

**TOWN OF FOUNTAIN HILLS
MINUTES OF THE SPECIAL MEETING OF THE
FOUNTAIN HILLS TOWN COUNCIL
MARCH 26, 2019**

1. CALL TO ORDER – Mayor Ginny Dickey

Mayor Dickey called the Special Meeting of March 26, 2019, to order at 5:32 p.m.

2. ROLL CALL – Mayor Ginny Dickey

COUNCILMEMBERS PRESENT: Mayor Ginny Dickey; Vice Mayor Art Tolis; Councilmembers Mike Scharnow, Dennis Brown, Alan Magazine, Sherry Leckrone and David Spelich.

COUNCILMEMBERS ABSENT: None.

STAFF PRESENT: Town Manager Grady Miller, Town Attorney Aaron D. Arnson, and Town Clerk Elizabeth A. Burke.

Mayor Dickey reported that the Council would not have a Call to the Public or allow for public comments unless the Council should have questions for those in the audience.

3. Discussion and direction to staff regarding the proposed FY19-20 capital improvement program and proposed FY19-20 facilities replacement program.

Public Works Director Justin Weldy began a PowerPoint presentation, first by reviewing those projects that were indicated on the list as "cancelled."

F4031 - Town Hall Improvements This was to renovate the area behind the Council Chambers into an Economic Development Office and possibly for tourism and other activities that would be readily accessible.

G1100 – Economic Development - Prop 202 He believed the Town did not receive that grant.

G3204 – Highway Safety Improvement Program – HSIP The Town initiated the first phase of this; the remainder of that included replacement of stop signs town-wide. However, there were delays and they were not able to get the additional financing. The Town, not knowing whether this fund would be available, purchased the signs, but the funding went away.

P3023 - Pocket Park West This has been on the CIP list for quite some time. Was shown in part Sunridge Drive and Desert Canyon. He said that this was a small pocket park to share that area with a fire station; the Town Manager has given different direction.

Mr. Miller explained that this was tied to Fire Station #3. In his opinion, if it ever happens it will be due to the state trust land being developed. It did not make a lot of sense to him at this point in time.

P3026 - Fountain Park Access Improvements He believed it was the year before last that an engineering group came to Council and proposed a large lookout over Fountain Lake, tying into the amenities with ADA accessible sidewalks. This was cancelled as a result of the enormous cost of \$800,000.

P3028 - Four Peaks Park Phase II and III He said that the director of Community Services is working forward with Mr. Miller and there is a new plan for that park, some with grant funding and some as part of a new project.

P3030 - Plaza Fountainside Courtyard Area Improvements This is the area directly behind Fountainside retail and splash pad. He said that there was some intent to do pavers, etc., but it has also been scratched for costs and other related issues.

Vice Mayor Tolis said that there is still interest with nonprofits that want to contribute money toward this project. They have their own plans, but until the Town moves forward with a CIP budget, it is something they cannot discuss further.

Councilmember Scharnow asked if those projects listed as cancelled get moved to another list, or totally go away. Mr. Weldy said that it varies. Some of the projects have been accomplished using other funding and some completely go away.

Discussion was held on the Fountain Park Access Improvements. It was noted that the project that was brought back was much higher in cost than anticipated, but that was because it came back as a Rolls Royce instead of the requested Chevrolet.

S6004 - Guardrail Modifications He said that this was a HISA grant started in 2011, but it was discovered that those locations did not meet the guidelines. They reallocated some of that money into other projects in town; some went to traffic signal upgrades.

S6054 – Highway Safety Improvement Program He said that this was another HISA grant. They used the majority of money making improvements to traffic signals.

Councilmember Magazine said that they have been addressing items that have been cancelled, but he recalled during the discussion of the property tax that there was a very long list of items that included mostly infrastructure. He asked where that list was and if it has been abandoned. Mr. Miller said that he did remember that; it was how they came up with the \$7 million amount. He said that they would find that list and distribute it.

Councilmember Magazine said that they should have a listing of all of the items they are not doing and never will because they do not have enough money.

Mr. Weldy then reviewed the list of requested capital items for FY19-20.

