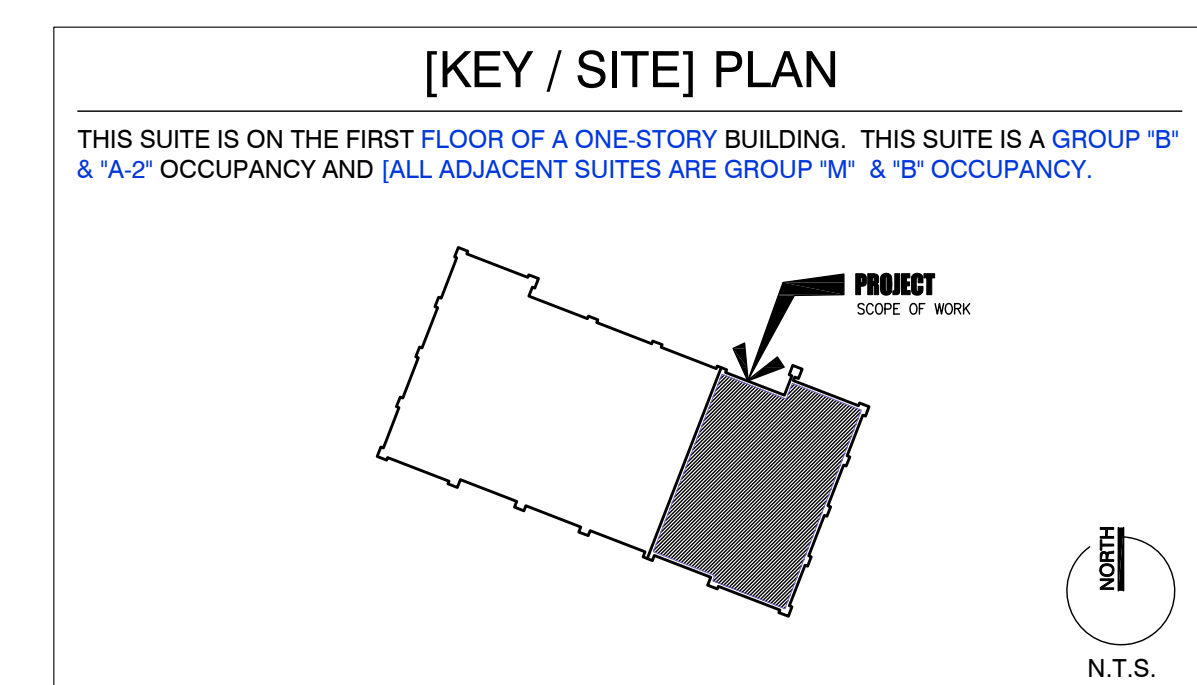
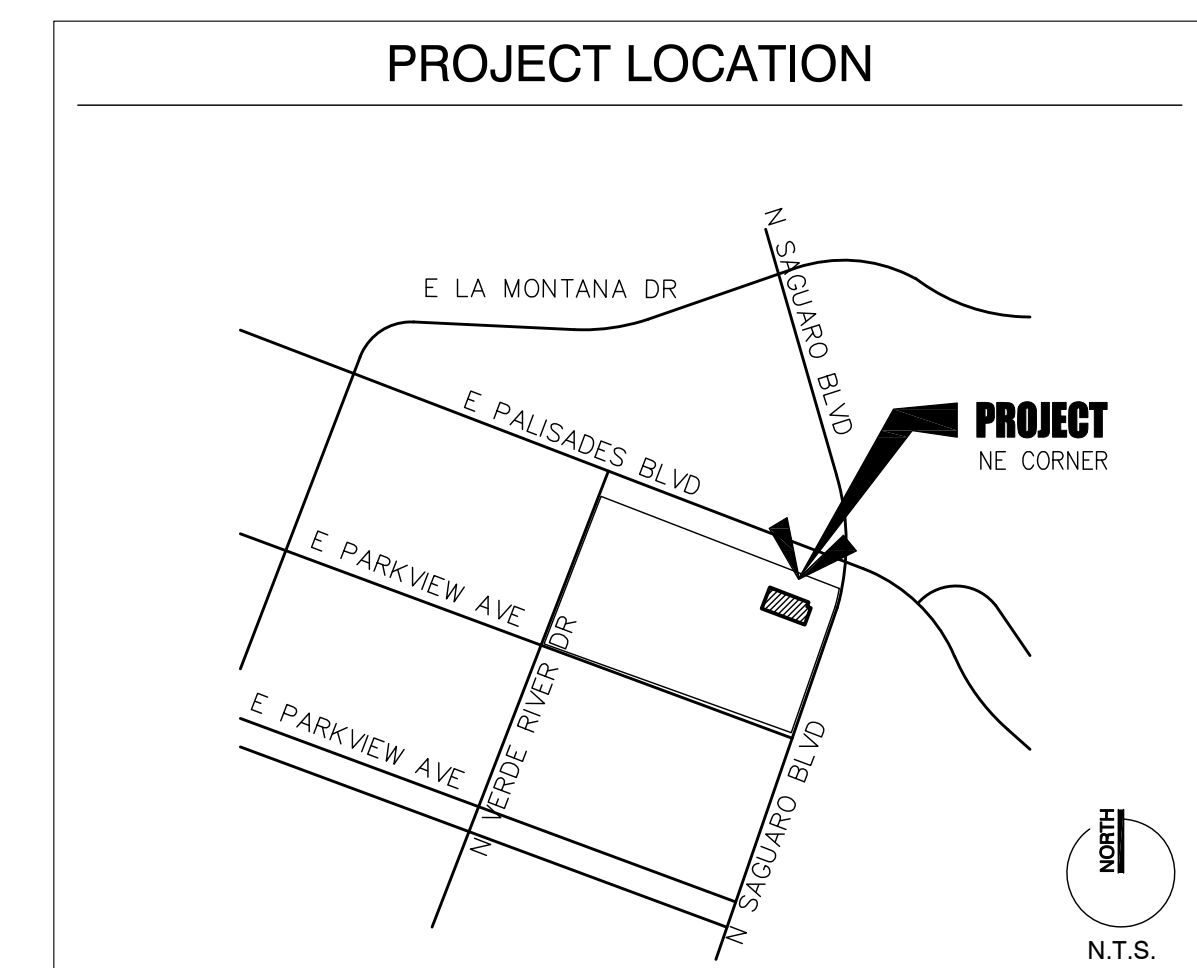
Dairy Queen Menu Board.

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PROJECT DATA		
PROJECT ADDRESS:	13212 N. SAGUARO BLVD. FOUNTAIN HILLS, ARIZONA 85284	
A.P.N.:	176-06-061	
TENANT NAME:	DAIRY QUEEN ADDRESS CITY, STATE ZIP CODE	
CONTACT:	NAME (XXX) XXX-XXXX	
PROJECT AREA:	3,774 S.F.	
BUILDING AREA:	11,260 S.F.	
OCCUPANCY:	A-2 / B (GENERAL OFFICE) NO OCCUPANCY SEPARATION REQUIRED	
OCCUPANT LOAD:	3,774 S.F. / [100] [150] = XX (XX EXITS REQUIRED)	
CONSTRUCTION TYPE:	5B WITH AUTOMATIC SPRINKLERS	
PROPERTY ZONING:	C-2	
FIRE SPRINKLERS:	YES (SEPARATE PERMIT)	
FIRE ALARMS:	YES (SEPARATE PERMIT)	
BUILDING CODES:	ALL CONSTRUCTION SHALL COMPLY WITH THE FOLLOWING CODES AND AMENDMENTS PER THEIR ADOPTING ORDINANCES: XXXXXX	
BLDG. PARKING REQUIRED:	11,260 S.F. / 275	= 41 SPACES
PARKING PROVIDED:	41 EXISTING. WE ARE PROPOSING TO ELIMINATE 8 SPACES ON THIS PARCEL AND USE 8 SPACES FROM THE COMMON PARKING AREA THAT IS SHARED PARKING.	
DESCRIPTION OF WORK:	COMMERCIAL TENANT IMPROVEMENT INTERIOR REMODEL PROJECT. WORK INCLUDES: MINOR DEMOLITION, NEW INTERIOR PARTITIONS, MECHANICAL, PLUMBING AND ELECTRICAL AND FIRE PROTECTION. NO STRUCTURAL OR EXTERIOR MODIFICATIONS. NO MEDICAL GAS IN SCOPE OF WORK. FIRE PROTECTION UNDER SEPARATE PERMIT.	



KEYNOTES

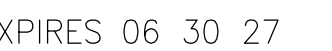
1. EXISTING BURIED GREASE INTERCEPTOR TO REMAIN IN PLACE. MANHOLE LID TO BE LOWERED AS REQUIRED TO BE FLUSH WITH NEW DRIVE LANE.
2. EXISTING SIDEWALK TO REMAIN IN PLACE.
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9. PROPOSED NEW DRIVE THRU LANE. SEE ENLARGED PLAN ON SHEET A-2. SEE DEMO PLAN BELOW ON THIS SHEET.
10. PROPOSED NEW CONCRETE CURB TO DEFINE NEW DRIVE THRU LANE.
11. EXISTING COMMON PARKING AREA TO TO USED FOR THE 8 SPACES WE ARE DELETING TO CREATE THE DRIVE THRU LANE.

APPROVALS



[illegible]

leonardarchitects
2716 North 16th Street
Phoenix, Arizona 85006
phone 602.571.5711
jack@leonardarchitects.com



SPECIAL USE PERMIT APPLICATION

DAIRY QUEEN

13212 N. SAGUARO BLVD., SUITE XXX
FOUNTAIN HILLS, ARIZONA 85284

OVERALL SITE PLAN OF NEW DRIVE-THRU LANE
SCALE: 1" = 40'-0"

OVERALL SITE PLAN OF NEW DRIVE-THRU LANE

SCALE: 1" = 40'-0"

PARKVIEW BOULEVARD

PARTIAL ENLARGED SITE PLAN OF NEW DRIVE-THRU LANE
SCALE: 1/8" = 1'-0"

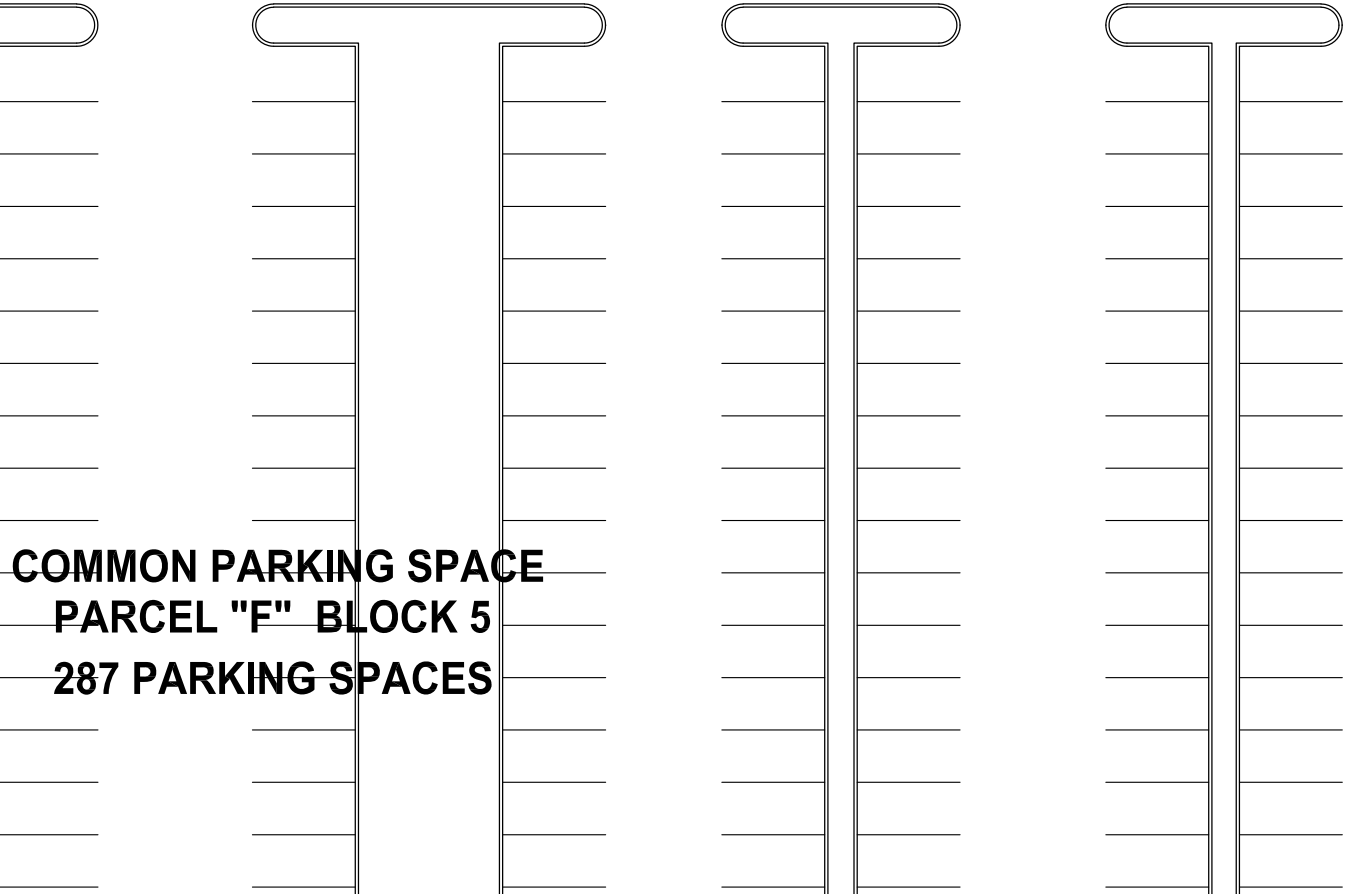
THIS DRAWING IS AN INSTRUMENT OF SERVICE
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9 03 2025

Drawn By
GL
Project Number
025032
Drawing Number

A2

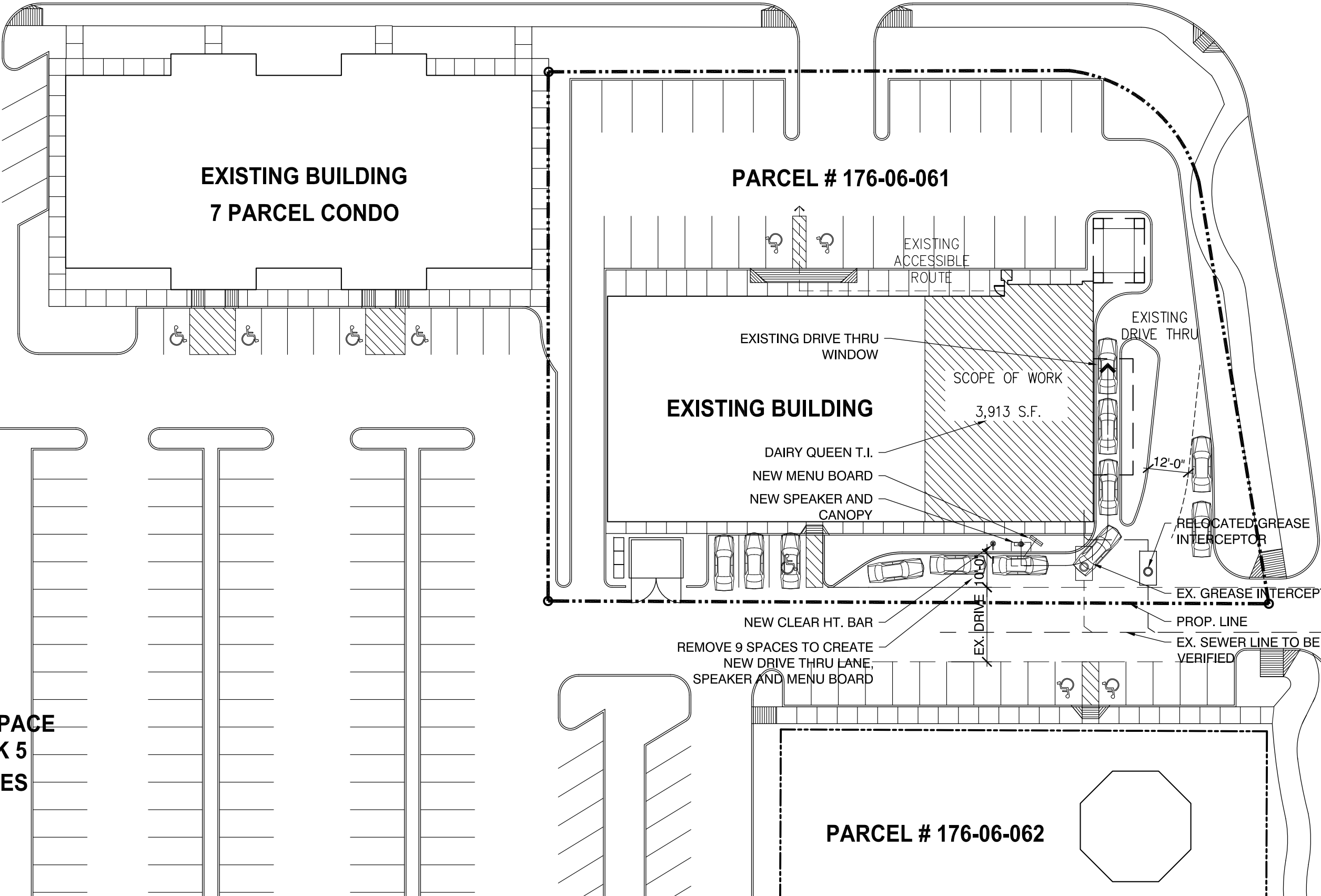
CEL #
16-057



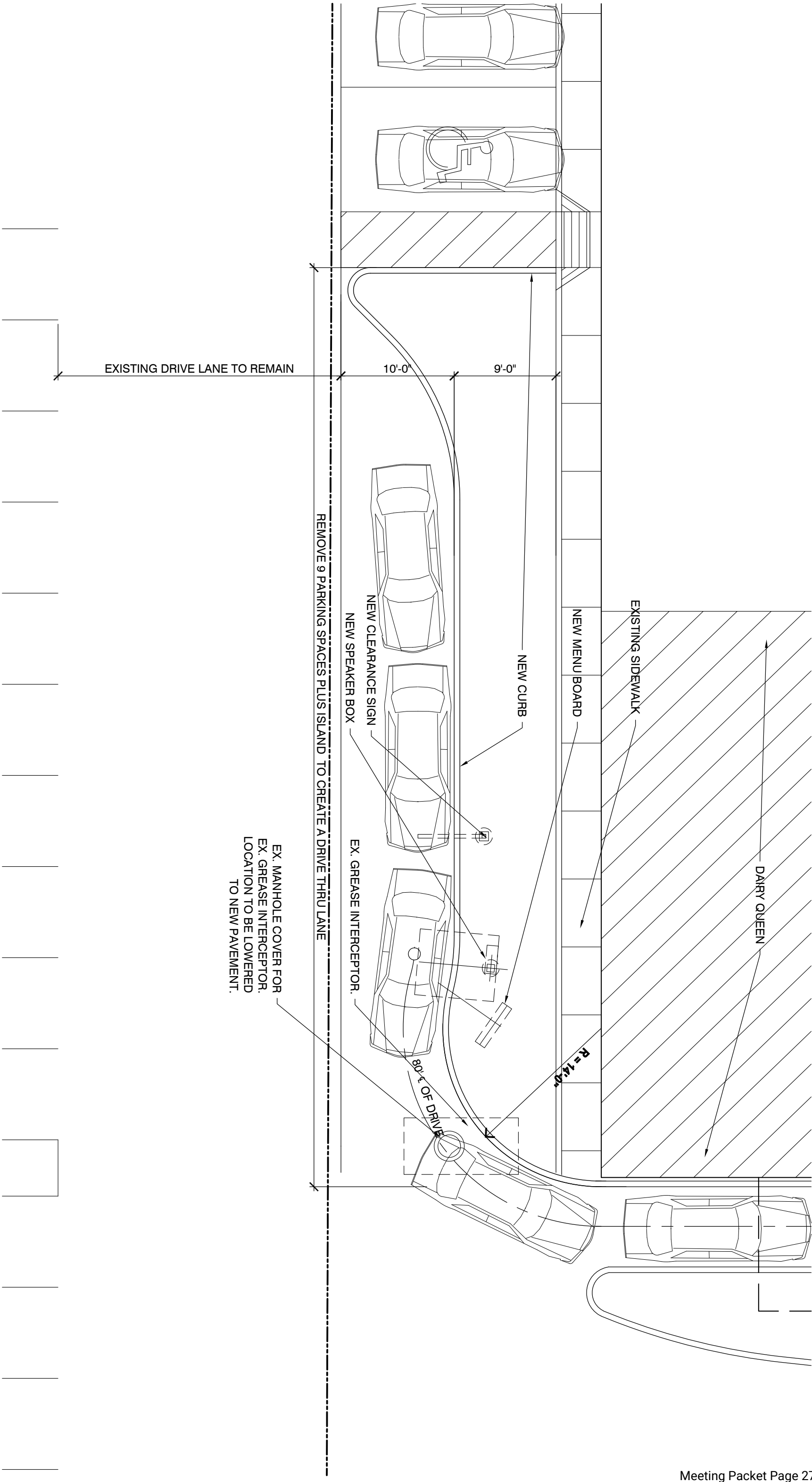
COMMON PARKING SPACE
PARCEL "F" BLOCK 5
287 PARKING SPACES

PROPOSED SITE REFERENCE PLAN

SCALE: 11" = 30'-0"
NOT FOR CONSTRUCTION



SAGUARO BOULEVARD



ENLARGED SITE PLAN

DAIRY QUEEN

Citizen Participation Plan for Dairy Queen Drive-thru Special Use Permit

Date: September 19, 2025

Purpose: The purpose of this Citizen Participation Plan is to inform citizens, property owners, and nearby neighborhood associations of the special use permit application for a new restaurant with a drive-thru. This plan will ensure that those affected by this application will have an adequate opportunity to learn about and comment on the proposal.

Applicant:

Amit Verma, Dairy Queen
(480) 277-2358
email: dqds16@yahoo.com

Architect:

Jack Leonard; Leonard Architects
(602) 571-5711
Email: jack@leonardarchitects.com

Location: The property being considered for this SUP is located at the southwest corner of North Saguaro Blvd. & East Palisades Blvd. (see attached location map.) The property address is 13212 North Saguaro Blvd.

Action Plan: In order to provide effective citizen participation in conjunction with this application, the following actions will be taken to provide opportunities to understand and address any real or perceived impacts of the development that members of the community may have.

1. A contact list has been developed for citizens and HOA's within 300' of the project location.
2. All persons listed on the contact list will receive a letter describing the project, project schedule, site plan and invitation to a series of two neighborhood meetings to be held virtually. The letter will also include access information for anyone wanting to attend the meetings virtually. We mailed out letters to all neighbors and HOA's within the 300' limit. These were mailed out on September 28, 2025 and October 9, 2025.
 - The first meeting will be an introduction to the project, and opportunity to ask questions and state concerns. A sign-in list will be used and comment forms provided. Copies of the sign-in list and any comments will be submitted with the Citizen Participation Report.
 - The second meeting will be held one week later, if necessary, and will include responses to questions and concerns of the first meeting. A sign-in list and comment cards will be provided to the Town with the Citizen Participation Report.
3. Presentations will be made to groups of citizens or neighborhood associations upon request. Copies of the sign-in list and any comments will be submitted with the Citizen Participation Report.
4. An email will be sent to the case planner following each of the scheduled meetings, and at any other time there is significant input, to inform the staff of the progress of implementing the Plan.

Schedule:

Submit Application:
Mail letters to neighbors, etc.:

September 19, 2025
October 1, 2025

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First neighborhood virtual meeting:
Second neighborhood meeting (if necessary):
Provide Report of meetings to Town:
Planning & Zoning Commission:
Town Council Meeting:

October 15, 2025, 5-6 P.M.
October 22, 2025, 4-5 P.M.
October 31, 2025
November 10, 2025
December 16, 2025

Join Zoom Meeting on October 15, 2025, 5-6 P.M.

<https://us02web.zoom.us/j/85246664255?pwd=8X3acR0aXt0rmPAzrqxTD6yedHsdXM.1>

Meeting ID: 852 4666 4255

Passcode: 485446

One tap mobile

+16699006833,,85246664255# US (San Jose)

+16694449171,,85246664255# US

Join Zoom Meeting on October 22, 2025, 4-5 P.M.

Topic: DQ Fountain Hill Touch base

Time: Oct 22, 2025 04:00 PM Pacific Time (US and Canada)

Join Zoom Meeting

<https://us02web.zoom.us/j/81450494734?pwd=oV489CxdauytG2S30Yll9bzVCyBLKl.1>

Meeting ID: 814 5049 4734

Passcode: 830315

One tap mobile

+16694449171,,81450494734# US

+16699006833,,81450494734# US (San Jose)

leonardARCHITECTS

2716 north 16th street phoenix arizona 85006 602.571.5711 jack@leonardarchitects.com

Citizen Participation Report for Dairy Queen's Drive-thru Special Use Permit

Case #: **XXXX**

Date of Report: **10 23 2025**

Overview:

Purpose: This Special Use Permit is to install a new drive thru lane on the south side of the building at 13212 North Saguaro Road for Dairy Queen. There is an existing drive thru window on the east side of the building. This proposal is extending the drive thru lane along the south face of the building and will require re-location of **9** parking spaces. See attached plans.

This plan will ensure that those affected by this application will have an adequate opportunity to learn about and comment on the proposal.

Applicant:

Amit Verma, Dairy Queen
(480) 277-2358
email: dgds16@yahoo.com

Neighborhood Meetings: The following are dates and locations of all meetings where citizens were invited to discuss the applicant's proposal [comments, sign in lists and other feedback are attached];

1. October 15, 2025} – Virtual, 5 P.M. to 6 P.M. – **2 neighbors in attendance virtually plus applicant and architect.**
2. October 22, 2025 – Virtual, 4 P.M. to 4:15 P.M. – **0 neighbors in attendance virtually plus applicant and architect.**

Correspondence and Telephone Calls: We had multiple phone calls and emails with Zack Brooks (Plat 208) to discuss shared parking. On October 22, 2025 he provided an email to John Wesley (Town of Fountain Hills) supporting our project.

1. All persons listed on the contact list & 2 HOA's received a letter describing the project, project schedule, site plan and invitation to a series of two neighborhood meetings to be held virtually. The letter will also include access information for anyone wanting to attend the meetings virtually. We mailed out letters to all neighbors and HOA's within the 300' limit. These were mailed out on September 28, 2025 and October 9, 2025.

Results:

There are **2** persons on the contact list that attended our first meeting on October 15. These neighbors attended virtually as well as the applicant and the architect. We held a second virtual meeting on October 22, 2025 and there were no neighbor attendees.

October 15, 2025 Attendees were:

- Zack Brooks – Plat 208 HOA; zack@zbrooks.com
- Lori Shaffer - Owner of Octogen Property; shafferlori1967@gmail.com
- Amit Verma - Applicant: dkds16@yahoo.com
- Jack Leonard – Architect; jack@leonardarchitects.com

leonardARCHITECTS

2716 north 16th street phoenix arizona 85006 602.571.5711 jack@leonardarchitects.com

1. Summary of concerns, issues and problems:
 - Concern about stacking traffic from the drive thru blocking the main drive to the south of the property.
 - Common parking parcel HOA concerned about dedicating parking to this tenant.
2. How concerns issues and problems were addressed:
 - The Applicant noted that they would address any parking that blocked the main drive immediately. The applicant said they would use cones or other necessary measures to immediately address traffic. Neighbor was comfortable with this proposal.
 - Applicant had several calls with HOA and Town staff to address parking. The HOA submitted a letter to staff on October 22, 2025 supporting our proposal and use of parking.
3. Concerns, issues and problems not addressed and why:
 - All concerns were addressed to the satisfaction of the neighbors.

October 22, 2025 Attendees were:

- Amit Verma - Applicant: dkds16@yahoo.com
 - Jack Leonard – Architect; jack@leonardarchitects.com
 - No neighbors in attendance.
4. Summary of concerns, issues and problems:
 - No comments
 5. How concerns issues and problems were addressed:
 - No comments
 6. Concerns, issues and problems not addressed and why:
 - No comments.

GOOD NEIGHBOR STATEMENT

CITY OF FOUNTAIN HILLS SPECIAL USE PERMIT

PROPERTY OWNER:	Jason Kalich 13439 N. Stone View Trail Fountain Hills, Az. 85268
TENANT:	Dairy Queen Amit Verma, Dairy Queen (480) 277-2358 email: dqds16@yahoo.com
	The Tenant commits to place emergency contact information on the property in a location that is visible to the public.



TOWN OF FOUNTAIN HILLS

STAFF REPORT

Meeting Date: 12/16/2025
Meeting Type: Town Council Regular Meeting - **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)

DISCUSSION AND POSSIBLE DIRECTION: Relating to Creating a Placemaking Strategy for murals on exterior buildings.

Staff Summary (background)

In 2023, Council unanimously approved the 2023–2026 Community Economic Development Strategy (CEDS), and in 2024 unanimously approved an updated Downtown Strategy. Both documents reference placemaking and murals as key tools for activating business attraction and the downtown area, specifically:

- **CEDS – Focus Area 1: Business Attraction**, Implementation Strategy: *“Create a placemaking strategy to enhance the vibrancy of Downtown.”*
- **Downtown Strategy – Focus Area 4: Public Spaces/Placemaking**, Implementation Strategy: *“Partner with the Southern Arizona Arts and Cultural Alliance (now Art State Arizona) to administer murals in strategic locations identified by the Town.”*

Additionally, in the FY 2023–2024 budget, Council approved **\$25,000 in the Downtown Fund** for mural installations on utility boxes.

Over the last several years, multiple business owners have expressed interest in murals and have approached the Town with various proposals, including:

- Donating a wall for a Town-installed mural
- Donating a wall and splitting mural installation costs 50/50
- Fully funding a private mural installation (100% paid by the business)

However, the Town does not currently have an official policy or program to evaluate or respond to these requests.

The purpose of tonight’s agenda item is to seek Council direction for staff to begin developing a Placemaking Strategy for murals on exterior buildings, which will be brought back to Council at a future meeting for formal consideration and approval and will also

include any necessary updates to the Town Code if applicable.

Related Ordinance, Policy or Guiding Principle

2023 - 2026 Community Economic Development Strategy, specifically Focus Area 1: Business Attraction, Implementation Strategy "Create a placemaking strategy to enhance the vibrancy of Downtown."

2025 Downtown Strategy, specifically Focus Area 4: Public Spaces/Placemaking, Implementation Strategy "Partner with Southern Arizona Arts and Cultural Alliance (now Art State Arizona) to administer murals in strategic locations identified by the Town."

Risk Analysis

N/A

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

N/A

Staff Recommendation(s)

Staff recommends Council support to proceed with creating a Placemaking Strategy for murals on exterior buildings.

Suggested Motion

No Motion. This item is for discussion and possible direction only.

FISCAL IMPACT

Fiscal Impact: N/A

Budget Reference: N/A

Funding Source: N/A

ATTACHMENTS

1.	Placemaking 12.16
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Placemaking Strategy/ Murals on Exterior Buildings



Downtown Murals on Utility Boxes



Downtown Murals on Utility Boxes





Mural at Fountain Park



Mural Inside Mindful Barbell



Mural Inside Snowbird Ice Cream



Requests from Businesses

- Donating a wall for a Town-installed mural
- Donating a wall and splitting mural installation costs 50/50
- Fully funding a private mural installation (100% paid by the business)

Staff Recommendation

- Create a placemaking strategy
- Develop guidelines/staff approval
- Consider formal annual “Call to Artist” process
- Consider impacts to Town Code

Questions?



**FOUNTAIN
HILLS**





TOWN OF FOUNTAIN HILLS

STAFF REPORT

Meeting Date: 12/16/2025
Meeting Type: Town Council Regular Meeting - **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)

CONSIDERATION AND POSSIBLE ACTION: Authorizing a budget transfer from the General Fund Contingency to the Downtown Strategy Fund and General Fund, Community Services Department in fiscal year 2026, and to proceed with additional spending next fiscal year 2027 for America 250.

Staff Summary (background)

On July 4, 2026, our nation will commemorate and celebrate the 250 anniversary of the signing of the Declaration of Independence. The journey towards this historic milestone is an opportunity to reflect on our nation's past and honor the contributions of all Americans. Cities and Towns across the United States are coming together to celebrate.

To join in this celebration, staff respectfully requests a budget authority transfer of \$60,000 from the General Fund Contingency in FY2026 and permission to proceed with \$40,000 of additional spending next fiscal year 2027 that will be incorporated into the budget process for the following purposes:

FY2026

- Banners along the Avenue (\$15,000 of budget authority/permission would be transferred from the General Fund Contingency to the Downtown Fund which has sufficient fund balance; the budget authority would provide permission to staff to spend Downtown Fund balance on this purpose in FY2026)
- Up to \$45,000 of General Fund Contingency budget authority /permission would also be transferred into the Recreation Division (General Fund, Community Services Department) for:
 - T-Shirts to commemorate America 250 and Fountain Hills' 4th of July
 - Promotional and branded materials to distribute at Fountain Hills events from January - July 2026
 - Expanded event programming - 1776 Movie Night

The additional budget authority would provide permission for staff to spend General Fund balance on these purposes in FY2026.

FY2027

- Bringing in a nationally recognized performer for the Town's 4th of July event — this would require an additional \$40,000 of budget authority in the Community Services Department, Recreation Division in the General Fund. The additional budget would be incorporated into the FY2027 General Fund budget process.

The Community Services Department and History and Cultural Advisory Commission are also working on the following:

- Student Essay
- Incorporating the 250th into Concerts on the Avenue

If approved by Council, \$60,000 of budget authority (permission for staff to spend existing sufficient fund balance) will be transferred from the General Fund Contingency to the Downtown Fund (\$15,000) and General Fund, Recreation Division (Up to \$45,000). The additional \$40,000 of budget authority for a nationally recognized performer would increase the General Fund, Community Services budget in FY2027.

Related Ordinance, Policy or Guiding Principle

N/A

Risk Analysis

If not approved, Fountain Hills participation in the National 250th recognition will be limited.

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

N/A

Staff Recommendation(s)

Staff recommends approval.

Suggested Motion

MOVE TO APPROVE a budget transfer from the General Fund Contingency to the Downtown Strategy Fund and General Fund, Recreation Division, and to proceed with additional spending in FY2027 for a nationally recognized performer for America 250

FISCAL IMPACT

Fiscal Impact: The fiscal impact is \$60,000 from the General Fund Contingency to the Downtown Fund and General Fund (Recreation Division in Community Services Department) in FY2026 and additional planned spending of \$40,000 in the General Fund, Community Services Department in FY2027.

Budget Reference: FY2026 - \$60,000 - (\$15,000 in Downtown Fund; Up to \$45,000 in General Fund)

FY2027 - \$40,000 - General Fund

Funding Source: Downtown Strategy Fund (budget transfer into) and General Fund/Recreation (budget transfer into and additional planned spending).

ATTACHMENTS

None



TOWN OF FOUNTAIN HILLS

STAFF REPORT

Meeting Date: 12/16/2025
Meeting Type: Town Council Regular Meeting - **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)

CONSIDERATION AND POSSIBLE ACTION: Regarding proceeding with Pavement Management Options for Richwood Avenue and Approving Necessary Budget Transfers

Staff Summary (background)

On September 5, 2025, staff presented the proposed FY26 pavement management program and the streets identified through the BOSS pavement selection software. As part of that presentation, staff also reviewed the limited section of Fountain Hills Boulevard north of Saguaro Boulevard that had been auto selected for pavement treatment. During the discussion, staff noted that this segment represents only a small portion of the larger Fountain Hills Boulevard corridor, and that the remainder of the arterial—from Palisades Boulevard to McDowell Mountain Road—maintains a higher Pavement Condition Index (PCI) rating and does not yet warrant treatment.

Based on this analysis, staff recommended that the Mayor and Council delay or defer the Fountain Hills Boulevard treatment, allowing time to develop a more comprehensive plan for the full corridor. The Town Council concurred and directed staff to redirect the unspent allocated funds to evaluate alternative pavement treatment solutions for areas where cost-effective rehabilitation options may provide significant benefit.

Specifically, the Council directed staff to pursue alternative pavement treatment methods for Richwood Avenue between Golden Eagle Boulevard and Boulder Drive.

Evaluation and Findings

Over the last two months, staff conducted on-site meetings with multiple paving contractors to evaluate pavement conditions and to review treatment options that provide a lower-cost alternative to full roadway reconstruction.

This effort also incorporated lessons learned from the Town's own pilot chip seal/cape seal projects on El Lago Boulevard and Chama Drive, both of which demonstrated significant performance improvements and extended pavement life at a fraction of the reconstruction cost. Other Valley municipalities employing similar approaches have also reported positive long-term outcomes.

Field assessments of Richwood identified several areas where chip seal and cape seal alone

would not provide sufficient structural benefit. These isolated failures require localized removal and replacement prior to applying surface treatments. Based on contractor feedback, pilot program performance results, and pavement distress observations, staff is recommending the following treatment sequence:

Recommended Richwood Avenue Treatment Approach

- 1. Localized Asphalt Removal and Replacement
 - Approximately 4,500 square feet of asphalt will be removed and replaced in sections where the pavement cannot be salvaged.
- 2. Micro Milling
 - A micro mill of ½ inch to ¾ inch will be performed across the roadway surface to remove high spots, address raveling areas, and improve bonding for subsequent treatments.
- 3. Type III Micro Seal Scratch Course
 - Apply a micro seal scratch coat to level minor surface imperfections and provide a uniform base for sealing.
- 4. Crack Sealing
 - Seal all remaining cracks to prevent water intrusion and extend pavement life.
- 5. Chip Seal with Cape Seal Overlay
 - Apply a chip seal (liquid asphalt and embedded aggregate) followed by a cape seal to provide a smooth, sealed, durable finish.
 - This treatment combination has proven successful in extending service life 7–10 years, depending on weather conditions.

Estimated Cost Summary

Component	Estimated Cost
Asphalt Removal & Replacement, Chip Seal with a Cape	\$550,000 of which sum includes a 15% owners’ allowance
Concrete Repairs (curb, gutter, panels, etc.)	\$190,000 of which sum includes a 15% owners’ allowance
Total Project Cost	\$740,000

Budget Transfer Required (from Capital Projects Fund for Palomino Blvd into the Streets Fund for Pavement Management Program)

Because the Town received bids much lower than budgeted for the Palomino Blvd Reconstruction capital project, the FY2026 final budget includes about \$1.5 million of additional budget authority (permission to spend existing fund balances) in the Capital Projects Fund (which would have been reimbursed from the Streets Fund on an ongoing basis). Therefore, because the Town's bidding process resulted in lower Palomino project costs, staff recommends leveraging the budgetary and funding savings by transferring budget authority from the Capital Projects Fund (Palomino Blvd project) into the Streets Fund to increase the amount of budget available for the Pavement Management Program (the FY2026 budget already includes \$5 million for the Pavement Management Program, and this budget transfer of about \$740,000 would increase that budgeted amount to provide additional permission for staff to complete this Richwood Ave paving work).

Related Ordinance, Policy or Guiding Principle

The Town's adopted Pavement Management Program. Best Pavement Management Practices

Risk Analysis

If no action is taken on Richwood Avenue, pavement distress will continue to worsen. As the pavement condition declines, the cost of rehabilitation increases significantly. Delaying treatment could shift the roadway from preservation-level needs to full reconstruction, which is substantially more expensive.

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

N/A

Staff Recommendation(s)

Staff recommends that the Mayor and Council approve the revised Richwood Avenue pilot pavement treatment program as outlined above. This approach is consistent with Council's September 2 direction, leverages proven treatment methods from previous pilot locations, and represents a cost-effective alternative to full reconstruction while still addressing longstanding neighborhood concerns.

Suggested Motion

MOVE TO APPROVE Proceeding with Pavement Management Options for Richwood Avenue and Necessary Budget Transfers

FISCAL IMPACT

Fiscal Impact: \$740,000

Budget Reference: FY 26 Budget for Pavement Management Program

Funding Source: Streets Fund

ATTACHMENTS

- | | |
|----|--|
| 1. | Fountain Hills Richwood Ave Budget Proposal |
| 2. | Cactus Asphalt eMail Bid Form - Town of Fountain Hills Richwood Avenue |
| 3. | 25-348 TOFH Wedge Curb R&R |



1327 W. SAN PEDRO STREET GILBERT, AZ 85233

To:	APACHE JUNCTION, CITY OF	Contact:	
Address:	575 E BASELINE AVE	Phone:	480 474-5082
	APACHE JUNCTION, AZ 85119	Fax:	
Project Name:	Fountain Hills- Richwood Ave	Bid Number:	
Project Location:		Bid Date:	

Item #	Item Description	Estimated Quantity	Unit	Unit Price	Total Price
1	AC PATCH	489.00	SY	\$65.00	\$31,785.00
2	MICROMILL 0.5 INCHES	16,910.00	LF	\$3.00	\$50,730.00
3	CRACK FILL	16,910.00	SY	\$0.45	\$7,609.50
4	TYPE III MICROSEAL	16,910.00	SY	\$5.10	\$86,241.00
5	CAPE SEAL	16,910.00	SY	\$12.00	\$202,920.00
6	ADJUST UP MANHOLES, WATER VALVES, AND MONUMENTS	35.00	EACH	\$450.00	\$15,750.00
7	TRAFFIC CONTROL & OFFICERS	1.00	LS	\$34,899.50	\$34,899.50

Bid Price Subtotal: **\$429,935.00**

Total Bid Price: **\$429,935.00**

ACCEPTED:

The above prices, specifications and conditions are satisfactory and hereby accepted.

Buyer: _____

Signature: _____

Date of Acceptance: _____

CONFIRMED:

M.R. TANNER DEVELOPMENT & CONSTRUCTION, LLC.

Authorized Signature: _____

Estimator: _____



To:	Town Of Fountain Hills	Contact:	Justin T. Weldy
Address:	16705 E. Avenue Of The Fountains	Phone:	(480) 816-5150
	Fountain Hills, AZ 85268	Fax:	(480) 837-8328
Project Name:	Town Of Fountain Hills - Richwood Avenue	Bid Number:	CA362162009
Project Location:	Richwood Avenue From Golden Eagle Through Boulder Dr., Fountain Hills, AZ	Bid Date:	11/7/2025

Item #	Item Description	Estimated Quantity	Unit	Unit Price	Total Price
106	R & R ASPHALT PATCHING: Areas To Be Patched Will Be Saw-Cut And Removed. The Base Will Be Compacted, Then ~ 3-Inches Of New MAG Spec Hot Asphalt Mix Will Be Installed.	4,500.00	SF	\$7.50	\$33,750.00
110	MICRO MILLING: The Existing Pavement Will Be Milled To ~ 1/2" Depth To Remove The Existing Slurry Layer. Asphalt Millings Will Be Hauled Off Site And Legally Disposed Of.	16,890.00	SY	\$3.33	\$56,243.70
200	CRACK SEALING: Major Cracks 1/2" And Wider Will Be Blown Out With Compressed Air And Then Sealed With Hot-Applied Polymer Sealant.	16,890.00	SY	\$0.50	\$8,445.00
703	TYPE-III MICRO-SEAL SCRATCH COURSE: Pavement Areas Will Be Cleaned With Street Sweepers, Then One Scratch Course Consisting Of Type-III Micro Slurry (MAG Spec MSE) Will Be Applied. Application Rate ~ 24-32 Pounds Per Square-Yard.	16,890.00	SY	\$5.20	\$87,828.00
325	CAPE-SEAL (CHIP & SLURRY) APPLICATION: Pavement Areas Will Be Swept With Automated Brooms, Then A Single Rubberized Chip-Seal Layer Will Be Applied. Following The Chip-Seal, A Type-II Slurry Seal Will Be Applied.	16,890.00	SY	\$12.25	\$206,902.50
900	ADJUSTMENTS (11 MH's, 14 WV's & 10 SM's): Manholes, Valves And Clean-out Will Be Adjusted To The Pavement Elevation And Set In Concrete Collars.	35.00	EACH	\$550.00	\$19,250.00
1020	TRAFFIC CONTROL & NOTIFICATION:	1.00	LS	\$21,000.00	\$21,000.00
				Total Bid Price:	\$433,419.20

Notes:

- Standard Terms and Conditions to follow.
- All work quoted above is scheduled on an "as available" basis unless otherwise stated. Cactus encourages customers to verify start dates as soon as possible and realize that schedule issues and or changes on your project may mean you will be moved back to our next available date behind other customers who have met their intended schedule. **Your project will not be formally scheduled without a binding letter of intent or a formal contract.** We apologize for any inconvenience, but we value our relationships with all customers.
- All scheduling contingent upon mutual agreement of Owner and Cactus Asphalt.
- Prices above based on completing each task in one mobilization. If an additional mobilization is required, charges may apply.
- Quoted prices are valid for 90 days unless otherwise noted, PO or letter of intent to award required to lock pricing past 90 days. Final material pricing expires 3 months from quote date with PO or LOI.
- Cactus is not responsible for notification, nor removal of vehicles and property from work areas.
- Cactus will require this proposal with exclusions be included in any contractual agreement.
- Unit prices above include all applicable State, County & City taxes for contracting.
- In the event that quantities differ from above, billing will reflect agreed upon measured quantities.