D6047 – Miscellaneous Drainage He said that they have used this funding for small, in-house projects that require a minimum amount of work. The photo is a result of last year's storm. It broke the pipe off and washed it down the stream. Mr. Miller said that this was a recurring \$50,000 a year.

D6055 – Civic Center Drainage Mr. Weldy said that this has been deferred and changed over time. There is a considerable amount of drainage pipe required to tie into drainage on La Montana and El Lago. They came up with a less costly project to put in a french drain at the end of the drain to reduce an additional cost that will be necessary.

D6056 – Eagle Mountain Parkway Drainage Improvements He said that this is to address water ponding in the intersection of Summerhill and Eagle Mountain. They discovered by their research that a storm pipe that was put in was supposed to outlet into a dry well at the driving range. They found that after the road was constructed, but before golf course, that drainage structure was badly damaged. Now they physically pump the water out and down; this is a one-time amount. There is an associated cost with maintenance of this pipe, but that goes back into the maintenance plan.

Councilmember Magazine asked if they do some sort of ranking to determine which projects will be funded first with these monies. Mr. Weldy said that they put together a relatively large list of items that they believe have some level of importance, and they bring that to the Town Manager for his review. Mayor Dickey noted that if they had enough in the environmental fee, this would be an eligible expense for its use.

D6057 – Golden Eagle Impoundment Area Improvements Last year they had severe flooding and damage. This project, based on their estimates, will be in two phases. They are estimating the costs of the first phase as they do not yet have the report back from the engineer, nor do they have a cost estimate. They will likely come back with a full report and cost estimates and ask for direction on what is done this year and what is done next year.

Mr. Miller asked if this was the ponding in front of the dam. Mr. Weldy said that the first phase will identify improvements to the drainage structures under Golden Eagle Boulevard and the entire seven square miles of drainage area that drains into this. They will be asking for a report on how they can make improvements to the three primary drainage channels and what changes they can make to allow more water to flow freely. He said that there have been some suggestions from staff, such as drop basins.

Councilmember Leckrone asked if this was an effort to prevent what happened last year. Mr. Weldy said that the phasing of this is an attempt to minimize how often this happens and when it does happen, to minimize the damage. He said that this is an impoundment area behind a lake. It is still a lake behind a dam and they are unable to control nature or a 100 or 500 year storm.

Councilmember Scharnow asked if this was for the actual improvements or the study itself. Mr. Weldy said that this is to implement the recommendations in the study. They will be coming back to Council prior to implementing anything related to this project.

Councilmember Magazine said that he has raised an issue before, and that is whether they have looked at past projects on whether they came in under or over the projected costs. Mr. Weldy said that they have that information and can provide it to Council.

Mayor Dickey asked if there is any type of relief available through grants or MAG, for which the Town could apply. Mr. Weldy said that the Flood Control District does not provide relief

in an impoundment/control lake. Anything they would do would be to get the water through the Dam. In the past they have received grants to raise the level of the dam.

F4029 – Civic Center Improvements Mr. Weldy said that this was to make improvements to the outer circle of the Civic Center. He said that past councils had discussed possibly having pavers in this area as well. Discussion was held on the cost of pavers versus concrete. Mr. Weldy said that the main expense is removal of the concrete and the tree roots. Council agreed to pursue pavers for this area.

F4033 – Street Yard Sign Shop Building Mr. Weldy said that currently all of the sign materials are stored in five shipping containers and have been for the past 20 years, but they are starting to deteriorate. He said that they do have a masonry building on site; it is the fleet vehicle building and is relatively large. One bay has a lift that lifts the whole vehicle; the second lift allows them to lift the vehicle like two forklifts; and the final bay is where they work on vehicles that do not have to be lifted. They looked at moving it into the fleet building, but it is just not feasible.

Mr. Weldy said that this is a new project. The intent is to sell the previous equipment required when they purchased the street sweeper and also sell the shipping containers at auction. That money would go back into this 30' x 40' building.

He said that with the way the shipping containers are configured, they go and remove the equipment and assembly work or manufacturing it then taken outside. They currently have the printing machine in the office. If they are going to make a temporary sign they bring it in to the office area and work on it at the breakroom table. This would make it much more efficient, especially when it is blowing outside or raining.

Councilmember Magazine asked if they have looked at outsourcing the whole operation. Mr. Weldy said that they do; all of their signs are manufactured off-site. They only make temporary or emergency signs on-site. He said that whenever they are able to get a HISA grant, they will stockpile signs. Mr. Miller said that some of the problem is the lag time needed with outsourcing.

Mr. Weldy said that this is referred to as the Sign Shop, but they would also keep the traffic counters in there. Right now it is in the storage facility.

Mr. Miller said that in talking with Mr. Weldy, there is no insulation with the PODS and the heat takes a toll on what is stored inside. What he is requesting is a single roll up door and one door, with a single restroom facility. Other than that it will be shelves.

Mayor Dickey asked if they make the temporary signs for events. Mr. Weldy said that they do not have the equipment, nor are they asking for the funding to print and manufacture those.

Mr. Weldy said that this would be more temporary signs or temporary "no parking" signs. They do not do temporary regulatory signs because they have to meet the minimum requirements established by the Federal Highway Administration.

F4034 – Solar Power Generating System Mr. Weldy said that this would be constructed on parking lot structures in town to offset the cost of electricity. He said that it came up a

few years ago. Mr. Miller said that this would be to study the idea, to let them know what they would need and what it would cost.

Councilmember Magazine asked if there was any way to look at what other communities have done to get some idea on savings. Mr. Weldy said that they do not have that information, but they could reach out to others.

Mr. Miller said that when they originally looked at this idea, it was to put the electricity back on the grid, but then SRP's board made changes. Now there are all sorts of storage devices available. The idea is that it would be a turnkey operation where it is leased and at the end of the lease the Town would own it. It would pay for the Town's electricity needs, storing it during the daytime.

Councilmember Magazine asked if it was worth \$50,000 to study this before talking to other communities. Mr. Miller said that the costs have come down in the last few years. Looking at what another community did ten years ago may provide some information, but it may be comparing apples to oranges. Mr. Weldy noted that this design concept number was a placeholder; they do not know what the cost would be.

Councilmember Scharnow said that if they do this and the study says it is feasible, it would then need to be designed and constructed. Mr. Miller said that there are three to six different companies under state contract that do this type of work.

Mayor Dickey said that they did work in 2012 and 2013 to study this issue. The \$50,000 looks hard to swallow, but if it worked out she thought it would be a saver. She was in favor of doing what they can to save energy. She said that she wondered if any of the research they did in the past could be shared with the consultant to help bring the cost down.

S6003 – Unpaved Alley Paving Mr. Weldy said that this has been unfunded for several years and staff would like to see this completed. It is part of Resolution 2017-45 to implement projects to reduce emissions. Mr. Miller added that this had been budgeted, but then they swept it for use at the park after the flooding.

S6015 – Fountain Hills Boulevard Widening – Mr. Weldy said that they are currently underway with the design concept report. When that is completed they will have an ideal of what they might need and an estimated cost to complete the project.

Councilmember Magazine asked if something like this could be included if they went to the public for bonding approval for roads. Mr. Weldy said that it could be.

Mayor Dickey asked how this fit in with the \$300,000 received from the closeout funds. Mr. Weldy said that this is in the same area. That was for the shoulder project which is programmed in the current fiscal year. Mr. Miller said that his understanding is that the way it has been designed, it will help reduce the cost of the widening project.

Mr. Weldy said that he and the Town Engineer have been working on the new section of the shoulder so that structurally it would meet the requirements of a road, so they would not have to cut and remove these new sections as part of the widening.

S6051 – Avenue of the Fountains/La Montana Intersection Improvements Mr. Weldy said that this proposed project would be in place of the prior project approved by the former Council. He said that this is a different proposal from what was originally included in the packet. He said that this is a smaller roundabout than was discussed earlier.

Vice Mayor Tolis said that when they previously were looking at these areas, they also suggested a roundabout on Saguario, and he suggested that they look into that as well.

After some discussion, Councilmember Brown **MOVED** to eliminate the current plan and direct staff to put this amount in the budget and go back to the consultants to get an estimated cost for design and construction of the smaller roundabout as presented; **SECONDED** by Councilmember Magazine.