11/7/2025 11:58:03 AM

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Paving • Seal Coating • Crack Sealing • Patching • Chip Sealing • Fabric Overlay • More

Contractors Licenses: AZ – 194430 • NV – 0040581 • NM – 022995 • UT – 944049-5501

t 623-907-2800 f 623-907-2900 cactusasphalt.com 8211 W. Sherman St. Tolleson, AZ 85353



To:	Town Of Fountain Hills	Contact:	Justin T. Weldy
Address:	16705 E. Avenue Of The Fountains	Phone:	(480) 816-5150
	Fountain Hills, AZ 85268	Fax:	(480) 837-8328
Project Name:	Town Of Fountain Hills - Richwood Avenue	Bid Number:	CA362162009
Project Location:	Richwood Avenue From Golden Eagle Through Boulder Dr., Fountain Hills, AZ	Bid Date:	11/7/2025

- EXCLUSIONS (Unless Otherwise Specified): Bonds, Plans, Engineering, Survey, Staking, Construction Water, As-Built, Testing, Inspection, Clear & Grub, Grading, Landscape Repairs, Weed Killer, Crack Routing, Curb Line/Joint Sealing, Asphalt Patching, ABC, Landscape Materials, Vegetation Replacement, Prime Coats, Concrete Structures, Irrigation/Pipe Work, All Underground Items, Utility Removal or Relocation, Drywells, Rip/Rap, Structural Backfill, Striping, Curb Painting, New Signage, Import, Export, Excavation, Subgrade Stabilization, Removal of Debris Generated by Other Trades, Erosion Control, SWPPP, Thickened Pavement Edge, Project Information Sign And Any Special Insurance Requirements.
- This quote excludes any project management, billing or safety website fees (i.e. Textura or Other Similar Applications)
- Asphalt materials pricing is based on the current months ADOT index for Bituminous materials. There are strong indicators that there will be significant increases in asphalt prices going forward. Adjustments to the quoted prices for paving items will be made and finalized 14 days prior to the time of scheduled paving operations with appropriate notification, documentation and communication.
- AZ 194430 Class-A General Engineering
NV 0093905 Class-A General Engineering
- The elimination of any existing drainage problem or reflective cracking is neither intended nor guaranteed when providing slurry and micro sealing services.
- Power steering marks are normal and should not be cause for undue concern on slurry and micro surfacing pavement treatments.

Terms and Conditions: Due to the complex nature of private utility locating, please review the agreement: Cactus Asphalt will consider our performance in any claim that may arise. We are not responsible for any nonconductive line. (Non-Metallic, PVC, Water Line, Etc.) We are not responsible for any conductive lines with no accessible connection point. We are not responsible for conductive lines that do not appear on blueprints, maps, or as-builts provided by customer. We are not responsible for locating lines where no blueprints, maps, or as-builts provided are by customer prior to locating. Cactus Asphalt is not responsible for any damages related from Blue Stake Ticket Services. Owners/Clients are reminded that per AZ One Call Law, AZ Blue Stake Center must be notified, and all affected utility owners must respond prior to commencement of excavation.

ACCEPTED: The above prices, specifications and conditions are satisfactory and hereby accepted. Buyer: _____ Signature: _____ Date of Acceptance: _____	CONFIRMED: Cactus Asphalt Authorized Signature: _____ Estimator: John Flores
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11/7/2025 11:58:03 AM

Page 2 of 4

Paving • Seal Coating • Crack Sealing • Patching • Chip Sealing • Fabric Overlay • More

Contractors Licenses: AZ – 194430 • NV – 0040581 • NM – 022995 • UT – 944049-5501

† 623-907-2800 † 623-907-2900 cactusasphalt.com 8211 W. Sherman St. Tolleson, AZ 85353

TERMS AND CONDITIONS

GENERAL

Owner shall timely notify Cactus Asphalt (Cactus) in writing when the premises will be ready for work to commence, and shall give unobstructed access to all areas where work is to be done. Any necessary towing and costs of delays shall be the responsibility of the owner.

Cactus is not responsible for any utility lines (water, electric, sprinkler, communications, cable, etc.) which may lie within eighteen inches (18") of the surface. Owner is responsible for supplying all known layouts of any such utility lines which are known to exist. Cactus is not responsible for damage to undisclosed, unknown or improperly placed lines.

If Cactus encounters any different site condition or concealed condition, including but not limited to underground utilities, debris, ground water, underground storage tanks, hazardous material, "hard dig" soils, or any material or substance regulated by federal, state, local law, ordinance, or regulation, any other environmental, health or safety issue, or concern, or other conditions, that were unknown to Cactus before submission of this Proposal, the contract price shall be equitably adjusted to compensate Cactus for any additional work performed or damages incurred as a result of any such conditions. At Cactus' sole discretion, Cactus may stop all work on the project, until the parties have reached an agreement, in writing, concerning any such equitable adjustment, and Cactus shall have no obligation to perform any work which, as determined by Cactus, directly or indirectly involves any environmental, health or safety risk or hazard.

The Owner is responsible for ensuring that all surfaces are kept in a condition acceptable to the application of the agreed upon product. This includes ensuring that all automatic sprinklers that may place water on the surface are turned off. Any delay caused by failure to perform the above may result in additional expense to the owner.

Cactus is not responsible for ponding water where grade is less than 2%.

Owner is to provide a water source that is acceptable to Cactus and is sufficient for performing the work.

Cactus is fully licensed and insured. All Cactus employees are covered by Worker's Compensation Insurance.

Unless otherwise agreed in writing, the prices contained within this agreement do not include the costs of permits or bonds.

WARRANTY

All work performed by Cactus is covered by a one year warranty on workmanship. Normal wear and tear, abuse, weather, and other acts of God are excluded.

PAYMENT AND TAXES

By law, taxes may only be waived upon receipt of a valid exemption certificate. Taxes are determined in accordance with the jurisdiction where the work is performed. The owner is responsible for payment of all taxes.

Unless otherwise stated within this agreement, all payment is due upon transmittal of invoice. In addition to other terms contained elsewhere in this proposal, Owner agrees to pay a service charge at the rate of 2% per month on all accounts that become 10 days past due. All costs of collection, as well as attorney's fees, will be added to the balance and interest due.

Cactus reserves the right (without further notice) to suspend or terminate this agreement if work is stopped for 30 or more days because of a failure to make progress payments or other delay not caused by Cactus. In such event Cactus reserves the right to recover payment for all work performed, including reasonable overhead, profit and damages under the contract.

This agreement shall be governed by and construed in accordance with Arizona law, and any lawsuit or arbitration arising from this agreement must be filed in Maricopa County, Arizona. If any provision of this agreement is determined invalid or unenforceable by a court of competent jurisdiction, that provision alone will be deemed stricken and the remainder of the agreement will be enforced.

Any dispute arising from this agreement, not timely resolved after good faith negotiation, will be submitted, at Cactus's sole discretion, to mediation, binding arbitration, or litigation in state court. If mediation is elected, its completion is an express condition precedent to Cactus's election of binding arbitration or state court litigation. If Cactus elects arbitration, the arbitration will be governed by and conducted in accordance with the Arizona Revised Uniform Arbitration Act at A.R.S. §12-1501, et seq.

A property owner has the right to file a written complaint with the Arizona Registrar of Contractors for an alleged violation of A.R.S. § 32-1154(A). Any such complaint must be filed within the applicable time period set forth in A.R.S. § 32-1155(A). The Registrar's phone number is (602) 542-1525, and its website address is <http://www.azroc.gov/>.



8989 South Hardy Drive
 Tempe, AZ 85284
 (480) 893-1789

Proposal

Proposal Submitted to: Town of Fountain Hills	Bid No.: 25-348	Date: 10/30/2025
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Street:	Job Name: Wedge Curb Removal & Replacement
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City, State & Zip Code:	Job Address: Richwood - Golden Eagle to East End
-------------------------	---

Item	Description	Unit	QTY	Unit \$	Amount
1	Saw Cut, Remove & Replace Wedge Curb	L.F.	1,972	\$ 51.07	\$100,710.04
2	Saw Cut, Remove & Replace Asphalt Pavement	S.F.	4,268	\$ 13.98	\$59,666.64
3	Barricades	L.S.	1	\$ 5,000.00	\$5,000.00
				Subtotal	\$165,376.68
				Tax	
				Total	\$165,376.68

Note: Work will include all saw cutting, removal, haul-off, forming, pouring & finishing new TOFH detail wedge curb, patching asphalt, landscape restoration and final clean-up. Temcon will notify residents via door hangers distributed at least one week prior to work being performed. Temcon reserves the right to bill for any work performed not included on this proposal.

Inclusions: Labor, Equipment and Materials

Exclusions:

1. Unforeseen Conditions
2. Testing, Inspections and Survey.
3. Permits, Fees, Traffic Control, Barricading
4. Any item not specifically included on this proposal.

We propose hereby to furnish material and labor complete in accordance with above specifications, for the above specified amount. All material is guaranteed to be as specified. All work to be complete in a workmanlike manner according to standard practices. Any alteration or deviation from above specification involving extra costs will be executed only upon written orders and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents or delays beyond our control. Owner to carry fire, tornado and other necessary insurance. Our workers are fully covered by Worker's Compensation Insurance.

Submitted by:	<u>Temcon Concrete</u>	Acceptance of Proposal:	_____
Authorized Signature:	<u><i>Troy Colby</i></u>	Authorized Signature:	_____

This proposal may be withdrawn if not accepted within 30 days.



TOWN OF FOUNTAIN HILLS

STAFF REPORT

Meeting Date: 12/16/2025
Meeting Type: Town Council Regular Meeting - **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)

PUBLIC HEARING: Regarding the proposed Development Impact Fee Schedule.

Staff Summary (background)

At the October 21, 2025, Council meeting, the Council approved an updated Land Use Assumptions and Infrastructure Improvement Plan Report, which included an updated development impact fee schedule created based on the assumptions and plan included in the report. The fee schedule substantially increased fees for all development types and categories of fees (Fire, Streets, and Parks). For example, the current single family combined impact fee of \$3,973 would have increased to \$12,314 based on the approved report. However, Finance staff have explained throughout the update process that the Streets development impact fee was based on the projected costs associated with the Town's expenditure match for widening Shea Boulevard for the current year phase and the next phase projected to be completed within the next 5–10 years, and that the proposed fee was based on increased engineering estimates the Town recently received.

Since the Land Use Assumptions and Infrastructure Improvement Plan Report was approved on October 21st, the Town completed a bidding process for the current phase of the Shea Boulevard Widening Project, and the Council approved staff to proceed with a construction bid of \$3.2 million, about half of what the engineering estimates indicated. Finance staff reviewed the updated project costs, including post-bid construction services, and construction management services, compared to the projected costs used in the Infrastructure Improvement Plan Report approved by Council. With these revised calculations, Finance is now proposing a 50% reduction to the Streets development impact fee from the original proposed amount. This proposed reduction would reduce the combined single-family residence development impact fee from the original proposed amount of \$12,314 to \$8,816 (a reduction of the Streets development impact fee of \$3,498). All the other development impact fees for Parks and Fire remain the same as originally discussed with Council, and the new proposed fee schedule can be found in the attached Land Use Assumptions, Infrastructure Improvements Plan, and DRAFT Development Fee Report on page 8 of the report. The new proposed combined development impact fees are as follows (including proposed Streets impact fee reduction across all development types):

- Single Family Residential: \$8,816 per housing unit
- Multi-Family Residential: \$5,462 per housing unit

- Industrial: \$2,095 per 1,000 square feet
- Commercial: \$4,815 per 1,000 square feet
- Office & Other Services: \$4,503 per 1,000 square feet
- Institutional: \$4,719 per 1,000 square feet

This public hearing is to provide information on the staff recommendation forthcoming at the planned January 20, 2026, regular meeting, when Council will consider approval of the Resolution and new development impact fee schedule, and for the Council to hear any public comments on the proposed development impact fees. If approved by Council at the January 20th regular meeting, the new development impact fees will become effective on April 6, 2026.

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)

Public Hearing - N/A

Suggested Motion

There is no action required at this time

FISCAL IMPACT

Fiscal Impact: N/A

Budget Reference: N/A

Funding Source: N/A

ATTACHMENTS

- | | |
|----|---|
| 1. | PRESENTATION - PUBLIC HEARING |
| 2. | Fountain Hills LUA IIP & DRAFT Fees 12.01.25 - Staff Fee Proposal |

December 16, 2025

Public Hearing: Proposed Development Impact Fees

Paul Soldinger, Chief Financial Officer



Development Impact Fees Timeline





Updated Timeline with Proposed Impact Fees

- January-April 2025 – Project Initiation and Informational Presentations to Council
- 6/3/25: Work Session to discuss LUA IIP Report
- 7/1/2025: Advertised the LUA IIP Report on website
- 9/16/2025: Public Hearing was held
- 10/21/2025: Council approved LUA and IIP
- 10/22/2025: Advertised Council Approved LUA IIP Report on website
- 12/2/2025: Council approved proceeding on Shea Blvd Widening project with much lower bid than originally projected
- 12/16/2025 (tonight): Public Hearing for proposed development impact fee schedule (30 days waiting period)
- 1/20/2026: Council considers approval of new fees (75 days waiting period)
- 4/6/2026: New Development Impact Fees go into effect

Proposed Impact Fees – with Streets Reduction



Impact Fee Increases in Report Approved by Council



Current Fees

Development Type	Development Unit	Fire	Parks & Recreational	Street	Current Fees
Single Family	Housing Unit	\$122	\$1,916	\$1,935	\$3,973
Multi-Family	Housing Unit	\$94	\$1,479	\$964	\$2,537
Industrial	1,000 Sq Ft	\$100	\$560	\$630	\$1,290
Commercial	1,000 Sq Ft	\$140	\$810	\$2,860	\$3,810
Office & Other Services	1,000 Sq Ft	\$180	\$1,030	\$1,240	\$2,450
Institutional	1,000 Sq Ft	\$60	\$320	\$2,480	\$2,860

Proposed Fees

Development Type	Development Unit	Fire	Parks & Recreational	Street	Proposed Fees
Single Family	Housing Unit	\$1,303	\$4,014	\$6,997	\$12,314
Multi-Family	Housing Unit	\$923	\$2,844	\$3,390	\$7,157
Industrial	1,000 Sq Ft	\$862	\$215	\$2,035	\$3,112
Commercial	1,000 Sq Ft	\$1,164	\$291	\$6,719	\$8,174
Office & Other Services	1,000 Sq Ft	\$1,790	\$447	\$4,531	\$6,768
Institutional	1,000 Sq Ft	\$511	\$128	\$8,160	\$8,799

Impact Fees in
LUA Report,
approved by
Council on
10/21/25



Projected Streets Costs Decreased

- Streets Development Impact Fees were projected based on higher engineering estimate of over \$6 million to complete this current phase of Shea Blvd Widening
 - **Town completed invitation for bids (IFB) process in November 2025, and Council approved staff to proceed with low bid of \$3.2 million and other related costs at December 2nd meeting**
 - **Finance staff reviewed projected costs in the IIP plan compared to newly known costs to complete the project**
 - **Staff now proposes a 50% reduction to the Streets development impact fees in the IIP approved by Council – to be considered for approval at 1/20/26 meeting**
 - **All other development impact fees will remain the same (still increasing from the current impact fees)**

New Staff Proposed Development Impact Fees

Figure 5: Staff Proposed Development Fees

Residential Fees per Development Unit					
Development Type	Development Unit	Fire	Parks & Recreational	Street	Alternative Fees
Single Family	Housing Unit	\$1,303	\$4,014	\$3,499	\$8,816
Multi-Family	Housing Unit	\$923	\$2,844	\$1,695	\$5,462
Nonresidential Fees per Development Unit					
Development Type	Development Unit	Fire	Parks & Recreational	Street	Alternative Fees
Industrial	1,000 Sq Ft	\$862	\$215	\$1,018	\$2,095
Commercial	1,000 Sq Ft	\$1,164	\$291	\$3,360	\$4,815
Office & Other Services	1,000 Sq Ft	\$1,790	\$447	\$2,266	\$4,503
Institutional	1,000 Sq Ft	\$511	\$128	\$4,080	\$4,719

Changes

-\$3,498

-\$1,695

-\$1,017

-\$3,359

-\$2,265

-\$4,080

All proposed decreases were applied to Streets Impact Fees on this schedule



Difference Between Staff Proposal to Current Fees

Figure 6: Difference Between Staff Proposed and Current Development Fees

Residential Fees per Development Unit					
Development Type	Development Unit	Fire	Parks & Recreational	Street	Difference
Single Family	Housing Unit	\$1,181	\$2,098	\$1,564	\$4,843
Multi-Family	Housing Unit	\$829	\$1,365	\$731	\$2,925

Nonresidential Fees per Development Unit					
Development Type	Development Unit	Fire	Parks & Recreational	Street	Difference
Industrial	1,000 Sq Ft	\$762	(\$345)	\$388	\$805
Commercial	1,000 Sq Ft	\$1,024	(\$519)	\$500	\$1,005
Office & Other Services	1,000 Sq Ft	\$1,610	(\$583)	\$1,026	\$2,053
Institutional	1,000 Sq Ft	\$451	(\$192)	\$1,600	\$1,859

Questions? Public Comments



**FOUNTAIN
HILLS**



**Land Use Assumptions,
Infrastructure Improvements Plan,
and **DRAFT** Development Fee Report**

**Prepared for:
Fountain Hills, Arizona**

December 1, 2025



4701 Sangamore Road

Suite S240

Bethesda, MD 20816

301.320.6900

www.TischlerBise.com

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EXECUTIVE SUMMARY

The Town of Fountain Hills, Arizona, contracted with TischlerBise to document land use assumptions, prepare the Infrastructure Improvements Plan (hereinafter referred to as the “IIP”), and update development fees pursuant to Arizona Revised Statutes (“ARS”) § 9-463.05 (hereafter referred to as the “Enabling Legislation”). Municipalities in Arizona may assess development fees to offset infrastructure costs to a municipality for necessary public services. The development fees must be based on an Infrastructure Improvements Plan and Land Use Assumptions. The IIP for each type of infrastructure is in the middle section of this document. The proposed development fees are displayed in the Development Fee Report in the next section.

Development fees are one-time payments used to construct system improvements needed to accommodate new development. The fee represents future development’s proportionate share of infrastructure costs. Development fees may be used for infrastructure improvements or debt service for growth related infrastructure. In contrast to general taxes, development fees may not be used for operations, maintenance, replacement, or correcting existing deficiencies. This update of Fountain Hills’ Infrastructure Improvements Plan and associated update to its development fees includes the following necessary public services:

1. Fire Facilities
2. Parks and Recreational Facilities
3. Street Facilities

This plan includes all necessary elements required to be in full compliance with the Enabling Legislation.

ARIZONA DEVELOPMENT FEE ENABLING LEGISLATION

The Enabling Legislation governs how development fees are calculated for municipalities in Arizona.

Necessary Public Services

Under the requirements of the Enabling Legislation, development fees may only be used for construction, acquisition or expansion of public facilities that are necessary public services. “Necessary public service” means any of the following categories of facilities that have a life expectancy of three or more years and that are owned and operated on behalf of the municipality: water, wastewater, storm water, library, street, fire, police, and parks and recreational. Additionally, a necessary public service includes any facility that was financed before June 1, 2011, and that meets the following requirements:

1. Development fees were pledged to repay debt service obligations related to the construction of the facility.
2. After August 1, 2014, any development fees collected are used solely for the payment of principal and interest on the portion of the bonds, notes, or other debt service obligations issued before June 1, 2011, to finance construction of the facility.

Infrastructure Improvements Plan

Development fees must be calculated pursuant to an IIP. For each necessary public service that is the subject of a development fee, by law, the IIP shall include the following seven elements:

1. A description of the existing necessary public services in the service area and the costs to update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards, which shall be prepared by qualified professionals licensed in this state, as applicable.
2. An analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services, which shall be prepared by qualified professionals licensed in this state, as applicable.
3. A description of all or the parts of the necessary public services or facility expansions and their costs necessitated by and attributable to development in the service area based on the approved Land Use Assumptions, including a forecast of the costs of infrastructure, improvements, real property, financing, engineering and architectural services, which shall be prepared by qualified professionals licensed in this state, as applicable.
4. A table establishing the specific level or quantity of use, consumption, generation or discharge of a service unit for each category of necessary public services or facility expansions and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial, and industrial.
5. The total number of projected service units necessitated by and attributable to new development in the service area based on the approved Land Use Assumptions and calculated pursuant to generally accepted engineering and planning criteria.
6. The projected demand for necessary public services or facility expansions required by new service units for a period not to exceed ten years.
7. A forecast of revenues generated by new service units other than development fees, which shall include estimated state-shared revenue, highway users revenue, federal revenue, ad valorem property taxes, construction contracting or similar excise taxes and the capital recovery portion of utility fees attributable to development based on the approved Land Use Assumptions and a plan to include these contributions in determining the extent of the burden imposed by the development.

Qualified Professionals

The IIP must be developed by qualified professionals using generally accepted engineering and planning practices. A qualified professional is defined as “a professional engineer, surveyor, financial analyst or planner providing services within the scope of the person’s license, education, or experience.” TischlerBise is a fiscal, economic, and planning consulting firm specializing in the cost of growth services. Our services include development fees, fiscal impact analysis, infrastructure financing analyses, user fee/cost of service studies, capital improvement plans, and fiscal software. TischlerBise has prepared over 800 development fee studies over the past 30 years for local governments across the United States.

Conceptual Development Fee Calculation

In contrast to project-level improvements, development fees fund growth-related infrastructure that will benefit multiple development projects, or the entire service area (usually referred to as system improvements). The first step is to determine an appropriate demand indicator for the particular type of infrastructure. The demand indicator measures the number of service units for each unit of development. For example, an appropriate indicator of the demand for parks is population growth and the increase in population can be estimated from the average number of persons per housing unit. The second step in the development fee formula is to determine infrastructure improvement units per service unit, typically called level-of-service (LOS) standards. In keeping with the park example, a common LOS standard is improved park acres per thousand people. The third step in the development fee formula is the cost of various infrastructure units. To complete the park example, this part of the formula would establish a cost per acre for land acquisition and/ or park amenities.

Evaluation of Credits/Offsets

Regardless of the methodology, a consideration of credits/offsets is integral to the development of a legally defensible development fee. There are two types of credits/offsets that should be addressed in development fee studies and ordinances. The first is a revenue credit/offset due to possible double payment situations, which could occur when other revenues may contribute to the capital costs of infrastructure covered by the development fee. This type of credit/offset is integrated into the fee calculation, thus reducing the fee amount. The second is a site-specific credit or developer reimbursement for dedication of land or construction of system improvements. This type of credit is addressed in the administration and implementation of the development fee program. For ease of administration, TischlerBise normally recommends developer reimbursements for system improvements.

INTRODUCTION TO DEVELOPMENT FEES

Development fees are one-time payments used to fund capital improvements necessitated by future development. Development fees have been utilized by local governments in various forms for at least fifty years. Development fees do have limitations and should not be regarded as the total solution for infrastructure financing needs. Rather, they should be considered one component of a comprehensive portfolio to ensure adequate provision of public facilities with the goal of maintaining current levels of service in a community. Any community considering facility fees should note the following limitations:

- 1) Fees can only be used to finance capital infrastructure and cannot be used to finance ongoing operations and / or maintenance and rehabilitation costs.
- 2) Fees cannot be deposited in the General Fund. The funds must be accounted for separately in individual accounts and earmarked for the capital expenses for which they were collected.
- 3) Fees cannot be used to correct existing infrastructure deficiencies unless there is a funding plan in place to correct the deficiency for all current residents and businesses in the community.

REQUIRED FINDINGS

There are three reasonable relationship requirements for development fees that are closely related to “rational nexus” or “reasonable relationship” requirements enunciated by a number of state courts. Although the term “dual rational nexus” is often used to characterize the standard by which courts evaluate the validity of development fees under the U. S. Constitution, we prefer a more rigorous formulation that recognizes three elements: “impact or need,” “benefit,” and “proportionality.” The dual rational nexus test explicitly addresses only the first two, although proportionality is reasonably implied, and was specifically mentioned by the U.S. Supreme Court in the *Dolan* case. The reasonable relationship language of the statute is considered less strict than the rational nexus standard used by many courts. Individual elements of the nexus standard are discussed further in the following paragraphs.

Demonstrating an Impact. All future development in a community creates additional demands on some, or all, public facilities provided by local government. If the supply of facilities is not increased to satisfy that additional demand, the quality or availability of public services for the entire community will deteriorate. Development fees may be used to recover the cost of development-related facilities, but only to the extent that the need for facilities is a consequence of development that is subject to the fees. The *Nollan* decision reinforced the principle that development exactions may be used only to mitigate conditions created by the developments upon which they are imposed. That principle clearly applies to development fees. In this study, the impact of development on improvement needs is analyzed in terms of quantifiable relationships between various types of development and the demand for specific facilities, based on applicable level-of-service standards.

Demonstrating a Benefit. A sufficient benefit relationship requires that development fee revenues be segregated from other funds and expended only on the facilities for which the fees were charged. Fees must be expended in a timely manner and the facilities funded by the fees must serve the development paying the fees. However, nothing in the U.S. Constitution or the State enabling Act authorizing development fees requires that facilities funded with fee revenues be available *exclusively* to development paying the fees. In other words, existing development may benefit from these improvements as well.

Procedures for the earmarking and expenditure of fee revenues are typically mandated by the State Enabling Legislation, as are procedures to ensure that the fees are expended expeditiously or refunded. All requirements are intended to ensure that developments benefit from the fees they are required to pay. Thus, an adequate showing of benefit must address procedural as well as substantive issues.

Demonstrating Proportionality. The requirement that exactions be proportional to the impacts of development was clearly stated by the U.S. Supreme Court in the *Dolan* case (although the relevance of that decision to development fees has been debated) and is logically necessary to establish a proper nexus. Proportionality is established through the procedures used to identify development-related facility costs, and in the methods used to calculate development fees for various types of facilities and categories of development. The demand for facilities is measured in terms of relevant and measurable attributes of development.

DEVELOPMENT FEE REPORT

Development fees for the necessary public services made necessary by new development must be based on the same level of service (LOS) provided to existing development in the service area. There are three basic methodologies used to calculate development fees. They examine the past, present, and future status of infrastructure. The objective of evaluating these different methodologies is to determine the best measure of the demand created by new development for additional infrastructure capacity. Each methodology has advantages and disadvantages in a particular situation and can be used simultaneously for different cost components.

Reduced to its simplest terms, the process of calculating development fees involves two main steps: (1) determining the cost of development-related capital improvements and (2) allocating those costs equitably to various types of development. In practice, though, the calculation of development fees can become quite complicated because of the many variables involved in defining the relationship between development and the need for facilities within the designated service area. The following paragraphs discuss basic methodologies for calculating development fees and how those methodologies can be applied.

- **Cost Recovery** (past improvements) - The rationale for recoupment, often called cost recovery, is that new development is paying for its share of the useful life and remaining capacity of facilities already built, or land already purchased, from which new growth will benefit. This methodology is often used for utility systems that must provide adequate capacity before new development can take place.
- **Incremental Expansion** (concurrent improvements) - The incremental expansion methodology documents current LOS standards for each type of public facility, using both quantitative and qualitative measures. This approach assumes there are no existing infrastructure deficiencies or surplus capacity in infrastructure. New development is only paying its proportionate share for growth-related infrastructure. Revenue will be used to expand or provide additional facilities, as needed, to accommodate new development. An incremental expansion cost method is best suited for public facilities that will be expanded in regular increments to keep pace with development.
- **Plan-Based** (future improvements) - The plan-based methodology allocates costs for a specified set of improvements to a specified amount of development. Improvements are typically identified in a long-range facility plan and development potential is identified by a land use plan. There are two basic options for determining the cost per demand unit: (1) total cost of a public facility can be divided by total demand units (average cost), or (2) the growth-share of the public facility cost can be divided by the net increase in demand units over the planning timeframe (marginal cost).

DEVELOPMENT FEE COMPONENTS

Shown below, Figure 1 summarizes service areas, methodologies, and infrastructure cost components for the proposed fees.

Figure 1: Proposed Development Fee Service Areas, Methodologies, and Cost Components

Necessary Public Service	Service Area	Cost Recovery	Incremental Expansion	Plan-Based	Cost Allocation
Fire	Citywide	N/A	Fire Facilities, Fire Apparatus, Fire Equipment	Development Fee Report	Population, Jobs
Parks and Recreational	Citywide	N/A	Developed Park Land, Park Amenities	Development Fee Report	Population, Jobs
Street	Citywide	N/A	N/A	Street Improvements, Development Fee Report	VMT

Calculations throughout this report are based on an analysis conducted using Excel software. Most results are discussed in the report using two, three, and four decimal places, which represent rounded figures. However, the analysis itself uses figures carried to their ultimate decimal places; therefore, the sums and products generated in the analysis may not equal the sum or product if the reader replicates the calculation with the factors shown in the report (due to the rounding of figures shown, not in the analysis).

CURRENT DEVELOPMENT FEES

Current development fees are shown in Figure 2. For residential development, the development unit is a housing unit, based on housing unit type. For nonresidential development type, the development unit is 1,000 square feet of floor area.

Figure 2: Current Development Fees

Residential Fees per Development Unit					
Development Type	Development Unit	Fire	Parks & Recreational	Street	Current Fees
Single Family	Housing Unit	\$122	\$1,916	\$1,935	\$3,973
Multi-Family	Housing Unit	\$94	\$1,479	\$964	\$2,537

Nonresidential Fees per Development Unit					
Development Type	Development Unit	Fire	Parks & Recreational	Street	Current Fees
Industrial	1,000 Sq Ft	\$100	\$560	\$630	\$1,290
Commercial	1,000 Sq Ft	\$140	\$810	\$2,860	\$3,810
Office & Other Services	1,000 Sq Ft	\$180	\$1,030	\$1,240	\$2,450
Institutional	1,000 Sq Ft	\$60	\$320	\$2,480	\$2,860

PROPOSED DEVELOPMENT FEES

Proposed development fees will be assessed per development unit. For residential development, the development unit is a housing unit, based on housing unit type. For nonresidential development, the development unit is 1,000 square feet of floor area. The proposed fees represent the maximum allowable fees based on the analysis outlined in this report. Fountain Hills may adopt fees that are less than the amounts shown; however, a reduction in development fee revenue will necessitate an increase in other revenues, a decrease in planned capital improvements, and/or a decrease in level-of-service standards. All costs in the Development Fee Report represent current dollars with no assumed inflation over time. If costs change significantly over time, development fees should be recalculated.

Figure 3: Proposed Development Fees

Residential Fees per Development Unit					
Development Type	Development Unit	Fire	Parks & Recreational	Street	Proposed Fees
Single Family	Housing Unit	\$1,303	\$4,014	\$6,997	\$12,314
Multi-Family	Housing Unit	\$923	\$2,844	\$3,390	\$7,157

Nonresidential Fees per Development Unit					
Development Type	Development Unit	Fire	Parks & Recreational	Street	Proposed Fees
Industrial	1,000 Sq Ft	\$862	\$215	\$2,035	\$3,112
Commercial	1,000 Sq Ft	\$1,164	\$291	\$6,719	\$8,174
Office & Other Services	1,000 Sq Ft	\$1,790	\$447	\$4,531	\$6,768
Institutional	1,000 Sq Ft	\$511	\$128	\$8,160	\$8,799

DIFFERENCE BETWEEN PROPOSED AND CURRENT DEVELOPMENT FEES

The differences between the proposed and current development fees are displayed below in Figure 4. For residential development, the development unit is a housing unit, based on housing unit type. For nonresidential development, the development unit is 1,000 square feet of floor area.

Figure 4: Difference Between Proposed and Current Development Fees

Residential Fees per Development Unit					
Development Type	Development Unit	Fire	Parks & Recreational	Street	Difference
Single Family	Housing Unit	\$1,181	\$2,098	\$5,062	\$8,341
Multi-Family	Housing Unit	\$829	\$1,365	\$2,426	\$4,620

Nonresidential Fees per Development Unit					
Development Type	Development Unit	Fire	Parks & Recreational	Street	Difference
Industrial	1,000 Sq Ft	\$762	(\$345)	\$1,405	\$1,822
Commercial	1,000 Sq Ft	\$1,024	(\$519)	\$3,859	\$4,364
Office & Other Services	1,000 Sq Ft	\$1,610	(\$583)	\$3,291	\$4,318
Institutional	1,000 Sq Ft	\$451	(\$192)	\$5,680	\$5,939

STAFF PROPOSED DEVELOPMENT FEES

The staff proposed development fees shown in Figure 5 include a 50 percent reduction to the proposed street facilities development fees shown in Figure 3. The Fountain Hills Town Council adopted the LUA and IIP on October 21, 2025. The adopted street facilities IIP includes an engineering cost estimate of approximately \$6.3 million to widen Shea Boulevard from Palisades Boulevard to Fountain Hills Boulevard, and Fountain Hills received a bid of approximately \$3.9 million after adoption of the street facilities IIP. The bid cost is approximately 62 percent of the engineering cost estimate used in the adopted street facilities IIP, and Fountain Hills staff recommend a 50 percent reduction to the proposed street facilities development fees. Fountain Hills will assess the staff proposed development fees per development unit.

Figure 5: Staff Proposed Development Fees

Residential Fees per Development Unit					
Development Type	Development Unit	Fire	Parks & Recreational	Street	Alternative Fees
Single Family	Housing Unit	\$1,303	\$4,014	\$3,499	\$8,816
Multi-Family	Housing Unit	\$923	\$2,844	\$1,695	\$5,462

Nonresidential Fees per Development Unit					
Development Type	Development Unit	Fire	Parks & Recreational	Street	Alternative Fees
Industrial	1,000 Sq Ft	\$862	\$215	\$1,018	\$2,095
Commercial	1,000 Sq Ft	\$1,164	\$291	\$3,360	\$4,815
Office & Other Services	1,000 Sq Ft	\$1,790	\$447	\$2,266	\$4,503
Institutional	1,000 Sq Ft	\$511	\$128	\$4,080	\$4,719

DIFFERENCE BETWEEN STAFF PROPOSED AND CURRENT DEVELOPMENT FEES

The differences between the staff proposed and current development fees are displayed below in Figure 6. For residential development, the development unit is a housing unit, based on housing unit type. For nonresidential development, the development unit is 1,000 square feet of floor area.

Figure 6: Difference Between Staff Proposed and Current Development Fees

Residential Fees per Development Unit					
Development Type	Development Unit	Fire	Parks & Recreational	Street	Difference
Single Family	Housing Unit	\$1,181	\$2,098	\$1,564	\$4,843
Multi-Family	Housing Unit	\$829	\$1,365	\$731	\$2,925

Nonresidential Fees per Development Unit					
Development Type	Development Unit	Fire	Parks & Recreational	Street	Difference
Industrial	1,000 Sq Ft	\$762	(\$345)	\$388	\$805
Commercial	1,000 Sq Ft	\$1,024	(\$519)	\$500	\$1,005
Office & Other Services	1,000 Sq Ft	\$1,610	(\$583)	\$1,026	\$2,053
Institutional	1,000 Sq Ft	\$451	(\$192)	\$1,600	\$1,859

LAND USE ASSUMPTIONS

Arizona's Development Fee Act requires the preparation of Land Use Assumptions, which are defined in Arizona Revised Statutes § 9-463.05(T)(6) as:

“projections of changes in land uses, densities, intensities and population for a specified service area over a period of at least ten years and pursuant to the General Plan of the municipality.”

The estimates and projections of residential and nonresidential development in this Land Use Assumptions document are for all areas within Fountain Hills. The current demographic estimates and future development projections will be used in the Infrastructure Improvements Plan (IIP) and in the calculation of development fees. Current demographic data estimates for 2025 are used in calculating levels of service (LOS) provided to existing development in Fountain Hills. Arizona's Enabling Legislation requires fees to be updated at least every five years and limits the IIP to a maximum of 10 years. The service area for all Infrastructure Improvements Plans is shown in Figure L1.

SUMMARY OF GROWTH INDICATORS

Key land use assumptions include population, housing units, employment, and nonresidential floor area projections. Based on Development Services Department recommendations, the analysis uses recent permit trends for residential projections and Maricopa Association of Governments (MAG) employment data for nonresidential projections. Development projections are summarized in Figure L9. These projections will be used to estimate fee revenue and to indicate the anticipated need for growth-related infrastructure. However, development fee methodologies are designed to reduce sensitivity to development projections in the determination of the proportionate share fee amounts. If actual development occurs at a slower rate than projected, fee revenue will decline, but so will the need for growth-related infrastructure. In contrast, if development occurs at a faster rate than anticipated, fee revenue will increase, but Fountain Hills will also need to accelerate infrastructure improvements to keep pace with the actual rate of development. During the next 10 years, residential development projections indicate a population increase of 2,462 persons in 1,270 housing units, and nonresidential development projections indicate an employment increase of 447 jobs in approximately 175,000 square feet.

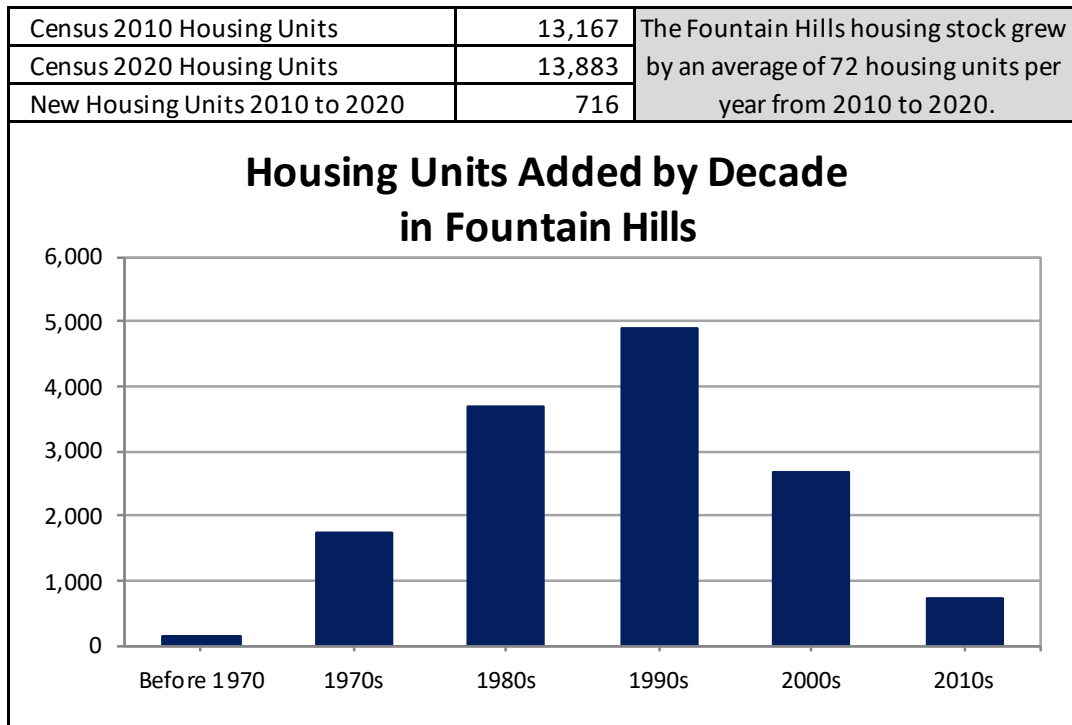
RESIDENTIAL DEVELOPMENT

This section details current estimates and future projections of residential development including population and housing units.

Recent Residential Construction

Development fees require an analysis of current levels of service. For residential development, current levels of service are determined using estimates of population and housing units. Shown below, Figure L2 shows the number of housing units added by decade according to U.S. Census Bureau data. In the previous decade, Fountain Hills' housing stock grew by an average of 72 housing units per year.

Figure L2: Housing Units by Decade



Source: U.S. Census Bureau, Census 2020 Summary File 1, Census 2010 Summary File 1, 2019-2023 5-Year American Community Survey (for 2000s and earlier, adjusted to yield total units in 2010).

As shown below, recent residential permits averaged 76 single-family units, two duplex units, and 55 multi-family units per year.

Figure L3: Residential Permitted Units

Year	Single Family	Duplex	Multi-Family	Total
2020	35	4	94	133
2021	96	2	107	205
2022	119	0	8	127
2023	53	0	11	64
Total	303	6	220	529
Average	76	2	55	132

Source: Town of Fountain Hills, Land Use Analysis & Statistical Report, 2023

Occupancy Factors

According to the U.S. Census Bureau, a household is a housing unit occupied by year-round residents. Development fees often use per capita standards and persons per housing unit (PPHU) or persons per household (PPH) to derive proportionate share fee amounts. When PPHU is used in the fee calculations, infrastructure standards are derived using year-round population. When PPH is used in the fee calculations, the development fee methodology assumes a higher percentage of housing units will be occupied, thus requiring seasonal or peak population to be used when deriving infrastructure standards. TischlerBise recommends that Fountain Hills impose development fees for residential development according to the number of persons per household.

Occupancy calculations require data on population and the types of units by structure. The 2010 census did not obtain detailed information using a “long-form” questionnaire. Instead, the U.S. Census Bureau switched to a continuous monthly mailing of surveys, known as the American Community Survey (ACS), which has limitations due to sample-size constraints. For example, data on detached housing units are now combined with attached single units (commonly known as townhouses, which share a common sidewall, but are constructed on an individual parcel of land). For development fees in Fountain Hills, “Single-Family” includes detached, attached, and mobile home units, and “Multi-Family” includes duplexes and all structures with two or more units on an individual parcel of land, recreational vehicles, boats, and all other types of units.

Figure L4 below shows the occupancy estimates for Fountain Hills based on 2019-2023 American Community Survey 5-Year Estimates. Single-family units averaged 2.23 persons per household and multi-family units averaged 1.58 persons per household. The estimates shown below are used only to calculate occupancy factors and may not match population and housing unit estimates shown throughout this report.

Figure L4: Occupancy Factors

Housing Type	Persons	Households	Persons per Household	Housing Units	Persons per Housing Unit	Housing Mix	Vacancy Rate
Single-Family ¹	20,644	9,249	2.23	10,781	1.91	81.0%	14.21%
Multi-Family ²	2,894	1,828	1.58	2,528	1.14	19.0%	27.69%
Total	23,538	11,077	2.12	13,309	1.77	100.0%	16.77%

Source: U.S. Census Bureau, 2019-2023 American Community Survey 5-Year Estimates

1. Includes detached, attached (townhouse), and mobile home units.

2. Includes dwellings in structures with two or more units, RVs, and all other units.

Residential Estimates

The Fountain Hills 2023 Land Use Analysis & Statistical Report includes 14,330 housing units in 2023 and 2024 building permit data provided by Fountain Hills staff includes 56 single-family units for a total of 14,386 housing units in 2024. To estimate housing units in the 2025 base year, TischlerBise uses a modified average of recent permit trends shown in Figure L3 – 70 single-family units and 57 multi-family units. The 2025 base year includes 14,513 housing units.

Arizona Office of Economic Opportunity estimates for 2024 include a population of 24,163 persons. To estimate population in the 2025 base year, the analysis converts the housing unit increase from 2024 to 2025 into population using the occupancy factors shown in Figure L4. The 2025 base year includes 24,409 persons (24,163 persons in 2023 + (70 single-family units X 2.23 persons per housing unit = 156 persons) + (57 multi-family units X 1.58 persons per housing unit = 90 persons)). For this study, the analysis assumes the occupancy factors shown in Figure L4 will remain constant throughout the 10-year projection period.

Seasonal Population

To account for seasonal residents, the analysis includes vacant households used for seasonal, recreational, or occasional use. According to 2019-2023 ACS estimates, seasonal units account for 1,635 of the 2,232 vacant units (13,309 total housing units – 11,077 occupied housing units) shown in Figure L4. Applying the townwide occupancy rate of 2.12 persons per household to 1,635 seasonal households provides a seasonal population estimate of 3,474 persons. In the 2025 base year, the peak population estimate is 27,883 (24,655 resident population + 3,474 seasonal population).

Residential Projections

Population and housing unit projections are used to illustrate the possible future pace of service demands, revenues, and expenditures. To the extent these factors change, the projected need for infrastructure will also change. If development occurs at a more rapid rate than projected, the demand for infrastructure will increase at a corresponding rate. If development occurs at a slower rate than projected, the demand for infrastructure will also decrease.

To project future housing units, the analysis uses a modified average of recent permit trends shown in Figure L3 – 70 single-family units per year and 57 multi-family units per year. To convert projected housing units to population, the analysis uses occupancy factors shown in Figure L4.

Based on these assumptions, the 10-year projections include an increase of 1,270 housing units (700 single-family units + 570 multi-family units) and 2,462 persons ((700 single-family units X 2.23 persons per household) + (570 multi-family units X 1.58 persons per household)) in Fountain Hills.