Discussion was held on the fact that this is the most complained about intersection in Town and the whole area needs to be studied.

MOTION passed unanimously.

Mr. Miller said that they had the subcommittee meet and this was a high priority that came out of that discussion. He certainly thought they should look at Saguario as well.

S6058 – Shea Boulevard Widening Mr. Weldy said that this is for the design concept report that would explain where the widening should occur and the costs to accomplish those tasks.

S6061 – Sidewalk Infill Program He said that this is the second year that this program has been back in the CIP. He said that it had been cancelled although they were able to accomplish some of the work. He said that based on feedback they have received from the Council, they have increased this by \$100,000 to allow them to accomplish more of the projects they have. He said that they shared this with the transportation committee and believed that they got the consensus to move forward with as much as possible.

Mr. Miller added that the committee wanted to “supersize” this and doubled it from \$100,000 to \$200,000 to target more and get more accomplished. He said that this was an opportunity for Council to give that direction tonight.

Councilmember Magazine asked how they determine where they want the infill placed. Mr. Weldy said that there are several factors considered, but the majority of most likely places would be where they know there is a lot of pedestrian traffic. The primary criteria is the number or amount of pedestrian traffic to get from one commercial district to the next. Mr. Miller said that it was mostly arterials, but there are some major collectors.

Mayor Dickey said that part of their discussion about pedestrian safety and walkability is that part of what MAG (Maricopa Association of Governments) looks at in giving grants are things to improve air quality, and anything that encourages people to get out of their vehicles and walk is looked at favorably.

S6062 – AOTF and Verde River Intersection Improvements Mr. Weldy said that currently they have plans showing this becoming a four-way stop, with pedestrian passage from the east portion to the west portion. At the conclusion of the subcommittee’s

discussion, they were recommending the closure of Verde River which would provide the linear park with no gaps from La Montana to Saguaro, and traffic movements being right-turn only. He said that they thought it would be a safety improvement for that intersection.

Councilmember Scharnow said that this ranks up there, as well, as a very wide and confusing intersection, and he was not sure that a four-way stop would necessarily help that. He said that the Chamber may be concerned during fairs, but that could be worked out, and he sees this as a good improvement.

Vice Mayor Tolis said that he thought it would be prudent to talk to the building owners on Avenue of the Fountains. He said that they have tremendous retail space down there that is vacant and he would like feedback from them on their thoughts as it would impact their businesses.

Mr. Miller said that he was hearing that they need to have a public participation process in place and access the business owners, but it should not change the Council approving the project in the budget.

T5005 – Palisades Blvd. and Eagle Ridge/Palomino Drive Traffic Signal Mr. Weldy said that this is the cost to prepare a set of plans. When Adero Canyon and Copperwynd develop further, a traffic signal will be warranted. The \$50,000 is to have an engineer complete a set of drawings so they are ready to move forward.

Mr. Miller reminded that Council that there is a current Development Agreement with Copperwynd; the trigger is pulled when they get to Phase III. If it does not happen in 2021 it will be pushed out. It was noted that MCO gave the Town money toward this signal when it is required.

After further discussion, the Council agreed to remove this item from the CIP at this time.

P3033 - Video Surveillance Cameras Mr. Weldy said that this would provide for cameras at the Town parks; this is a continuation of that project. Mr. Miller said that they have had some issues at the parks with vandalism and theft and this is to get better control in helping with security.

Councilmember Spelich suggested that moving forward with any type of surveillance systems, they should upgrade to provide the capability of the Sheriff's Office being able to livestream. Mr. Miller said that they would look into that. He said that currently this is on a video server and would help identify once a crime occurred. Councilmember Leckrone said that she would assume that the system has limits. It is a great idea, but she has seen that most of these types of crimes are mostly off-scene.

P3035 – Four Peaks Park Upgrades Mr. Weldy said that this was previously approved and they are currently underway in this fiscal year. This would continue those improvements, adding playground equipment and some parking and access areas for the park. This would be Phase II of that project.

Community Services Director Rachael Goodwin said that they are currently in Phase I. This is to continue those efforts and includes connectivity of additional sidewalk, addressing ADA standards and being able to connect to other parts. They are also hoping

to complete additional playground pieces and will look to rehab other spaces in the park. She said that they would leverage this funding as far as they can in hopes of being able to address ballfield lighting.