Figure L5: Residential Projections

Fountain Hills, Arizona	2025	2026	2027	2028	2029	2030	2035	10-Year
	Base Year	1	2	3	4	5	10	Increase
Peak Population	27,883	28,129	28,375	28,621	28,868	29,114	30,345	2,462
Housing Units								
Single Family	10,138	10,208	10,278	10,348	10,418	10,488	10,838	700
Multi-Family	4,375	4,432	4,489	4,546	4,603	4,660	4,945	570
Total	14,513	14,640	14,767	14,894	15,021	15,148	15,783	1,270

NONRESIDENTIAL DEVELOPMENT

This section details current estimates and future projections of nonresidential development including jobs and nonresidential floor area.

Nonresidential Demand Factors

TischlerBise uses the term jobs to refer to employment by place of work. Figure L6 includes the nonresidential development prototypes used to derive employment densities from data published in Trip Generation, Institute of Transportation Engineers, 11th Edition (2021). The prototype for industrial development is Light Industrial (ITE 110) with 637 square feet of floor area per employee. For office development, the prototype is General Office (ITE 710) with 307 square feet of floor area per employee. The prototype for institutional development is Government Office (ITE 730) with 330 square feet of floor area per employee. The prototype for commercial development is Shopping Center (ITE 820) with 471 square feet of floor area per employee.

Figure L6: Nonresidential Demand Units

ITE Code	Land Use / Size	Demand Unit	Wkdy Trip Ends Per Dmd Unit ¹	Wkdy Trip Ends Per Employee ¹	Emp Per Dmd Unit	Square Feet Per Employee
110	Light Industrial	1,000 Sq Ft	4.87	3.10	1.57	637
710	General Office (avg size)	1,000 Sq Ft	10.84	3.33	3.26	307
730	Government Office	1,000 Sq Ft	22.59	7.45	3.03	330
820	Shopping Center (avg size)	1,000 Sq Ft	37.01	17.42	2.12	471

1. Trip Generation, Institute of Transportation Engineers, 11th Edition (2021).

Nonresidential Estimates

The analysis uses data published by Esri Business Analyst Online for the 2025 employment estimate of 7,501 jobs. According to CoStar data, existing nonresidential development in the 2025 base year includes 4,915,020 square feet – 1,612,280 square feet of industrial development, 1,408,000 square feet of commercial development, 1,574,691 square feet of office development, and 770,049 square feet of institutional development.

Figure L7: Nonresidential Estimates

Development Type	2025 Jobs ¹	Percent of Total Jobs	2025 Floor Area ²
Industrial ³	781	10%	1,162,280
Commercial ⁴	2,215	30%	1,408,000
Office & Other Services ⁵	3,543	47%	1,574,691
Institutional ⁶	962	13%	770,049
Total	7,501	100%	4,915,020

1. Esri Business Analyst Online, Business Summary, 2025.

2. CoStar, 2025

3. Major sectors are Manufacturing; Wholesale Trade.

4. Major sectors are Retail Trade; Accommodation & Food Services.

5. Major sectors are Health Care and Social Assistance; Other Services.

6. Major sectors are Educational Services; Public Administration.

Nonresidential Projections

Employment and floor area projections are used to illustrate the possible future pace of service demands, revenues, and expenditures. To the extent these factors change, the projected need for infrastructure will also change. If development occurs at a more rapid rate than projected, the demand for infrastructure will increase at a corresponding rate. If development occurs at a slower rate than projected, the demand for infrastructure will also decrease.

TischlerBise projects future commercial, office and other services, and institutional development using employment projections published by the Maricopa Association of Governments (MAG). As directed by Fountain Hills Development Services Department staff, the analysis projects no industrial employment growth due to the limited availability of industrial sites. During the next 10 years, projected employment growth includes an additional 447 jobs. This includes no additional industrial jobs, 224 commercial jobs, 173 office and other services jobs, and 50 institutional jobs.

Applying the ITE employment density factors shown in Figure L6 to the employment projections shown in Figure L8 provides the necessary conversion from jobs to nonresidential floor area. During the next 10 years, projected nonresidential development growth includes approximately 175,000 square feet of floor area. This includes no industrial development due to the limited availability of industrial sites, 106,000 square feet of commercial development (224 commercial jobs X 471 square feet per job), 53,000 square feet of office development (173 office jobs X 307 square feet per job), and 16,000 square feet of institutional development (50 institutional jobs X 330 square feet per job).

Figure L8: Nonresidential Projections

Fountain Hills, Arizona	2025	2026	2027	2028	2029	2030	2035	10-Year
	Base Year	1	2	3	4	5	10	Increase
Employment								
Industrial	781	781	781	781	781	781	781	0
Commercial	2,215	2,220	2,225	2,230	2,234	2,239	2,439	224
Office & Other Services	3,543	3,573	3,602	3,632	3,662	3,691	3,716	173
Institutional	962	968	973	979	985	990	1,012	50
Total	7,501	7,541	7,581	7,622	7,662	7,702	7,948	447
Floor Area / Sq Ft (x1,000)								
Industrial	1,162	1,162	1,162	1,162	1,162	1,162	1,162	0
Commercial	1,408	1,410	1,413	1,415	1,417	1,419	1,514	106
Office & Other Services	1,575	1,584	1,593	1,602	1,611	1,620	1,628	53
Institutional	770	772	774	776	778	779	786	16
Total	4,915	4,928	4,942	4,955	4,968	4,981	5,090	175

DEVELOPMENT PROJECTIONS

Provided below is a summary of development projections used in the Development Fee Report. Base year estimates for 2025 are used in the fee calculations. Development projections are used to illustrate a possible future pace of demand for service units and cash flows resulting from revenues and expenditures associated with those demands.

Figure L9: Development Projections Summary

Fountain Hills, Arizona	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	10-Year
	Base Year	1	2	3	4	5	6	7	8	9	10	Increase
Peak Population	27,883	28,129	28,375	28,621	28,868	29,114	29,360	29,606	29,852	30,098	30,345	2,462
Housing Units												
Single Family	10,138	10,208	10,278	10,348	10,418	10,488	10,558	10,628	10,698	10,768	10,838	700
Multi-Family	4,375	4,432	4,489	4,546	4,603	4,660	4,717	4,774	4,831	4,888	4,945	570
Total	14,513	14,640	14,767	14,894	15,021	15,148	15,275	15,402	15,529	15,656	15,783	1,270
Employment												
Industrial	781	781	781	781	781	781	781	781	781	781	781	0
Commercial	2,215	2,220	2,225	2,230	2,234	2,239	2,279	2,319	2,359	2,399	2,439	224
Office & Other Services	3,543	3,573	3,602	3,632	3,662	3,691	3,696	3,701	3,706	3,711	3,716	173
Institutional	962	968	973	979	985	990	995	999	1,003	1,007	1,012	50
Total	7,501	7,541	7,581	7,622	7,662	7,702	7,751	7,801	7,850	7,899	7,948	447
Floor Area / Sq Ft (x1,000)												
Industrial	1,162	1,162	1,162	1,162	1,162	1,162	1,162	1,162	1,162	1,162	1,162	0
Commercial	1,408	1,410	1,413	1,415	1,417	1,419	1,438	1,457	1,476	1,495	1,514	106
Office & Other Services	1,575	1,584	1,593	1,602	1,611	1,620	1,622	1,623	1,625	1,626	1,628	53
Institutional	770	772	774	776	778	779	781	782	784	785	786	16
Total	4,915	4,928	4,942	4,955	4,968	4,981	5,003	5,025	5,047	5,069	5,090	175

FIRE FACILITIES

ARS § 9-463.05 (T)(7)(f) defines the eligible facilities and assets for the Fire Facilities IIP:

“Fire and police facilities, including all appurtenances, equipment and vehicles. Fire and police facilities do not include a facility or portion of a facility that is used to replace services that were once provided elsewhere in the municipality, vehicles and equipment used to provide administrative services, helicopters or airplanes or a facility that is used for training firefighters or officers from more than one station or substation.”

The Fire Facilities IIP includes components for fire facilities, fire apparatus, fire equipment, and the cost of preparing the Fire Facilities IIP and related development fee report. The incremental expansion methodology is used for fire facilities, fire apparatus, and fire equipment. The plan-based methodology is used for the development fee report.

SERVICE AREA

The Fountain Hills Fire Department strives to provide a uniform response time within the town limits; therefore, there is a single service area for the Fire Facilities IIP.

PROPORTIONATE SHARE

ARS § 9-463.05 (B)(3) states that the development fee shall not exceed a proportionate share of the cost of necessary public services needed to accommodate new development. The Fire Facilities IIP and development fees allocate the capital cost of necessary public services between residential and nonresidential development based on functional population. Functional population is similar to what the U.S. Census Bureau calls "daytime population." This accounts for people living and working in a jurisdiction, but it also considers commuting patterns and time spent at home and nonresidential locations. The functional population approach allocates the cost of the fire infrastructure to residential and nonresidential development based on the activity of residents and workers through 24 hours in a day.

Residents that do not work are assigned 20 hours per day to residential development and four hours per day to nonresidential development (annualized averages). Residents that work in Fountain Hills are assigned 14 hours to residential development and 10 hours to nonresidential development. Residents that work outside Fountain Hills are assigned 14 hours to residential development, and the remaining 10 hours in the day are assumed to be spent working outside of Fountain Hills. Inflow commuters are assigned 10 hours to nonresidential development. Based on 2022 population data from the Arizona Office of Economic Opportunity and 2022 employment data from the U.S. Census Bureau's OnTheMap web application, functional population is 80 percent residential development and 20 percent nonresidential development.

Figure F1: Proportionate Share

Demand Units in 2022				
Residential			Demand Hours/Day	Person Hours
Population	23,972			
Residents Not Working	14,709		20	294,180
Employed Residents	9,263			
Employed in Fountain Hills		1,276	14	17,864
Employed outside Fountain Hills		7,987	14	111,818
Residential Subtotal				423,862
Residential Share				80%
Nonresidential				
Non-working Residents	14,709		4	58,836
Jobs Located in Fountain Hills	4,779			
Residents Employed in Fountain Hills		1,276	10	12,760
Non-Resident Workers (inflow commuters)		3,503	10	35,030
Nonresidential Subtotal				106,626
Nonresidential Share				20%
Total				530,488

Source: Arizona Office of Economic Opportunity (population), U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics, Version 6.23.5 (employment).

The proportionate share of costs attributable to residential development will be allocated to population and then converted to an appropriate amount by housing type. Since nonresidential calls for service were unavailable by specific nonresidential use, TischlerBise recommends using jobs as the demand indicator for nonresidential demand. Employment density is highest for office development and lowest for institutional development. Commercial and industrial densities fall between the other two categories. This ranking of employment densities is consistent with the relative demand for fire services from nonresidential development.

RATIO OF SERVICE UNIT TO DEVELOPMENT UNIT

ARS § 9-463.05(E)(4) requires:

“A table establishing the specific level or quantity of use, consumption, generation or discharge of a service unit for each category of necessary public services or facility expansions and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial and industrial.”

Figure F2 displays the demand indicators per development unit for residential and nonresidential development. For residential development, the table displays the number of persons per household for each development unit based on American Community Survey data shown in Figure L4. For nonresidential development, the table displays the number of jobs per development unit based on ITE employment density factors shown in Figure L6.

Figure F2: Ratio of Service Unit to Development Unit

Residential Development		
Development Type	Development Unit	Persons per Unit ¹
Single Family	Housing Unit	2.23
Multi-Family	Housing Unit	1.58

Nonresidential Development		
Development Type	Development Unit	Jobs per Unit ¹
Industrial	1,000 Sq Ft	1.57
Commercial	1,000 Sq Ft	2.12
Office & Other Services	1,000 Sq Ft	3.26
Institutional	1,000 Sq Ft	0.93

1. U.S. Census Bureau, 2019-2023 American Community Survey 5-Year Estimates

2. Trip Generation, Institute of Transportation Engineers, 11th Edition (2021).

ANALYSIS OF CAPACITY, USAGE, AND COSTS OF EXISTING PUBLIC SERVICES

ARS § 9-463.05(E)(1) requires:

“A description of the existing necessary public services in the service area and the costs to upgrade, update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards, which shall be prepared by qualified professionals licensed in this state, as applicable.”

ARS § 9-463.05(E)(2) requires:

“An analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services, which shall be prepared by qualified professionals licensed in this state, as applicable.”

Fire Facilities – Incremental Expansion

Fountain Hills currently provides 16,000 square feet of fire facilities to existing development, and Fountain Hills plans to construct additional fire facilities to serve future development. To allocate the proportionate share of demand for fire facilities to residential and nonresidential development, this analysis uses functional population shown in Figure F1. The existing level of service for residential development is 0.4591 square feet per person (16,000 square feet X 80 percent residential share / 27,883 persons). The nonresidential level of service is 0.4266 square feet per job (16,000 square feet X 20 percent nonresidential share / 7,501 jobs).

The analysis uses a construction cost estimate of \$1,000 per square foot as a proxy for future growth-related fire facility costs. For fire facilities, the cost is \$459.06 per person (0.4591 square feet per person X \$1,000 per square foot) and \$426.61 per job (0.4266 square feet per job X \$1,000 per square foot).

Figure F3: Existing Level of Service

Description	Square Feet
Fire Station 1	6,400
Fire Station 2	9,600
Total	16,000

Cost Factors	
Cost per Square Foot	\$1,000

Level-of-Service (LOS) Standards	
Existing Square Feet	16,000
Residential	
Residential Share	80%
2025 Population	27,883
Square Feet per Person	0.4591
Cost per Person	\$459.06
Nonresidential	
Nonresidential Share	20%
2025 Jobs	7,501
Square Feet per Job	0.4266
Cost per Job	\$426.61

Source: Fountain Hills Fire Department

Fire Apparatus – Incremental Expansion

Fountain Hills currently serves existing development with 8 fire apparatus and plans to acquire additional fire apparatus to serve future development. The replacement cost of the existing fleet is \$3,685,000. The average cost of the existing fleet is \$460,625 per unit, and the analysis uses this as a proxy for future growth-related fire apparatus costs. To allocate the proportionate share of demand for fire apparatus to residential and nonresidential development, this analysis uses functional population outlined in Figure F1. The existing level of service for residential development is 0.0002 units per person (8 units X 80 percent residential share / 27,883 persons). The nonresidential level of service is 0.0002 units per job (8 units X 20 percent nonresidential share / 7,501 jobs).

The average cost of the existing fleet is \$460,625 per unit (\$3,685,000 total cost / 8 units), and the analysis uses this as a proxy for future growth-related fire apparatus costs. For fire apparatus, the cost is \$105.73 per person (0.0002 units per person X \$460,625 per unit) and \$98.25 per job (0.0002 units per job X \$460,625 per unit).

Figure F4: Existing Level of Service

Description	Units	Unit Cost	Total Cost
Brush Truck	2	\$300,000	\$600,000
Command Vehicle	2	\$145,000	\$290,000
Engine	2	\$900,000	\$1,800,000
Ladder Truck	1	\$950,000	\$950,000
UTV	1	\$45,000	\$45,000
Total	8	\$460,625	\$3,685,000

Cost Factors	
Average Cost per Unit	\$460,625

Level-of-Service (LOS) Standards	
Existing Units	8
Residential	
Residential Share	80%
2025 Population	27,883
Units per Person	0.0002
Cost per Person	\$105.73
Nonresidential	
Nonresidential Share	20%
2025 Jobs	7,501
Units per Job	0.0002
Cost per Job	\$98.25

Source: Fountain Hills Fire Department

Fire Equipment – Incremental Expansion

Fountain Hills currently serves existing development with 39 units of fire equipment, and Fountain Hills plans to acquire additional fire equipment to serve future development. The replacement cost of the existing inventory is \$193,000. To allocate the proportionate share of demand for fire equipment to residential and nonresidential development, this analysis uses functional population outlined in Figure F1. The existing level of service for residential development is 0.0011 units per person (39 units X 80 percent residential share / 27,883 persons). The nonresidential level of service is 0.0010 units per job (39 units X 20 percent nonresidential share / 7,501 jobs).

The average cost of the existing inventory is \$4,949 per unit (\$193,000 total cost / 39 units), and the analysis uses this as a proxy for future growth-related fire equipment costs. For fire equipment, the cost is \$5.4 per person (0.0011 units per person X \$4,949 per unit) and \$5.15 per job (0.0010 units per job X \$4,949 per unit).

Figure F5: Existing Level of Service

Description	Units	Unit Cost	Total Cost
Defibrillators	25	\$1,000	\$25,000
Multi-Band Portable Radio	14	\$12,000	\$168,000
Total	39	\$4,949	\$193,000

Cost Factors	
Average Cost per Unit	\$4,949

Level-of-Service (LOS) Standards	
Existing Units	39
Residential	
Residential Share	80%
2025 Population	27,883
Units per Person	0.0011
Cost per Person	\$5.54
Nonresidential	
Nonresidential Share	20%
2025 Jobs	7,501
Units per Job	0.0010
Cost per Job	\$5.15

Source: Fountain Hills Fire Department

Development Fee Report – Plan-Based

The 2025 cost to prepare the Fire Facilities IIP and related development fee report equals \$21,300. Fountain Hills plans to update its report every five years, so the 10-year cost is \$42,600. Based on the 10-year cost, proportionate share, and 10-year projections of future development from the *Land Use Assumptions* document, the cost per service unit is \$13.4 per person and \$19.04 per job.

Figure F6: IIP and Development Fee Report

Necessary Public Service	2025 Study Update	10-Year Cost (2 Updates)	Proportionate Share		Service Unit	10-Year Change	Cost per Service Unit
Fire	\$21,300	\$42,600	Residential	80%	Population	2,462	\$13.84
			Nonresidential	20%	Jobs	447	\$19.04
Parks and Recreational	\$21,300	\$42,600	Residential	98%	Population	2,462	\$16.96
			Nonresidential	2%	Jobs	447	\$1.90
Street	\$21,350	\$42,700	All Development	100%	VMT	32,209	\$1.33
Total	\$63,950	\$127,900					

PROJECTED DEMAND FOR SERVICES AND COSTS

ARS § 9-463.05(E)(5) requires:

“The total number of projected service units necessitated by and attributable to new development in the service area based on the approved land use assumptions and calculated pursuant to generally accepted engineering and planning criteria.”

ARS § 9-463.05(E)(6) requires:

“The projected demand for necessary public services or facility expansions required by new service units for a period not to exceed ten years.”

As shown in the *Land Use Assumptions* document, projected development during the next 10 years includes population growth of 2,462 persons and employment growth of 447 jobs. To maintain existing levels of service, Fountain Hills needs to construct approximately 1,321 square feet of fire facilities, acquire approximately one fire apparatus, and acquire approximately three units of fire equipment over the next 10 years. The following pages include a more detailed projection of demand for services and costs for the Fire Facilities IIP.

Fire Facilities – Incremental Expansion

Fountain Hills plans to maintain its existing level of service for fire facilities over the next 10 years. Based on a projected population increase of 2,462 persons, future residential development demands approximately 1,130 square feet of fire facilities (2,462 additional persons X 0.4591 square feet per person). With projected nonresidential growth of 447 jobs, future nonresidential development demands approximately 191 additional square feet of fire facilities (447 additional jobs X 0.4266 square feet per job). Future development demands approximately 1,321 square feet of fire facilities at a cost of \$1,320,893 (1,320.9 X \$1,000 per square foot). Fountain Hills will use development fees to construct new fire facilities or to expand existing fire facilities.

Figure F7: Projected Demand

Type of Infrastructure	Level of Service		Demand Unit	Cost per Sq Ft	
Fire Facilities	0.4591 Square Feet		per Person	\$1,000	
	0.4266 Square Feet		per Job		

Demand for Fire Facilities					
Year	Population	Jobs	Square Feet		
			Residential	Nonresidential	Total
2025	27,883	7,501	12,800.0	3,200.0	16,000.0
2026	28,129	7,541	12,913.0	3,217.1	16,130.1
2027	28,375	7,581	13,026.0	3,234.3	16,260.3
2028	28,621	7,622	13,139.0	3,251.4	16,390.4
2029	28,868	7,662	13,252.0	3,268.6	16,520.6
2030	29,114	7,702	13,365.0	3,285.7	16,650.7
2031	29,360	7,751	13,478.0	3,306.7	16,784.8
2032	29,606	7,801	13,591.0	3,327.8	16,918.8
2033	29,852	7,850	13,704.0	3,348.8	17,052.8
2034	30,098	7,899	13,817.0	3,369.8	17,186.9
2035	30,345	7,948	13,930.0	3,390.9	17,320.9
10-Yr Increase	2,462	447	1,130.0	190.9	1,320.9
Growth-Related Expenditures			\$1,130,025	\$190,869	\$1,320,893

Fire Apparatus – Incremental Expansion

Fountain Hills plans to maintain its existing level of service for fire apparatus over the next 10 years. Based on a projected population increase of 2,462 persons, future residential development demands approximately 0.6 fire apparatus (2,462 persons X 0.0002 units per person). With projected nonresidential growth of 447 jobs, future nonresidential development demands approximately 0.1 fire apparatus (447 additional jobs X 0.0002 units per job). Future development demands approximately 0.7 fire apparatus at a cost of \$304,218 (0.7 units X \$460,625 per unit). Fountain Hills will use development fees to expand its fire apparatus fleet.

Figure F8: Projected Demand

Type of Infrastructure	Level of Service	Demand Unit	Cost per Unit
Fire Apparatus	0.0002 Units	per Person	\$460,625
	0.0002 Units	per Job	

Demand for Fire Apparatus					
Year	Population	Jobs	Units		
			Residential	Nonresidential	Total
2025	27,883	7,501	6.4	1.6	8.0
2026	28,129	7,541	6.5	1.6	8.1
2027	28,375	7,581	6.5	1.6	8.1
2028	28,621	7,622	6.6	1.6	8.2
2029	28,868	7,662	6.6	1.6	8.3
2030	29,114	7,702	6.7	1.6	8.3
2031	29,360	7,751	6.7	1.7	8.4
2032	29,606	7,801	6.8	1.7	8.5
2033	29,852	7,850	6.9	1.7	8.5
2034	30,098	7,899	6.9	1.7	8.6
2035	30,345	7,948	7.0	1.7	8.7
10-Yr Increase	2,462	447	0.6	0.1	0.7
Growth-Related Expenditures			\$260,259	\$43,959	\$304,218

Fire Equipment – Incremental Expansion

Fountain Hills plans to maintain its existing level of service for fire equipment over the next 10 years. Based on a projected population increase of 2,462 persons, future residential development demands approximately 2.8 units of fire equipment (2,462 persons X 0.0011 units per person). With projected nonresidential growth of 447 jobs, future nonresidential development demands approximately 0.5 units of fire equipment (447 jobs X 0.0010 units per job). Future development demands approximately 3.2 units of fire equipment at a cost of \$15,933 (3.2 units X \$4,949 per unit). Fountain Hills will use development fees to expand its fire equipment inventory.