A break was taken from 7:05 p.m. to 7:13 p.m.

Mr. Weldy briefly reviewed the proposed vehicle replacements. Mr. Miller added that the Vehicle Replacement Program has been established so that they can figure out the life cycle and contribute money from the department each year into the fund so that once it reaches the end of its life, there is funding available for its replacement.

FY20/21 FUTURE CAPITAL PROJECTS
FY21/22 FUTURE CAPITAL PROJECTS
FY22/23 FUTURE CAPITAL PROJECTS

S6059 and S6060 – Wayfinding Signs and Monument Signs

Mr. Miller said that these were put in outer years based on past discussions. It would be helpful for the Council to give direction to staff to remove them or do something with them.

Councilmember Magazine suggested removing F4013 (Fire Station #3 Construction) and F4014 (Fire Station #3 Equipment). He said that when they put things in there like that it raises questions. Mr. Miller explained that they need to do that as they have to have a basis for the Town's development fees. It is, however, unfunded at this time. He said that they have a development fee study going on right now and it will be brought back to Council.

Mr. Rudolphy said that the current development fees come from the last study in 2014. It requires that money collected prior to those new fees, as well as the new fees, have to be spent within a 10 calendar year period. They need to spend the money or they have to return the money. He said that they are now coming up against that deadline.

Mr. Miller said that anything they have collected can be spent on studies or master plans. They could take it out, but they would have to make sure that the consultants are aware of what they are anticipating it to cost.

Councilmember Scharnow asked, if the state land did not happen, whether they would need another station. Mr. Miller said that his understanding is that they would not need another station.

Mayor Dickey asked about the public safety development fees. Mr. Miller said that the previous opinion was that development fees could go to another existing development fee fund if they were not able to spend it in time. He said that they could spend it on a new master plan.

With regard to S6059 (Wayfinding Signs) and S6060 (Monument Signs), Councilmember Brown suggested that they leave those alone as well since it is years out. Mayor Dickey said that she understood the discussion that went with those signs and maybe they could argue the amount already spent, but she thought they would be looking to replace them

at some point, so there is no harm in keeping them in. Councilmember Magazine said that he voted against the wayfinding signs, but would urge them to keep those in.

FACILITIES REPLACEMENT PROGRAM

Mr. Miller said that they had a facilities replacement program study take place in 2014 and in 2015 they presented to Council a need for putting away money for major capital facilities that they have. These are the items that are due to be replaced this next fiscal year.

In referring back to the discussion on development fees, Vice Mayor Tolis asked if they could recoup the funds that they just had to put into Golden Eagle Park from that fund. Mr. Miller said that it is difficult. There are a lot of tests under state law. He said that they previously talked with the consultant, who is one of the preeminent firms on development fees, about needing to add an amenity at an existing park. He said that the consultants said that it could be done, but it could not pay for 100% of the amenity. They would have to figure out what portion was related to growth.

Councilmember Scharnow said that he had a meeting yesterday with the Sister Cities Board and he walked around the outside of Town Hall, the Library, Museum, etc. He said that they need an exterior painting and he would like to see that moved up. Mayor Dickey agreed.

Councilmember Magazine said that he did not agree. He thinks that one of the problems they have is that people drive around and say, "what funding problem?" the grass is green. By doing these kinds of things they are sending the wrong message. They could spend \$200,000 to paint the museum and people will say, "where did you get that money?" Mayor Dickey said that she did hear what he was saying, but they need to protect their assets.

Vice Mayor Tolis thanked Mr. Weldy for his presentation. He said that when they are talking about taking care of their facilities and capital expenditures versus streets and street maintenance it is a significant difference. They are talking the difference of a \$60 million shortfall in ten years versus a \$200,000 paint job. It is completely comparing apples to bananas.