Figure F9: Projected Demand

Type of Infrastructure	Level of Service		Demand Unit	Cost per Unit	
Fire Equipment	0.0011 Units		per Person	\$4,949	
	0.0010 Units		per Job		

Demand for Fire Equipment					
Year	Population	Jobs	Units		
			Residential	Nonresidential	Total
2025	27,883	7,501	31.2	7.8	39.0
2026	28,129	7,541	31.5	7.8	39.3
2027	28,375	7,581	31.8	7.9	39.6
2028	28,621	7,622	32.0	7.9	40.0
2029	28,868	7,662	32.3	8.0	40.3
2030	29,114	7,702	32.6	8.0	40.6
2031	29,360	7,751	32.9	8.1	40.9
2032	29,606	7,801	33.1	8.1	41.2
2033	29,852	7,850	33.4	8.2	41.6
2034	30,098	7,899	33.7	8.2	41.9
2035	30,345	7,948	34.0	8.3	42.2
10-Yr Increase	2,462	447	2.8	0.5	3.2
Growth-Related Expenditures			\$13,631	\$2,302	\$15,933

FIRE FACILITIES DEVELOPMENT FEES

Construction Sales Tax Credit/Offset

The analysis does not include a revenue credit/offset, because Fountain Hills' construction sales tax rate equals the amount of the sales tax rate imposed on the majority of other sales tax classifications. Appendix A contains the forecast of revenues required by Arizona's Enabling Legislation (ARS § 9-463.05(E)(7)).

Fire Facilities Development Fees

Figure F10 includes infrastructure components and cost factors for fire facilities development fees. The cost per service unit is \$584.17 per person and \$549.05 per job.

Residential development fees are calculated per housing unit and vary proportionately according to the number of persons per household. For a single-family unit, the fee of \$1,303 is calculated using a cost of \$584.17 per person multiplied by 2.23 persons per household.

Nonresidential development fees are calculated per development unit and vary proportionately according to the number of jobs. For commercial development, the fee of \$1,164 per development unit (1,000 square feet) is calculated using a cost of \$549.05 per job multiplied by 2.12 jobs per development unit.

Figure F10: Fire Facilities Development Fees

Fee Component	Cost per Person	Cost per Job
Fire Facilities	\$459.06	\$426.61
Fire Apparatus	\$105.73	\$98.25
Fire Equipment	\$5.54	\$5.15
Development Fee Report	\$13.84	\$19.04
Total	\$584.17	\$549.05

Residential Fees per Development Unit					
Development Type	Development Unit	Persons per Unit ¹	Proposed Fees	Current Fees	Difference
Single Family	Housing Unit	2.23	\$1,303	\$122	\$1,181
Multi-Family	Housing Unit	1.58	\$923	\$94	\$829

Nonresidential Fees per Development Unit					
Development Type	Development Unit	Jobs per Unit ¹	Proposed Fees	Current Fees	Difference
Industrial	1,000 Sq Ft	1.57	\$862	\$100	\$762
Commercial	1,000 Sq Ft	2.12	\$1,164	\$140	\$1,024
Office & Other Services	1,000 Sq Ft	3.26	\$1,790	\$180	\$1,610
Institutional	1,000 Sq Ft	0.93	\$511	\$60	\$451

1. See Land Use Assumptions

FIRE FACILITIES DEVELOPMENT FEE REVENUE

Appendix A contains the forecast of revenues required by Arizona's enabling legislation (ARS § 9-463.05(E)(7)). In accordance with state law, this report includes an IIP for fire facilities needed to accommodate future development. Projected fee revenue shown in Figure F11 is based on the development projections in the *Land Use Assumptions* document and the updated development fees for fire facilities shown in Figure F10. If development occurs at a more rapid rate than projected, the demand for infrastructure will increase and development fee revenue will increase at a corresponding rate. If development occurs at a slower rate than projected, the demand for infrastructure will decrease along with development fee revenue. Projected development fee revenue equals \$1,664,640 and projected expenditures equal \$1,683,645.

Figure F11: Fire Facilities Development Fee Revenue

Fee Component	Growth Share	Existing Share	Total
Fire Facilities	\$1,320,893	\$0	\$1,320,893
Fire Apparatus	\$304,218	\$0	\$304,218
Fire Equipment	\$15,933	\$0	\$15,933
Development Fee Report	\$42,600	\$0	\$42,600
Total	\$1,683,645	\$0	\$1,683,645

		Single Family \$1,303 per unit	Multi-Family \$923 per unit	Industrial \$862 per unit	Commercial \$1,164 per unit	Office & Other \$1,790 per unit	Institutional \$511 per unit
Year		Hsg Unit	Hsg Unit	KSF	KSF	KSF	KSF
Base	2025	10,138	4,375	1,162	1,408	1,575	770
Year 1	2026	10,208	4,432	1,162	1,410	1,584	772
Year 2	2027	10,278	4,489	1,162	1,413	1,593	774
Year 3	2028	10,348	4,546	1,162	1,415	1,602	776
Year 4	2029	10,418	4,603	1,162	1,417	1,611	778
Year 5	2030	10,488	4,660	1,162	1,419	1,620	779
Year 6	2031	10,558	4,717	1,162	1,438	1,622	781
Year 7	2032	10,628	4,774	1,162	1,457	1,623	782
Year 8	2033	10,698	4,831	1,162	1,476	1,625	784
Year 9	2034	10,768	4,888	1,162	1,495	1,626	785
Year 10	2035	10,838	4,945	1,162	1,514	1,628	786
10-Year Increase		700	570	0	106	53	16
Projected Revenue		\$912,100	\$526,110	\$0	\$123,384	\$94,870	\$8,176

Projected Fee Revenue	\$1,664,640
Total Expenditures	\$1,683,645

PARKS AND RECREATIONAL FACILITIES IIP

ARS § 9-463.05 (T)(7)(g) defines the facilities and assets that can be included in the Parks and Recreational Facilities IIP:

“Neighborhood parks and recreational facilities on real property up to thirty acres in area, or parks and recreational facilities larger than thirty acres if the facilities provide a direct benefit to the development. Park and recreational facilities do not include vehicles, equipment or that portion of any facility that is used for amusement parks, aquariums, aquatic centers, auditoriums, arenas, arts and cultural facilities, bandstand and orchestra facilities, bathhouses, boathouses, clubhouses, community centers greater than three thousand square feet in floor area, environmental education centers, equestrian facilities, golf course facilities, greenhouses, lakes, museums, theme parks, water reclamation or riparian areas, wetlands, zoo facilities or similar recreational facilities, but may include swimming pools.”

The Parks and Recreational Facilities IIP includes components for developed park land, park amenities, and the cost of preparing the Parks and Recreational Facilities IIP and related Development Fee Report. The incremental expansion methodology is used for developed park land and park amenities. The plan-based methodology is used for the Development Fee Report.

SERVICE AREA

Fountain Hills provides townwide access to parks and recreational facilities; therefore, there is a single service area for the Parks and Recreational Facilities IIP.

PROPORTIONATE SHARE

ARS § 9-463.05 (B)(3) states that the development fee shall not exceed a proportionate share of the cost of necessary public services needed to accommodate new development. The Parks and Recreational Facilities IIP and development fees allocate the capital cost of necessary public services between residential and nonresidential based on functional population. The Arizona Office of Economic Opportunity estimates Fountain Hills’ 2022 population equal to 23,972 persons. Based on 2022 estimates from the U.S. Census Bureau’s OnTheMap web application, 3,503 inflow commuters traveled to Fountain Hills for work. The proportionate share is based on cumulative impact hours per year. Potential impact to parks and recreational facilities equals 4,380 hours per year per resident and 500 hours per year per inflow commuter. For parks and recreational facilities, residential development generates 98 percent of demand and nonresidential development generates the remaining two percent of demand.

Figure PR1: Proportionate Share

Development Type	Service Unit	Impact Hours per Year	Cumulative Impact Hours per Year	Proportionate Share
Residential	23,972 persons ¹	4,380	104,997,360	98%
Nonresidential	3,503 inflow commuters ²	500	1,751,500	2%
Total			106,748,860	100%

1. Arizona Office of Economic Opportunity, 2022.

2. U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics, Version 6.23.5, 2022.

Residential Impact: 12 hours per day X 365 days per year

Nonresidential Impact: 2 hours per day X 5 days per week X 50 weeks per year

RATIO OF SERVICE UNIT TO DEVELOPMENT UNIT

ARS § 9-463.05(E)(4) requires:

“A table establishing the specific level or quantity of use, consumption, generation or discharge of a service unit for each category of necessary public services or facility expansions and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial and industrial.”

Figure PR2 displays the demand indicators per development unit for residential and nonresidential development. For residential development, the table displays the number of persons per household for each development unit based on American Community Survey data shown in Figure L4. For nonresidential development, the table displays the number of jobs per development unit based on ITE employment density factors shown in Figure L6.

Figure PR2: Ratio of Service Unit to Development Unit

Residential Development		
Development Type	Development Unit	Persons per Unit ¹
Single Family	Housing Unit	2.23
Multi-Family	Housing Unit	1.58

Nonresidential Development		
Development Type	Development Unit	Jobs per Unit ¹
Industrial	1,000 Sq Ft	1.57
Commercial	1,000 Sq Ft	2.12
Office & Other Services	1,000 Sq Ft	3.26
Institutional	1,000 Sq Ft	0.93

1. U.S. Census Bureau, 2019-2023 American Community Survey 5-Year Estimates
2. Trip Generation, Institute of Transportation Engineers, 11th Edition (2021).

ANALYSIS OF CAPACITY, USAGE, AND COSTS OF EXISTING PUBLIC SERVICES

ARS § 9-463.05(E)(1) requires:

“A description of the existing necessary public services in the service area and the costs to upgrade, update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards, which shall be prepared by qualified professionals licensed in this state, as applicable.”

ARS § 9-463.05(E)(2) requires:

“An analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services, which shall be prepared by qualified professionals licensed in this state, as applicable.”

Developed Park Land – Incremental Expansion

Fountain Hills currently provides 951.4 total acres and 131.4 developed acres of parks to existing development. To comply with Arizona’s Enabling Legislation, the analysis excludes ineligible park land at Fountain Park (lake acreage) and Golden Eagle Trailhead (owned by HOA). The analysis uses 98.0 acres of developed park land to calculate the level of service. Due to the availability of undeveloped land, Fountain Hills does not plan to acquire additional park land. Fountain Hills will develop existing park land or other town sites during the 10-year IIP timeframe. To allocate the proportionate share of demand for developed park land to residential and nonresidential development, this analysis uses the proportionate share shown in Figure PR1. The existing LOS for residential development is 0.00344 eligible acres per person (98 eligible acres X 98 percent residential share / 27,883 persons). For nonresidential development, the existing LOS is 0.00026 eligible acres per job (98 eligible acres X two percent nonresidential share / 7,501 jobs).

The analysis includes a cost of \$40,000 per acre for development costs not captured in the park amenities component (site development, grading, utilities, etc.). For developed park land, the cost is \$137.78 per acre (0.00344 eligible acres per person X \$40,000 per acre) and \$10.45 per job (0.00026 eligible acres per job X \$40,000 per acre).

Figure PR3: Existing Level of Service

Description	Total Acres	Developed Acres	Eligible Acres
Avenue Linear Park	3.0	3.0	3.0
Desert Botanical Garden	8.0	8.0	8.0
Desert Vista Park	12.0	12.0	12.0
Fountain Park	65.0	65.0	32.0
Four Peaks Park	16.0	16.0	16.0
Golden Eagle Park	25.0	25.0	25.0
Golden Eagle Trailhead	0.4	0.4	0.0
McDowell Mtn. Preserve	822.0	2.0	2.0
Total	951.4	131.4	98.0

Cost Factors	
Developed Cost per Acre ¹	\$40,000

Level-of-Service (LOS) Standards	
Existing Eligible Acres	98.0
Residential	
Residential Share	98%
2025 Population	27,883
Eligible Acres per Person	0.00344
Cost per Person	\$137.78
Nonresidential	
Nonresidential Share	2%
2025 Jobs	7,501
Eligible Acres per Job	0.00026
Cost per Job	\$10.45

Source: Fountain Hills Parks and Recreation Department

1. Includes infrastructure costs but excludes acquisition costs.

Park Amenities – Incremental Expansion

Fountain Hills currently provides 1,052 park amenities and plans to construct additional park amenities to serve future development. The total cost of existing park amenities is \$46,811,800, and the analysis uses the average cost of \$44,498 per unit as a proxy for future growth-related park amenity costs. Figure PR5 includes a detailed list of existing park amenities.

To allocate the proportionate share of demand for park amenities to residential and nonresidential development, this analysis uses the proportionate share shown in Figure PR1. The existing LOS for residential development is 0.0370 units per person (1,052 units X 98 percent residential share / 27,883 persons). For nonresidential development, the existing LOS is 0.0028 units per job (1,052 units X two percent nonresidential share / 7,501 jobs).

Based on the cost of Fountain Hills' existing park amenities, the average cost for park amenities is \$44,498 per unit (\$46,811,800 total cost / 1,052 units). For park amenities, the cost is \$1,645.29 per person (0.0370 units per person X \$44,498 per unit) and \$124.81 per job (0.0028 units per job X \$44,498 per unit).

Figure PR4: Existing Level of Service

Cost Factors	
Average Cost per Unit	\$44,498

Level-of-Service (LOS) Standards	
Existing Units	1,052
Residential	
Residential Share	98%
2025 Population	27,883
Units per Person	0.0370
Cost per Person	\$1,645.29
Nonresidential	
Nonresidential Share	2%
2025 Jobs	7,501
Units per Job	0.0028
Cost per Job	\$124.81

Source: Fountain Hills Parks and Recreation Department

Figure PR5: Existing Park Amenities

Description	Units	Unit Cost	Total Cost
Baseball/Softball Field	6	\$725,000	\$4,350,000
Basketball Court	3	\$120,000	\$360,000
Bench	101	\$2,500	\$252,500
Bike Rack	46	\$300	\$13,800
Bleachers	29	\$3,000	\$87,000
Bridge (Pedestrian)	2	\$1,000,000	\$2,000,000
Building	11	\$400,000	\$4,400,000
Disc Golf Course	1	\$15,300	\$15,300
Dog Park	1	\$650,000	\$650,000
Drinking Fountain	22	\$3,000	\$66,000
Dugout Bench	15	\$1,000	\$15,000
Entry Monument Signage	9	\$20,000	\$180,000
Exercise Equipment Area	2	\$40,000	\$80,000
FIT Trail Trailhead	2	\$100,000	\$200,000
Grill	12	\$400	\$4,800
Horseshoe Pit	1	\$2,500	\$2,500
Interpretive Signage	14	\$1,000	\$14,000
Light Bollard	291	\$2,000	\$582,000
Multi-Use Sports Field	4	\$475,000	\$1,900,000
Parking Lot	11	\$526,000	\$5,786,000
Passive Lawn/Recreation	14	\$475,000	\$6,650,000
Pet Station	21	\$300	\$6,300
Pickleball Court	6	\$70,000	\$420,000
Picnic Table	110	\$3,500	\$385,000
Playground (2-5 years)	4	\$125,000	\$500,000
Playground (5+ years)	4	\$230,000	\$920,000
Ramada (with picnic table)	21	\$84,000	\$1,764,000
Recycle	24	\$600	\$14,400
Restroom	21	\$420,000	\$8,820,000
Sand Volleyball	2	\$24,000	\$48,000
Scoreboard	4	\$8,000	\$32,000
Shade Structure <100 ksf	18	\$50,000	\$900,000
Shade Structure >100 ksf	5	\$100,000	\$500,000
Shower	1	\$4,000	\$4,000
Sign Kiosk	11	\$4,000	\$44,000
Skate Park	1	\$1,089,000	\$1,089,000
Soccer Goal	6	\$2,500	\$15,000
Specialty Play	2	\$100,000	\$200,000
Splash Pad	1	\$860,000	\$860,000
Tennis Court	6	\$170,000	\$1,020,000
Trash Receptacle	166	\$600	\$99,600
Veteran's Memorial	1	\$900,000	\$900,000
Walking Track/Trail	6	\$95,000	\$570,000
Water Feature	6	\$15,000	\$90,000
Wayfinding Signage	8	\$200	\$1,600
Total	1,052	\$44,498	\$46,811,800

Source: Fountain Hills Parks and Recreation Department

Development Fee Report – Plan-Based

The 2025 cost to prepare the Parks and Recreational Facilities IIP and related development fee report equals \$21,300. Fountain Hills plans to update its report every five years, so the 10-year cost is \$42,600. Based on the 10-year cost, proportionate share, and 10-year projections of future development from the *Land Use Assumptions* document, the cost per service unit is \$16.96 per person and \$1.90 per job.

Figure PR6: IIP and Development Fee Report

Necessary Public Service	2025 Study Update	10-Year Cost (2 Updates)	Proportionate Share		Service Unit	10-Year Change	Cost per Service Unit
Fire	\$21,300	\$42,600	Residential	80%	Population	2,462	\$13.84
			Nonresidential	20%	Jobs	447	\$19.04
Parks and Recreational	\$21,300	\$42,600	Residential	98%	Population	2,462	\$16.96
			Nonresidential	2%	Jobs	447	\$1.90
Street	\$21,350	\$42,700	All Development	100%	VMT	32,209	\$1.33
Total	\$63,950	\$127,900					

PROJECTED DEMAND FOR SERVICES AND COSTS

ARS § 9-463.05(E)(5) requires:

“The total number of projected service units necessitated by and attributable to new development in the service area based on the approved land use assumptions and calculated pursuant to generally accepted engineering and planning criteria.”

ARS § 9-463.05(E)(6) requires:

“The projected demand for necessary public services or facility expansions required by new service units for a period not to exceed ten years.”

As shown in the *Land Use Assumptions* document, projected development during the next 10 years includes population growth of 2,462 persons and employment growth of 447 jobs. To maintain the existing levels of service, Fountain Hills needs to develop approximately 8.6 acres of park land and construct approximately 92 park amenities over the next 10 years. The following pages include a more detailed projection of demand for services and costs for the Parks and Recreational Facilities IIP.

Developed Park Land – Incremental Expansion

Fountain Hills plans to maintain its existing level of service for developed park land over the next 10 years. Based on a projected population increase of 2,462 persons, future residential development demands an additional 8.5 acres (2,462 additional persons X 0.00344 eligible acres per person). With projected employment growth of 447 jobs, future nonresidential development demands an additional 0.1 acres (447 additional jobs X 0.00026 eligible acres per job). Future development demands 8.6 additional acres at a cost of \$343,825 (8.6 acres X \$40,000 per acre). Fountain Hills will use development fees to develop additional park land.

Figure PR7: Projected Demand

Type of Infrastructure	Level of Service	Demand Unit	Cost per Acre
Developed Park Land	0.00344 Eligible Acres	per Person	\$40,000
	0.00026 Eligible Acres	per Job	

Demand for Developed Park Land					
Year	Population	Jobs	Eligible Acres		
			Residential	Nonresidential	Total
2025	27,883	7,501	96.0	2.0	98.0
2026	28,129	7,541	96.9	2.0	98.9
2027	28,375	7,581	97.7	2.0	99.7
2028	28,621	7,622	98.6	2.0	100.6
2029	28,868	7,662	99.4	2.0	101.4
2030	29,114	7,702	100.3	2.0	102.3
2031	29,360	7,751	101.1	2.0	103.2
2032	29,606	7,801	102.0	2.0	104.0
2033	29,852	7,850	102.8	2.1	104.9
2034	30,098	7,899	103.7	2.1	105.7
2035	30,345	7,948	104.5	2.1	106.6
10-Yr Increase	2,462	447	8.5	0.1	8.6
Growth-Related Expenditures			\$339,149	\$4,676	\$343,825

Park Amenities – Incremental Expansion

Fountain Hills plans to maintain its existing level of service for park amenities over the next 10 years. Based on a projected population increase of 2,462 persons, future residential development demands an additional 91.0 park amenities (2,462 additional persons X 0.0370 units per person). With projected employment growth of 447 jobs, future nonresidential development demands an additional 1.3 park amenities (447 additional jobs X 0.0028 units per job). Future development demands 92.3 additional park amenities at a cost of \$4,105,884 (92.3 units X \$44,498 per unit). Fountain Hills will use development fees to construct additional park amenities.

Figure PR8: Projected Demand

Type of Infrastructure	Level of Service		Demand Unit	Cost per Unit
Park Amenities	0.0370 Units		per Person	\$44,498
	0.0028 Units		per Job	

Demand for Park Amenities					
Year	Population	Jobs	Units		
			Residential	Nonresidential	Total
2025	27,883	7,501	1,031.0	21.0	1,052.0
2026	28,129	7,541	1,040.1	21.2	1,061.2
2027	28,375	7,581	1,049.2	21.3	1,070.4
2028	28,621	7,622	1,058.3	21.4	1,079.6
2029	28,868	7,662	1,067.4	21.5	1,088.9
2030	29,114	7,702	1,076.5	21.6	1,098.1
2031	29,360	7,751	1,085.6	21.7	1,107.3
2032	29,606	7,801	1,094.7	21.9	1,116.6
2033	29,852	7,850	1,103.8	22.0	1,125.8
2034	30,098	7,899	1,112.9	22.2	1,135.0
2035	30,345	7,948	1,122.0	22.3	1,144.3
10-Yr Increase	2,462	447	91.0	1.3	92.3
Growth-Related Expenditures			\$4,050,041	\$55,843	\$4,105,884

PARKS AND RECREATIONAL FACILITIES DEVELOPMENT FEES

Construction Sales Tax Credit/Offset

The analysis does not include a revenue credit/offset, because Fountain Hills' construction sales tax rate equals the amount of the sales tax rate imposed on the majority of other sales tax classifications. Appendix A contains the forecast of revenues required by Arizona's Enabling Legislation (ARS § 9-463.05(E)(7)).

Parks and Recreational Facilities Development Fees

Figure PR9 includes infrastructure components and cost factors for parks and recreational facilities development fees. The cost per service unit is \$1,800.03 per person and \$137.16 per job.

Residential development fees are calculated per housing unit and vary proportionately according to the number of persons per household. For a single-family unit, the fee of \$4,014 is calculated using a cost of \$1,800.03 per person multiplied by 2.23 persons per household.

Nonresidential development fees are calculated per development unit and vary proportionately according to the number of jobs. For commercial development, the fee of \$291 per development unit (1,000 square feet) is calculated using a cost of \$137.16 per job multiplied by 2.12 jobs per development unit.