He said that it is a need to educate the public with a public relations staff member that will help to educate on an ongoing basis. Councilmember Spelich said that he did not believe they needed a PIO to set the tone for the Town's direction. They, as councilmembers, should meet with their constituents and express to them what their ideas are. To Councilmember Magazine's point of letting a building become dilapidated, he did not like that idea. The bottom line is that whatever tone they set for the financial challenges, it is on the backs of every councilmember, the mayor, directors, the manager, to let people know. They should be the ones to deliver the message and not let citizens continue rumors.

Mayor Dickey reported that there was no legal mandate to take public comment, but at the end, if there were people that wanted to say something about these items, they could have three minutes.

4. Discussion and direction to staff regarding the proposed revenue options and user fees.

Mr. Rudolphy said that time was of the essence in discussing the revenue options. If they could pin some down tonight, or in the immediate future, it would be helpful. He said that the PROPOSED FEES are those that have to be posted on the Town's website and through social media for 60 days prior to their adoption with the final budget on June 4.

Mr. Miller said that during the year he meets with councilmembers who they will share an idea or suggestion, and one that was offered up was with the park rentals and a possible surcharge for rentals, to go into an enhancement fund to make improvements to the parks.

Councilmember Scharnow asked how this ties in with the recent discussion to hire a consultant to study all of the Town's fees. It seemed like they could be changing fees that would need to be changed again. Mr. Miller said that it was all about timing. When that consultant comes back they may need to make additional changes, but they are up against a timeline to be able to include any such changes in the upcoming budget.

Mr. Rudolphy said that fees, in general, account for less than 10% of the overall budget. Those being proposed would be less than 1% of a change.

Councilmember Leckrone said that she had the same concern, that they just voted to have a study done. Mr. Miller said that he was hearing what they were saying and they could hold off on this at this time.

SUMMARY OF FINANCIAL CHALLENGES

RM 3%

MCSO 14%

Mr. Rudolphy reviewed the Summary of Financial Challenges, noting that Rural Metro has sent a 3% increase for next year's services and MCSO has sent a 14% increase. His projections for the operating fund over the next five years is a \$4.4 million shortfall. He said that one of the big drawbacks is state shared revenues. His projections for FY19/20 is \$1 million less than received in 2007/2008. The Town's population is not increasing as much as other communities and their proportionate share, currently at .4% of the state's population, will decrease.

Mr. Rudolphy then reviewed some Possible Options to Address Financial Challenges.

PRIMARY PROPERTY TAX

SALES TAX

Councilmember Magazine asked if public safety was considered a service and if the constitutional amendment would impact that. Mr. Arnson said that is the question being litigated right now and at this point in time they do not have an answer.

ENVIRONMENTAL FEE

Vice Mayor Tolis said that in looking at the Stormwater Environmental Fee costs, it appears that they have a number of expenses. He asked if those were separate than this. It looked like they have similar expenses, but they are coming out of different budgets.

Mr. Rudolphy said that they have tried to determine the CIP as those things that are periodic more than normal and do not occur on a regular basis. These listed are an ongoing basis.

Vice Mayor Tolis asked if they can expect \$170,000 in damage every year for stormwater damage and repair. Mr. Miller said that is for removing sediment and addressing trees that have been knocked down, not improvements to a drainage system. Mr. Miller said that most of the costs are going up; the one cost going down a little is the billing company.

Discussion was held on the fact that the environment fee does not even pay for half the cost of the annual expenses; it was meant to be a little relief for the Town. He said that all of the state requirements continue to be unfunded and they continue to put the burden on the back of the towns.

VEHICLE LICENSE TAX

Mr. Miller said that a number of cities receive their VLT and it goes into the General Fund; currently the Town's go into the streets fund. He said that the way the resolution was written gave the Town Council discretion through the budget process to make changes to that policy, if they chose to do so. Staff was recommending that they consider splitting those funds 30% for general fund and 70% for streets.

Councilmember Scharnow asked if they did not do that, if they would have to cut \$331,000 out of the budget. He said that they have been talking about streets forever; it was one of the major reasons for the property tax. To divert \$331,000 seems like they are changing priorities again. Perhaps they could come up with some other revenues. He said that he was not sure he is a big fan of doing this.

SOLID WASTE ADMIN FEE

Discussion was held on a proposed solid waste fee. Mayor Dickey said that it was hard to get to where they are, and she would rather not do this one. Councilmember Scharnow added that they just approved a new contract with Republic that included a new rate.