Figure PR9: Parks and Recreational Facilities Development Fees

Fee Component	Cost per Person	Cost per Job
Developed Park Land	\$137.78	\$10.45
Park Amenities	\$1,645.29	\$124.81
Development Fee Report	\$16.96	\$1.90
Total	\$1,800.03	\$137.16

Residential Fees per Development Unit					
Development Type	Development Unit	Persons per Unit ¹	Proposed Fees	Current Fees	Difference
Single Family	Housing Unit	2.23	\$4,014	\$1,916	\$2,098
Multi-Family	Housing Unit	1.58	\$2,844	\$1,479	\$1,365

Nonresidential Fees per Development Unit					
Development Type	Development Unit	Jobs per Unit ¹	Proposed Fees	Current Fees	Difference
Industrial	1,000 Sq Ft	1.57	\$215	\$560	(\$345)
Commercial	1,000 Sq Ft	2.12	\$291	\$810	(\$519)
Office & Other Services	1,000 Sq Ft	3.26	\$447	\$1,030	(\$583)
Institutional	1,000 Sq Ft	0.93	\$128	\$320	(\$192)

1. See Land Use Assumptions

PARKS AND RECREATIONAL FACILITIES DEVELOPMENT FEE REVENUE

Appendix A contains the forecast of revenues required by Arizona's Enabling Legislation (ARS § 9-463.05(E)(7)). In accordance with state law, this report includes an IIP for parks and recreational facilities needed to accommodate new development. Projected fee revenue shown in Figure PR10 is based on the development projections in the *Land Use Assumptions* document and the updated development fees for parks and recreational facilities shown in Figure PR9. If development occurs at a more rapid rate than projected, the demand for infrastructure will increase and development fee revenue will increase at a corresponding rate. If development occurs at a slower rate than projected, the demand for infrastructure will decrease along with development fee revenue. Projected development fee revenue equals \$4,487,465 and projected expenditures equal \$4,492,309.

Figure PR10: Parks and Recreational Facilities Development Fee Revenue

Fee Component	Growth Share	Existing Share	Total
Developed Park Land	\$343,825	\$0	\$343,825
Park Amenities	\$4,105,884	\$0	\$4,105,884
Development Fee Report	\$42,600	\$0	\$42,600
Total	\$4,492,309	\$0	\$4,492,309

		Single Family \$4,014 per unit	Multi-Family \$2,844 per unit	Industrial \$215 per unit	Commercial \$291 per unit	Office & Other \$447 per unit	Institutional \$128 per unit
Year		Hsg Unit	Hsg Unit	KSF	KSF	KSF	KSF
Base	2025	10,138	4,375	1,162	1,408	1,575	770
Year 1	2026	10,208	4,432	1,162	1,410	1,584	772
Year 2	2027	10,278	4,489	1,162	1,413	1,593	774
Year 3	2028	10,348	4,546	1,162	1,415	1,602	776
Year 4	2029	10,418	4,603	1,162	1,417	1,611	778
Year 5	2030	10,488	4,660	1,162	1,419	1,620	779
Year 6	2031	10,558	4,717	1,162	1,438	1,622	781
Year 7	2032	10,628	4,774	1,162	1,457	1,623	782
Year 8	2033	10,698	4,831	1,162	1,476	1,625	784
Year 9	2034	10,768	4,888	1,162	1,495	1,626	785
Year 10	2035	10,838	4,945	1,162	1,514	1,628	786
10-Year Increase		700	570	0	106	53	16
Projected Revenue		\$2,809,800	\$1,621,080	\$0	\$30,846	\$23,691	\$2,048

Projected Fee Revenue	\$4,487,465
Total Expenditures	\$4,492,309

STREET FACILITIES IIP

ARS § 9-463.05 (T)(7)(e) defines the eligible facilities and assets for the Street Facilities IIP:

“Street facilities located in the service area, including arterial or collector streets or roads that have been designated on an officially adopted plan of the municipality, traffic signals and rights-of-way and improvements thereon.”

The Street Facilities IIP includes components for street improvements and the cost of preparing the Street Facilities IIP and related Development Fee Report. The plan-based methodology is used for street improvements and the Development Fee Report.

SERVICE AREA

Fountain Hills provides a transportation network within the town limits; therefore, there is a single service area for the Street Facilities IIP.

PROPORTIONATE SHARE

ARS § 9-463.05 (B)(3) states that the development fee shall not exceed a proportionate share of the cost of necessary public services needed to accommodate new development. The Street Facilities IIP and development fees will allocate the cost of necessary public services between residential and nonresidential based on trip generation rates, trip adjustment factors, and trip lengths.

RATIO OF SERVICE UNIT TO DEVELOPMENT UNIT

ARS § 9-463.05(E)(4) requires:

“A table establishing the specific level or quantity of use, consumption, generation or discharge of a service unit for each category of necessary public services or facility expansions and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial and industrial.”

Fountain Hills will use vehicle miles traveled (VMT) as the demand units for street facilities fees. Components used to determine VMT include average weekday vehicle trip generation rates, adjustments for commuting patterns and pass-by trips, and trip length weighting factors.

Residential Trip Generation Rates

As an alternative to simply using national average trip generation rates for residential development, published by the Institute of Transportation Engineers (ITE), TischlerBise calculates custom trip rates using local demographic data. Key inputs needed for the analysis, including average number of persons and vehicles available per housing unit, are available from American Community Survey (ACS) data. Shown in Figure S1, custom trip generation rates for Fountain Hills vary slightly from the national averages. Single-family residential development is expected to generate 8.03 average weekday vehicle trip ends per dwelling – compared to the national average of 9.43 (ITE 210). Multi-family residential development is expected to generate 3.89 average weekday vehicle trip ends per dwelling, which is lower than the national average of 4.54 (ITE 221).

Figure S1: Average Weekday Vehicle Trip Ends by Housing Type

Tenure by Units in Structure	Vehicles Available ¹	Households by Structure Type ²			Vehicles per HH by Tenure
		Single-Family	Multi-Family	Total	
Owner-Occupied	17,994	8,342	886	9,228	1.95
Renter-Occupied	2,991	907	942	1,849	1.62
Total	20,985	9,249	1,828	11,077	1.89

Units in Structure	Persons in Households ³	Trip Ends ⁴	Vehicles by Type of Unit	Trip Ends ⁵	Average Trip Ends	Housing Units ⁶	Trip Ends per Housing Unit	
							Local	National ⁷
Single-Family	20,644	57,498	17,734	115,580	86,539	10,781	8.03	9.43
Multi-Family	2,894	6,546	3,251	13,104	9,825	2,528	3.89	4.54
Total	23,538	64,045	20,985	128,685	96,365	13,309	7.24	

1. Vehicles available by tenure from Table B25046, American Community Survey, 2023 5-Year Estimates.

2. Households by tenure and units in structure from Table B25032, American Community Survey, 2023 5-Year Estimates.

3. Total population in households from Table B25033, American Community Survey, 2023 5-Year Estimates.

4. Vehicle trips ends based on persons using formulas from ITE *Trip Generation*. For single-family housing (ITE 210), the fitted curve equation is $EXP(0.89 \cdot \ln(\text{persons}) + 1.72)$ [ITE 2017]. To approximate the average population of the ITE studies, persons were divided by 37 and the equation result multiplied by 37. For multi-family housing (ITE 221), the fitted curve equation is $(2.29 \cdot \text{persons}) - 81.02$ [ITE 2017].

5. Vehicle trip ends based on vehicles available using formulas from ITE *Trip Generation*. For single-family housing (ITE 210), the fitted curve equation is $EXP(0.99 \cdot \ln(\text{vehicles}) + 1.93)$ [ITE 2017]. To approximate the average number of vehicles in the ITE studies, vehicles available were divided by 69 and the equation result multiplied by 69. For multi-family housing (ITE 220), the fitted curve equation is $(3.94 \cdot \text{vehicles}) + 293.58$ [ITE 2012].

6. Housing units from Table B25024, American Community Survey, 2023 5-Year Estimates.

7. *Trip Generation*, Institute of Transportation Engineers, 11th Edition (2021).

Nonresidential Trip Generation Rates

For nonresidential development, TischlerBise uses trip generation rates published in Trip Generation, Institute of Transportation Engineers, 11th Edition (2021). The prototype for industrial development is Light Industrial (ITE 110) which generates 4.87 average weekday vehicle trip ends per 1,000 square feet of floor area. For office development, the prototype is General Office (ITE 710), and it generates 10.84 average weekday vehicle trip ends per 1,000 square feet of floor area. For institutional development, the prototype is Government Office (ITE 730), and it generates 22.59 average weekday vehicle trip ends per 1,000 square feet of floor area. The prototype for commercial development is Shopping Center (ITE 820) which generates 37.01 average weekday vehicle trips per 1,000 square feet of floor area.

Figure S2: Average Weekday Vehicle Trip Ends by Land Use

ITE Code	Land Use / Size	Demand Unit	Wkdy Trip Ends Per Dmd Unit ¹	Wkdy Trip Ends Per Employee ¹	Emp Per Dmd Unit	Square Feet Per Employee
110	Light Industrial	1,000 Sq Ft	4.87	3.10	1.57	637
150	Warehousing	1,000 Sq Ft	1.71	5.05	0.34	2,953
254	Assisted Living	bed	2.60	4.24	0.61	n/a
310	Hotel	room	7.99	14.34	0.56	n/a
520	Elementary School	1,000 Sq Ft	19.52	21.00	0.93	1,076
610	Hospital	1,000 Sq Ft	10.77	3.77	2.86	350
620	Nursing Home	bed	3.06	3.31	0.92	n/a
710	General Office (avg size)	1,000 Sq Ft	10.84	3.33	3.26	307
720	Medical-Dental Office	1,000 Sq Ft	36.00	8.71	4.13	242
730	Government Office	1,000 Sq Ft	22.59	7.45	3.03	330
770	Business Park	1,000 Sq Ft	12.44	4.04	3.08	325
820	Shopping Center (avg size)	1,000 Sq Ft	37.01	17.42	2.12	471

1. Trip Generation, Institute of Transportation Engineers, 11th Edition (2021).

Trip Rate Adjustments

To calculate street facilities fees, trip generation rates require an adjustment factor to avoid double counting each trip at both the origin and destination points. Therefore, the basic trip adjustment factor is 50 percent. As discussed further in this section, the development fee methodology includes additional adjustments to make the fees proportionate to the infrastructure demand for particular types of development.

Commuter Trip Adjustment

Residential development has a larger trip adjustment factor of 66 percent to account for commuters leaving Fountain Hills for work. According to the 2022 National Household Travel Survey (see Table 8-2) weekday work trips are typically 36 percent of production trips (i.e., all out-bound trips, which are 50 percent of all trip ends). As shown in Figure S3, the U.S. Census Bureau's OnTheMap web application indicates 86 percent of resident workers traveled outside of Fountain Hills for work in 2022. In combination, these factors ($0.36 \times 0.50 \times 0.86 = 0.16$) support the additional 16 percent allocation of trips to residential development.

Figure S3: Commuter Trip Adjustment

Trip Adjustment Factor for Commuters	
Employed Residents	9,263
Residents Living and Working in Fountain Hills	1,276
Residents Commuting Outside Fountain Hills for Work	7,987
Percent Commuting out of Fountain Hills	86%
Additional Production Trips ¹	16%
Residential Trip Adjustment Factor	66%

Source: U.S. Census Bureau, OnTheMap Application (version 6.23.5) and LEHD Origin-Destination Employment Statistics, 2022.

1. According to the 2022 National Household Travel Survey* (see Table 8-2), home-based work trips are typically 36 percent of "production" trips, in other words, out-bound trips (which are 50 percent of all trip ends). Also, LED OnTheMap data from 2022 indicate that 86 percent of Fountain Hills' workers travel outside the city for work. In combination, these factors ($0.36 \times 0.50 \times 0.86 = 0.16$) account for 16 percent of additional production trips. The total adjustment factor for residential includes attraction trips (50 percent of trip ends) plus the journey-to-work commuting adjustment (16 percent of production trips) for a total of 66 percent. *[http://nhts.ornl.gov/publications/Summary of Travel Trends: 2022 National Household Travel Survey \(Table 8-2. Travel Characteristics for Weekday Versus Weekend\)](http://nhts.ornl.gov/publications/Summary%20of%20Travel%20Trends%202022%20National%20Household%20Travel%20Survey%20Table%208-2.%20Travel%20Characteristics%20for%20Weekday%20Versus%20Weekend)

Adjustment for Pass-By Trips

For commercial development, the trip adjustment factor is less than 50 percent because this type of development attracts vehicles as they pass by on arterial and collector roads. For example, when someone stops at a convenience store on the way home from work, the convenience store is not the primary destination. For the average shopping center, ITE data indicate 34 percent of the vehicles that enter are passing by on their way to some other primary destination. The remaining 66 percent of attraction trips have the commercial site as their primary destination. Because attraction trips are half of all trips, the trip adjustment factor is 66 percent multiplied by 50 percent, or approximately 33 percent of the trip ends.

Average Weekday Vehicle Trips

Shown below in Figure S4, multiplying average weekday vehicle trip ends and trip adjustment factors by existing development units provides the average weekday vehicle trips generated by existing development. As shown below, existing development in Fountain Hills generates 102,221 vehicle trips on an average weekday.

Figure S4: Average Weekday Vehicle Trips by Land Use

Development Type	Dev Unit	ITE Code	Avg Wkday VTE	Trip Adjustment	2025 Dev Units	2025 Veh Trips
Single Family	HU	210	8.03	66%	10,138	53,729
Multi-Family	HU	220	3.89	66%	4,375	11,232
Industrial	KSF	110	4.87	50%	1,162	2,830
Commercial	KSF	820	37.01	33%	1,408	17,196
Office & Other Services	KSF	710	10.84	50%	1,575	8,535
Institutional	KSF	730	22.59	50%	770	8,698
Total						102,221

Trip Length Weighting Factor

The street facilities development fee methodology includes a percentage adjustment, or weighting factor, to account for trip length variation by type of land use. As documented in Table 3-4, Table 3-5, and Table 3-6 of the 2022 National Household Travel Survey, vehicle trips from residential development are approximately 120 percent of the average trip length. The residential trip length adjustment factor includes data on home-based work trips, social, and recreational purposes. Conversely, shopping trips associated with commercial development are roughly 50 percent of the average trip length while other nonresidential development typically accounts for trips that are 76 percent of the average for all trips.

Local Vehicle Miles Traveled

Figure S5 displays the demand indicators per development unit for residential and nonresidential development. For residential development, the table displays VMT per household for each development unit. For nonresidential development, the table displays the number of VMT per development unit.

Figure S5: Ratio of Service Unit to Development Unit

Residential Development						
Development Type	Development Unit	AWVTE per unit ¹	Trip Adjustment ²	Average Trip Length (miles)	Trip Length Adjustment ³	VMT per Unit
Single Family	Housing Unit	8.03	66%	4.4653	120%	28.40
Multi-Family	Housing Unit	3.89	66%	4.4653	120%	13.76

Nonresidential Development						
Development Type	Development Unit	AWVTE per Unit ⁴	Trip Adjustment ⁴	Average Trip Length (miles)	Trip Length Adjustment ³	VMT per Unit
Industrial	1,000 Sq Ft	4.87	50%	4.4653	76%	8.26
Commercial	1,000 Sq Ft	37.01	33%	4.4653	50%	27.27
Office & Other Services	1,000 Sq Ft	10.84	50%	4.4653	76%	18.39
Institutional	1,000 Sq Ft	19.52	50%	4.4653	76%	33.12

1. TischlerBise calculation.

2. TischlerBise calculation based on OnTheMap Application (version 6.25.1) and LEHD Origin-Destination Employment Statistics, 2022; and 2022 National Household Travel Survey.

3. 2022 National Household Travel Survey.

4. Trip Generation, Institute of Transportation Engineers, 11th Edition (2021).

PROJECTED DEMAND FOR SERVICES AND COSTS

ARS § 9-463.05(E)(5) requires:

"The total number of projected service units necessitated by and attributable to new development in the service area based on the approved land use assumptions and calculated pursuant to generally accepted engineering and planning criteria."

ARS § 9-463.05(E)(6) requires:

"The projected demand for necessary public services or facility expansions required by new service units for a period not to exceed ten years."

According to recent estimates, Fountain Hills currently provides 70.0 lane miles of arterials. Using a capacity standard of 8,175 vehicles per lane mile, the existing arterial network provides 572,250 vehicle miles of capacity (70.0 lane miles X 8,175 vehicles per lane mile). To derive the average utilization (i.e., average trip length expressed in miles) of the major streets, divide vehicle miles of capacity by vehicle trips attracted to development in Fountain Hills. As shown in Figure S6, existing development currently attracts 102,221 average weekday vehicle trips. Dividing 572,250 vehicle miles of capacity by existing average weekday vehicle trips yields an unweighted-average trip length of approximately 5.598 miles. The calibration of average trip length includes the same adjustment factors used in the development fee calculations (i.e., commuter trip adjustment, pass-by trip adjustment, and average trip length adjustment). With these refinements, the weighted-average trip length is 5.621 miles.

As shown in the *Land Use Assumptions* document, 10-year projected growth includes 1,270 housing units and 175,000 square feet of nonresidential floor area. Based on the trip generation factors discussed in this section, projected development generates an additional 40,546 VMT over the next 10 years. Shown below in Figure S6, Fountain Hills will need to construct approximately 4.96 lane miles of street improvements to maintain the existing LOS over the next 10 years.

Figure S6: Projected Travel Demand

Development Type	Dev Unit	ITE Code	Weekday Veh Trips	Local Trip Length	Trip Length Adj	Weekday VMT
Single Family	HU	210	5.30	5.6210	120%	35.75
Multi-Family	HU	220	2.57	5.6210	120%	17.32
Industrial	KSF	110	2.44	5.6210	76%	10.40
Commercial	KSF	820	12.21	5.6210	50%	34.33
Office & Other Services	KSF	710	5.42	5.6210	76%	23.15
Institutional	KSF	730	11.30	5.6210	76%	48.25

VMC Per Lane Mile	8,175
Average Trip Length (miles)	5.6210

Fountain Hills, Arizona	Base 2025	1 2026	2 2027	3 2028	4 2029	5 2030	10 2035	10-Year Increase
Single-Family Units	10,138	10,208	10,278	10,348	10,418	10,488	10,838	700
Multi-Family Units	4,375	4,432	4,489	4,546	4,603	4,660	4,945	570
Industrial KSF	1,162	1,162	1,162	1,162	1,162	1,162	1,162	0
Commercial KSF	1,408	1,410	1,413	1,415	1,417	1,419	1,514	106
Office & Other KSF	1,575	1,584	1,593	1,602	1,611	1,620	1,628	53
Institutional KSF	770	772	774	776	778	779	786	16
Single Family Trips	53,729	54,100	54,471	54,842	55,213	55,584	57,439	3,710
Multi-Family Trips	11,232	11,379	11,525	11,671	11,818	11,964	12,696	1,463
Residential Trips	64,962	65,479	65,996	66,514	67,031	67,548	70,135	5,173
Industrial Trips	2,830	2,830	2,830	2,830	2,830	2,830	2,830	0
Commercial Trips	17,196	17,224	17,252	17,280	17,308	17,336	18,487	1,290
Office & Other Trips	8,535	8,584	8,634	8,683	8,732	8,782	8,823	288
Institutional Trips	8,698	8,719	8,740	8,761	8,782	8,803	8,883	185
Nonresidential Trips	37,259	37,357	37,456	37,554	37,653	37,751	39,023	1,764
Total Vehicle Trips	102,221	102,836	103,452	104,068	104,684	105,299	109,158	6,937
VMT	572,217	576,086	579,955	583,824	587,693	591,562	612,763	40,546
Lane Miles	70.00	70.47	70.94	71.42	71.89	72.36	74.96	4.96

Calibrated Travel Demand Model

Fountain Hills plans to construct 3.94 lane miles of arterials over the next 10 years to serve future development. Since Fountain Hills plans to build fewer than 4.96 lane miles, as shown in Figure S6, the average trip length of 5.6210 miles is adjusted until the 10-year demand for arterials equals 3.94 lane miles – resulting in an average trip length of 4.4653 miles on the planned street improvements. The 10-year increase in VMT on the planned street improvements equals 32,209 VMT.

Figure S7: Calibrated Travel Demand

Development Type	Dev Unit	ITE Code	Weekday Veh Trips	Local Trip Length	Trip Length Adj	Weekday VMT
Single Family	HU	210	5.30	4.4653	120%	28.40
Multi-Family	HU	220	2.57	4.4653	120%	13.76
Industrial	KSF	110	2.44	4.4653	76%	8.26
Commercial	KSF	820	12.21	4.4653	50%	27.27
Office & Other Services	KSF	710	5.42	4.4653	76%	18.39
Institutional	KSF	730	11.30	4.4653	76%	38.33

VMC Per Lane Mile	8,175
Average Trip Length (miles)	4.4653

Fountain Hills, Arizona	Base 2025	1 2026	2 2027	3 2028	4 2029	5 2030	10 2035	10-Year Increase
Single-Family Units	10,138	10,208	10,278	10,348	10,418	10,488	10,838	700
Multi-Family Units	4,375	4,432	4,489	4,546	4,603	4,660	4,945	570
Industrial KSF	1,162	1,162	1,162	1,162	1,162	1,162	1,162	0
Commercial KSF	1,408	1,410	1,413	1,415	1,417	1,419	1,514	106
Office & Other KSF	1,575	1,584	1,593	1,602	1,611	1,620	1,628	53
Institutional KSF	770	772	774	776	778	779	786	16
Single Family Trips	53,729	54,100	54,471	54,842	55,213	55,584	57,439	3,710
Multi-Family Trips	11,232	11,379	11,525	11,671	11,818	11,964	12,696	1,463
Residential Trips	64,962	65,479	65,996	66,514	67,031	67,548	70,135	5,173
Industrial Trips	2,830	2,830	2,830	2,830	2,830	2,830	2,830	0
Commercial Trips	17,196	17,224	17,252	17,280	17,308	17,336	18,487	1,290
Office & Other Trips	8,535	8,584	8,634	8,683	8,732	8,782	8,823	288
Institutional Trips	8,698	8,719	8,740	8,761	8,782	8,803	8,883	185
Nonresidential Trips	37,259	37,357	37,456	37,554	37,653	37,751	39,023	1,764
Total Vehicle Trips	102,221	102,836	103,452	104,068	104,684	105,299	109,158	6,937
VMT	454,567	457,641	460,714	463,787	466,861	469,934	486,776	32,209
Lane Miles	55.60	55.98	56.36	56.73	57.11	57.48	59.54	3.94

ANALYSIS OF CAPACITY, USAGE, AND COSTS OF EXISTING PUBLIC SERVICES

ARS § 9-463.05(E)(1) requires:

“A description of the existing necessary public services in the service area and the costs to upgrade, update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards, which shall be prepared by qualified professionals licensed in this state, as applicable.”

ARS § 9-463.05(E)(2) requires:

“An analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services, which shall be prepared by qualified professionals licensed in this state, as applicable.”

Street Improvements – Plan-Based

Fountain Hills plans to expand Shea Boulevard to serve future development. The Fountain Hills Public Works Department provided construction cost estimates of \$29,311,273 to construct 3.94 lane miles of Shea Boulevard. The eligible cost of \$8,793,382 excludes the 70 percent Maricopa Association of Governments (MAG) share of funding.

Figure S8: Cost Factors

Shea Blvd Widening	Miles	Lanes	Lane Miles	Total Cost	MAG Funding	Eligible Cost
Palisades to FH Blvd	0.94	1	0.94	\$6,276,218	\$4,393,353	\$1,882,865
FH Blvd to Technology Dr	1.50	2	3.00	\$23,035,055	\$16,124,539	\$6,910,517
Total	2.44		3.94	\$29,311,273	\$20,517,891	\$8,793,382

Source: Fountain Hills Public Works Department

As shown below, the analysis includes a credit of \$900,000 for the May 2025 street facilities development fee fund balance. The adjusted cost of street improvements is \$7,893,382, and the adjusted cost per lane mile is \$2,003,396. The planned level of service is 1.2232 lane miles per 10,000 VMT (59.54 lane miles / (486,776 VMT / 10,000)). For street improvements, the cost is \$245.06 per VMT (59.4 lane miles / 486,776 VMT X \$2,003,396 per lane mile).

Figure S9: Planned Level of Service

Cost Factors	
Eligible Cost	\$8,793,382
May 2025 Fund Balance	(\$900,000)
Adjusted Cost	\$7,893,382
Lane Miles	3.94
Adjusted Cost per Lane Mile	\$2,003,396

Level-of-Service (LOS) Standards	
Adjusted Lane Miles	59.54
2035 VMT	486,776
Lane Miles per 10,000 VMT	1.2232
Cost per VMT	\$245.06

Source: Fountain Hills Public Works Department

Development Fee Report – Plan-Based

The 2025 cost to prepare the Street Facilities IIP and related development fee report equals \$21,350. Fountain Hills plans to update its report every five years, so the 10-year cost is \$42,700. Based on the 10-year cost, proportionate share, and 10-year projections of future development from the *Land Use Assumptions* document, the cost per service unit is \$1.33 per VMT.

Figure S10: IIP and Development Fee Report

Necessary Public Service	2025 Study Update	10-Year Cost (2 Updates)	Proportionate Share		Service Unit	10-Year Change	Cost per Service Unit
Fire	\$21,300	\$42,600	Residential	80%	Population	2,462	\$13.84
			Nonresidential	20%	Jobs	447	\$19.04
Parks and Recreational	\$21,300	\$42,600	Residential	98%	Population	2,462	\$16.96
			Nonresidential	2%	Jobs	447	\$1.90
Street	\$21,350	\$42,700	All Development	100%	VMT	32,209	\$1.33
Total	\$63,950	\$127,900					

STREET FACILITIES DEVELOPMENT FEES

Construction Sales Tax Credit/Offset

The analysis does not include a revenue credit/offset, because Fountain Hills' construction sales tax rate equals the amount of the sales tax rate imposed on the majority of other sales tax classifications. Appendix A contains the forecast of revenues required by Arizona's Enabling Legislation (ARS § 9-463.05(E)(7)).

Street Facilities Development Fees

Figure S11 includes infrastructure components and cost factors for street facilities development fees. The cost per service unit is \$246.39 per VMT.

Residential development fees are calculated per housing unit and vary proportionately according to the amount of VMT. For a single-family unit, the fee of \$6,997 is calculated using a cost of \$246.39 per VMT multiplied by 28.40 VMT per unit.

Nonresidential development fees are calculated per development unit and vary proportionately according to the amount of VMT. For commercial development, the fee of \$6,719 per development unit (1,000 square feet) is calculated using a cost of \$246.39 per VMT multiplied by 27.27 VMT per development unit.

Figure S11: Street Facilities Development Fees

Fee Component	Cost per VMT
Street Improvements	\$245.06
Development Fee Report	\$1.33
Total	\$246.39

Residential Fees per Development Unit					
Development Type	Development Unit	VMT per Unit ¹	Proposed Fees	Current Fees	Difference
Single Family	Housing Unit	28.40	\$6,997	\$1,935	\$5,062
Multi-Family	Housing Unit	13.76	\$3,390	\$964	\$2,426

Nonresidential Fees per Development Unit					
Development Type	Development Unit	VMT per Unit ¹	Proposed Fees	Current Fees	Difference
Industrial	1,000 Sq Ft	8.26	\$2,035	\$630	\$1,405
Commercial	1,000 Sq Ft	27.27	\$6,719	\$2,860	\$3,859
Office & Other Services	1,000 Sq Ft	18.39	\$4,531	\$1,240	\$3,291
Institutional	1,000 Sq Ft	33.12	\$8,160	\$2,480	\$5,680

1. See Land Use Assumptions

STREET FACILITIES DEVELOPMENT FEE REVENUE

Appendix A contains revenue forecasts required by Arizona's Enabling Legislation (ARS § 9-463.05(E)(7)). Projected fee revenue shown in Figure S12 is based on the development projections in the *Land Use Assumptions* document and the updated street facilities development fees. If development occurs faster than projected, the demand for infrastructure will increase along with development fee revenue. If development occurs slower than projected, the demand for infrastructure will decrease and development fee revenue will decrease at a similar rate. Projected development fee revenue equals \$7,913,117 and projected expenditures equal \$7,936,010.

Figure S12: Street Facilities Development Fee Revenue

Fee Component	Growth Share	Existing Share	Total
Street Improvements	\$7,893,310	\$0	\$7,893,310
Development Fee Report	\$42,700	\$0	\$42,700
Total	\$7,936,010	\$0	\$7,936,010

		Single Family \$6,997 per unit	Multi-Family \$3,390 per unit	Industrial \$2,035 per 1,000 sq ft	Commercial \$6,719 per 1,000 sq ft	Office & Other \$4,531 per 1,000 sq ft	Institutional \$8,160 per 1,000 sq ft
Year		Hsg Unit	Hsg Unit	KSF	KSF	KSF	KSF
Base	2025	10,138	4,375	1,162	1,408	1,575	770
Year 1	2026	10,208	4,432	1,162	1,410	1,584	772
Year 2	2027	10,278	4,489	1,162	1,413	1,593	774
Year 3	2028	10,348	4,546	1,162	1,415	1,602	776
Year 4	2029	10,418	4,603	1,162	1,417	1,611	778
Year 5	2030	10,488	4,660	1,162	1,419	1,620	779
Year 6	2031	10,558	4,717	1,162	1,438	1,622	781
Year 7	2032	10,628	4,774	1,162	1,457	1,623	782
Year 8	2033	10,698	4,831	1,162	1,476	1,625	784
Year 9	2034	10,768	4,888	1,162	1,495	1,626	785
Year 10	2035	10,838	4,945	1,162	1,514	1,628	786
10-Year Increase		700	570	0	106	53	16
Projected Revenue		\$4,897,900	\$1,932,300	\$0	\$712,214	\$240,143	\$130,560

Projected Fee Revenue	\$7,913,117
Total Expenditures	\$7,936,010

APPENDIX A: FORECAST OF REVENUES OTHER THAN FEES

ARS § 9-463.05(E)(7) requires:

“A forecast of revenues generated by new service units other than development fees, which shall include estimated state-shared revenue, highway users revenue, federal revenue, ad valorem property taxes, construction contracting or similar excise taxes and the capital recovery portion of utility fees attributable to development based on the approved land use assumptions, and a plan to include these contributions in determining the extent of the burden imposed by the development as required in subsection B, paragraph 12 of this section.”

ARS § 9-463.05(B)(12) states,

“The municipality shall forecast the contribution to be made in the future in cash or by taxes, fees, assessments or other sources of revenue derived from the property owner towards the capital costs of the necessary public service covered by the development fee and shall include these contributions in determining the extent of the burden imposed by the development. Beginning August 1, 2014, for purposes of calculating the required offset to development fees pursuant to this subsection, if a municipality imposes a construction contracting or similar excise tax rate in excess of the percentage amount of the transaction privilege tax rate imposed on the majority of other transaction privilege tax classifications, the entire excess portion of the construction contracting or similar excise tax shall be treated as a contribution to the capital costs of necessary public services provided to development for which development fees are assessed, unless the excess portion was already taken into account for such purpose pursuant to this subsection.”

REVENUE PROJECTIONS

Fountain Hills does not have a higher-than-normal construction excise tax rate; therefore, the required offset described above is not applicable. Shown in Figure A1, Fountain Hills provided the required forecast of non-development fee revenue from identified sources that can be attributed to future development over a period of five years. Fountain Hills directs the revenues shown below to non-development fee eligible operations and capital needs including maintenance, repair, and replacement.

Figure A1: Revenue Projections

Projected Revenue	FY2025-26	FY2026-27	FY2027-28	FY2028-29	FY2029-30
Intergovernmental Revenue	\$8,337,654	\$8,504,407	\$8,674,495	\$8,847,985	\$9,024,945
Licenses, Permits & Fees	\$1,637,398	\$1,686,520	\$1,737,116	\$1,789,229	\$1,842,906
Building Permit Revenue	\$712,740	\$734,122	\$756,146	\$778,830	\$802,195
Local Sales Taxes	\$16,500,234	\$17,160,243	\$17,589,249	\$18,028,981	\$18,479,705
Total	\$27,188,026	\$28,085,293	\$28,757,006	\$29,445,025	\$30,149,751

Source: Town of Fountain Hills 2026-2030 Revenue Projections

APPENDIX B: PROFESSIONAL SERVICES

As stated in Arizona’s development fee enabling legislation, “a municipality may assess development fees to offset costs to the municipality associated with providing necessary public services to a development, including the costs of infrastructure, improvements, real property, engineering and architectural services, financing and professional services required for the preparation or revision of a development fee pursuant to this section, including the relevant portion of the infrastructure improvements plan” (see ARS § 9-463.05.A). Because development fees must be updated at least every five years, the analysis allocates the cost of two updates to the projected increase in service units during 10-year study period (see Figure B1). Qualified professionals must develop the IIP, using generally accepted engineering and planning practices. A qualified professional is defined as “a professional engineer, surveyor, financial analyst or planner providing services within the scope of the person's license, education or experience”.

Figure B1: Cost of Professional Services

Necessary Public Service	2025 Study Update	10-Year Cost (2 Updates)	Proportionate Share		Service Unit	10-Year Change	Cost per Service Unit
Fire	\$21,300	\$42,600	Residential	80%	Population	2,462	\$13.84
			Nonresidential	20%	Jobs	447	\$19.04
Parks and Recreational	\$21,300	\$42,600	Residential	98%	Population	2,462	\$16.96
			Nonresidential	2%	Jobs	447	\$1.90
Street	\$21,350	\$42,700	All Development	100%	VMT	32,209	\$1.33
Total	\$63,950	\$127,900					

APPENDIX C: LAND USE DEFINITIONS

RESIDENTIAL DEVELOPMENT

The residential development categories shown below are based on data from the U.S. Census Bureau, American Community Survey. Development fees will be assessed to all new residential units. One-time development fees are determined by site capacity (i.e., number of residential units).

Single Family: includes fully detached, semi-detached (semi-attached, side-by-side), row house, townhouse, and mobile home units. In the case of attached units, each must be separated from the adjacent unit by a ground-to-roof wall in order to be classified as a single-family structure. Also, these units must not share heating/air-conditioning systems or utilities.

Multi-Family: includes residential buildings containing units built one on top of another and those built side-by-side which do not have a ground-to-roof wall and/or have common facilities (i.e., attic, basement, heating plant, plumbing, etc.). This also includes boats, RVs, vans, etc., occupied as a housing unit or units that do not fit into the other categories.

NONRESIDENTIAL DEVELOPMENT

The proposed general nonresidential development categories (defined below) can be used for all new construction. Nonresidential development categories represent general groups of land uses that share similar average weekday vehicle trip generation rates and employment densities (i.e., jobs per thousand square feet of floor area).

Commercial: Establishments primarily selling merchandise, eating/drinking places, and entertainment uses. By way of example, *Commercial* includes shopping centers, supermarkets, pharmacies, restaurants, bars, nightclubs, automobile dealerships, movie theaters, hotels, and motels.

Industrial: Establishments primarily engaged in the production, transportation, or storage of goods. By way of example, *Industrial* includes manufacturing plants, distribution warehouses, trucking companies, utility substations, power generation facilities, and telecommunications buildings.

Institutional: Establishments including public and quasi-public buildings providing educational, social assistance, or religious services. By way of example, *Institutional* includes schools, universities, churches, daycare facilities, and government buildings.

Office & Other Services: Establishments providing management, administrative, professional, or business services; personal and health care services. By way of example, *Office & Other Services* includes banks, business offices, assisted living facilities, nursing homes, hospitals, medical offices, and veterinarian clinics.



TOWN OF FOUNTAIN HILLS

STAFF REPORT

Meeting Date: 12/16/2025
Meeting Type: Town Council Regular Meeting - **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)

CONSIDERATION AND POSSIBLE ACTION: ~~Regarding Resolution 2025-35, increasing a stipend up to \$750 per month for Council Members and increasing a stipend up to \$1,100 per month for the Mayor beginning in December 2026. Removed at the direction of the Mayor and Council~~

Staff Summary (background)

The Town of Fountain Hills Council adopted Resolution 1992-10 in April 1992, first establishing compensation of \$300 per month for Council Members and \$400 per month for the Mayor. Eight years later, in 2000, the Council adopted Resolution 2000-28, which increased these amounts to \$400 per month for Council Members and \$600 per month for the Mayor.

Town Code, Section 2-1-5 and ARS 9-232.01 allow for the Council to approve increased monthly stipend amounts by resolution. At the May 6, 2025, regular meeting, the Town Council considered a resolution (Resolution 2025-18) to increase stipends for Council Members to \$750 per month and for the Mayor to \$1,100 per month. Resolution 2025-18 did not pass by a 3-4 Council vote on that night. However, the Council held further discussion on this matter at the June 17, 2025, regular meeting and at the September 9, 2025, work session discussing staff and council pay adjustments. At those subsequent meetings, several members of the Council expressed interest in revisiting the possibility of increasing Council and Mayor stipends beginning after the next election in 2026.

Therefore, Town staff drafted Resolution 2025-35 for Council consideration, which increases stipends for Council Members to \$750 per month, and the Mayor to \$1,100 per month beginning in December 2026 after the new Council is seated. Regardless of the Council's vote on this resolution, another agenda item tonight relates to aligning Council Member and Mayor's stipend adjustments with Town staff pay adjustments approved during the budget process each fiscal year.

Related Ordinance, Policy or Guiding Principle

Town Code, Section 2-1-5; ARS 9-232.01

Risk Analysis

N/A

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

N/A

Staff Recommendation(s)

N/A

Suggested Motion

MOVE TO approve Resolution 2025-35, proposing increased monthly stipends for the Mayor at \$1,100 and Council Members at \$750 beginning in December 2026 after the new Council is seated

OR

MOVE TO deny Resolution 2025-35, proposing increased monthly stipends for the Mayor and Council Members

FISCAL IMPACT

Fiscal Impact: \$31,200 per year

Budget Reference: Mayor & Council Department

Funding Source: General Fund

ATTACHMENTS

- | | |
|----|--------------|
| 1. | PRESENTATION |
| 2. | RES2025.35 |

December 16, 2025

Council Base Stipends Resolution 2025-35

Paul Soldinger, Chief Financial Officer



Council Base Stipends Background

- Mayor & Council compensation first established in April 1992
 - \$300 per month for Councilmembers
 - \$400 per month for the Mayor
- Compensation was adjusted in 2000 to current amounts:
 - \$400 per month for Councilmembers
 - \$600 per month for the Mayor



Council Base Stipends Background



- Town Code and ARS 9-232.01 allow for the Council to approve increased compensation by resolution
- The Town Council did not approve Resolution 2025-18 (by a 3-4 vote) at the May 6, 2025, regular meeting to increase the amounts to:
 - \$750 per month for Councilmembers
 - \$1,100 per month for the Mayor
- The Council held additional conversations on this subject during the June 17, 2025, regular meeting and the September 9, 2025, work session
 - Several Councilmembers expressed interest in revisiting increasing the base amounts (beginning after the next election) and aligning annual Council pay adjustments with Town staff pay adjustments

Council Base Stipends – Resolution 2025-35



- Resolution 2025-35 revisits the idea of increasing base stipend amounts to the following amounts beginning December 2026:
 - \$750 per month for Councilmembers
 - \$1,100 per month for the Mayor
- Another agenda item will discuss aligning annual adjustments with Town staff

Questions & Comments?



**FOUNTAIN
HILLS**



RESOLUTION 2025-35

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF FOUNTAIN HILLS, ARIZONA, PURSUANT TO ARIZONA REVISED STATUTES SECTION 9-232.01 AND TOWN CODE 2-1-5 INCREASING A STIPEND UP TO \$750 PER MONTH FOR COUNCIL MEMBERS AND INCREASING A STIPEND UP TO \$1,100 PER MONTH FOR THE MAYOR

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF FOUNTAIN HILLS, as follows:

SECTION 1. That on July 6, 2000, the Town Council of the Town of Fountain Hills passed Resolution 2000-28 establishing the current stipends for members of the Council.

SECTION 2. That Section 2-1-5 of the Fountain Hills Town Code provides that the stipends paid to the Mayor and Council for service in office shall be fixed from time to time by resolution of the Council.

SECTION 3. Pursuant to the authority under both state law and the Town Code, the following stipends are hereby established beginning in December 2026:

- A. Each Council Member shall receive a stipend of \$750 per month, or proportionate portion thereof, served.
- B. The Mayor shall receive a stipend of \$1,100 per month, or proportionate portion thereof, served.

The stipends established in this section are in lieu of any other salary or wages; reimbursements or allowances for cellular devices and services; reimbursements or allowances for use of personal vehicles within Maricopa County; and other incidental expenses.

PASSED AND ADOPTED BY the Mayor and Council of the Town of Fountain Hills, Arizona, this 16th day of December 2025.

FOR THE TOWN OF FOUNTAIN HILLS:

ATTESTED TO:

MAYOR

TOWN CLERK

REVIEWED BY:

APPROVED AS TO FORM:

TOWN MANAGER

TOWN ATTORNEY



TOWN OF FOUNTAIN HILLS

STAFF REPORT

Meeting Date: 12/16/2025
Meeting Type: Town Council Regular Meeting - **AMENDED**
Submitting Department: Administration / Finance
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)

CONSIDERATION AND POSSIBLE ACTION: ~~Regarding Resolution 2025-43, aligning annual Council stipend adjustments with Town staff pay adjustments. Removed at the direction of the Mayor and Council~~

Staff Summary (background)

Town Code, Section 2-1-5 and ARS 9-232.01 allow for the Council to approve increased monthly stipend amounts by resolution. The Town Council has held several discussions on staff pay and council compensation during calendar year 2025. Specifically, the Council held discussions on this matter at the June 17, 2025, regular meeting and at the September 9, 2025, work session discussing staff and council pay adjustments. At those meetings, several members of the Council expressed interest in aligning annual Council and Mayor stipend adjustments with Town staff pay adjustments approved through each annual budget process. These proposed annual stipend adjustments for the Council would begin in the fiscal year following the next election in 2026 (Fiscal Year 2028).

Therefore, Town staff drafted Resolution 2025-43 for Council consideration, which provides that the stipends for Council Members and the Mayor would be increased on the effective date and by the same percentage as Council approved salary adjustments for Town employees from and after December 2026.

Related Ordinance, Policy or Guiding Principle

Town Code, Section 2-1-5; ARS 9-232.01

Risk Analysis

N/A

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

N/A

Staff Recommendation(s)

N/A

Suggested Motion

MOVE TO approve Resolution 2025-43, proposing an annual stipend adjustment for the Mayor and Council Members at the same rate applied to Town staff compensation effective from and after December 2026

OR

MOVE TO deny Resolution 2025-43, proposing annual Mayor and Council Member stipend

adjustments

FISCAL IMPACT

Fiscal Impact: Annual increases would apply to base stipend amounts

Budget Reference: Mayor & Council Department

Funding Source: General Fund

ATTACHMENTS

- | | |
|----|--------------|
| 1. | PRESENTATION |
| 2. | RES2025.43 |

December 16, 2025

Council Stipends Annual Adjustments Resolution 2025-43

Paul Soldinger, Chief Financial Officer



Council Stipends Annual Adjustments Background



- Town Code and ARS 9-232.01 allow for the Council to approve increased compensation by resolution
- The Town Council typically approves a Town staff pay adjustment through the annual budget process.
 - However, the Council stipends have not received annual adjustments.
- The Council held conversations on this subject during the June 17, 2025, regular meeting and the September 9, 2025, work session
 - Several Councilmembers expressed interest in aligning annual Council pay adjustments with Town staff pay adjustments

Council Base Stipends – Resolution 2025-43



- Resolution 2025-43 introduces the idea of aligning annual increases between Council stipends and annual Town staff pay adjustments:
 - Beginning with the Fiscal Year 2028, Council stipends would be increased by the same percentage as Council approved salary adjustments for employees

Questions & Comments?



**FOUNTAIN
HILLS**



RESOLUTION 2025-43

**A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF
FOUNTAIN HILLS, ARIZONA, PURSUANT TO ARIZONA REVISED STATUTES
SECTION 9-232.01 AND TOWN CODE 2-1-5 ESTABLISHING AN ANNUAL
STIPEND ADJUSTMENT FOR COUNCIL MEMBERS AND THE MAYOR AT
THE SAME RATE APPLIED TO TOWN STAFF COMPENSATION**

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF
FOUNTAIN HILLS, as follows:

SECTION 1. That Section 2-1-5 of the Fountain Hills Town Code provides that the stipends paid to the Mayor and Council for service in office shall be fixed from time to time by resolution of the Council.

SECTION 2. The Council approves a final budget for the Town each fiscal year that may include a salary adjustment for all Town employees, except those with individual employment contracts.

SECTION 3. Pursuant to the authority under both state law and the Town Code, from and after December 2026, the stipends for Council Members and the Mayor shall be increased on the effective date and by the same percentage as Council approved salary adjustments for all Town employees, except those with individual employment contracts.

The stipends and any adjustments to them pursuant to this section are in lieu of any other increased salary or wages; reimbursements or allowances for cellular devices and services; reimbursements or allowances for use of personal vehicles within Maricopa County; and other incidental expenses.

PASSED AND ADOPTED BY the Mayor and Council of the Town of Fountain Hills, Arizona, this
16th day of December 2025.

FOR THE TOWN OF FOUNTAIN HILLS:

ATTESTED TO:

MAYOR

TOWN CLERK

REVIEWED BY:

APPROVED AS TO FORM:

TOWN MANAGER

TOWN ATTORNEY