Mr. Rudolphy said that staff is not vested in any of these proposals, but they are trying to give the Council as many ideas as possible for additional revenue.

PUBLIC SAFETY FEE

Mayor Dickey said that it would be great to have Fire in-house; the costs would be more under the Town's control than they are now.

INFRASTRUCTURE/MAINTENANCE FEE

Mr. Miller said that if they wanted to go ahead with a sales tax increase, they could collect it in the first year and have it held to use in a future year. They do not want to count on something when they do not know what the amount is going to be.

OTHER POSSIBLE REVENUE OPTIONS

Franchise Fees for Epcor and Southwest Gas

Councilmember Magazine asked what they would be doing with these. Mr. Rudolphy said that the Town would be granting them a license to operate in the Town of Fountain Hills. Mr. Miller said that the streets and rights-of-way are used at no cost to them. This would be like an annual business cost for them to use our assets. He said that most cities and towns all have franchise fees. It would be something that would be referred to the voters, similar to a cable license fee. He said that they could not impose it on SRP since they are a governmental entity.

OTHER POSSIBLE MEASURES

SUMMARY OF REVENUE OPTIONS

RECOMMENDED REVENUE ADJUSTMENTS FOR FY19-20

Councilmember Brown said that in looking at everything presented, he would say the following:

Sales Tax Increase – Yes
Environmental Fee Increase – Yes
VLT Distribution Change – Yes
Solid Waste Fee – No
Infrastructure/Maintenance Fee – Yes (with a sunset as presented)
Franchise Fee – Yes
Other Possibles – No
Public Safety – Yes

He said that he thinks that every one of those need a lengthy look.

Councilmember Magazine said that he agreed with most. He did not like the idea of increasing sales tax, but they need to do it. It hurts those that can least afford it. He also thinks they need to look at a public safety fee, although he has a problem with the same amount for everyone, but doing away with the environmental fee (with a sunset).

Vice Mayor Tolis said that he was questioning why none of the options are discussing a street bond that will expire on Saguaro next year of \$8 million. They could be looking to increasing that bond in the future, but spreading out the payments over a longer period of time.

Mr. Miller said that they did talk briefly about that. The Public Works Director is working with IMS to assess and evaluate what a \$8 million bond could get them, but they did not talk about that to ten years.

Vice Mayor Tolis asked, if a bond package was passed, how much the Town is currently spending that it would offset. Mr. Rudolphy said that the only money they could have would be the remaining 70% that they could keep in the general fund, or roughly \$700,000.

Councilmember Scharnow said that he would consider raising the sales tax to .4%; there are nine other cities that have higher rates than Fountain Hills and the sales tax collections are easy. The last time the Council raised sales tax was in 2003.

He said that with the Infrastructure Fee, he was concerned with the amount up front. When it is not mandatory like a property tax or a bond, it gets passed on. He said that the Environmental Fee is doable. He said that Public Safety is where a lot of the costs are going up and a new fee would consider that.

Vice Mayor Tolis said right now they have a hard time bringing businesses to town. They need to be looking at ways to tax landlords for vacancies. He has asked for Legal to review that for two years. He said that they have to come up with more solutions than what has been presented.

With regard to collecting sales tax, Vice Mayor Tolis said that there is a disadvantage when they have many that are secondary residents or investment properties. He asked if there were any legalities to a fee for secondary residents that are not registered in Arizona. The idea is that when they are not here they are not contributing to the community. That was the justification for a primary property tax, so that everyone pays.

Vice Mayor Tolis said that they need to be more creative and look at other options. He asked about selling the property on Shea, and zoning on properties, to help businesses be more successful. He said that it is Groundhog Day in Fountain Hills. They need to look at vacancies on leases of residential property, public/private partnerships, etc..

Councilmember Magazine said that selling the Shea property is a one-time affair. That is not going to help them. He said that one thing they have not done is say how much money they need. To him, he said, some of these are penny-antes. They could not increase the number of businesses in this Town. They need \$40 million to raise \$1 million.

Councilmember Magazine said that he questioned the reduction of the infrastructure fee. He would go with a public safety fee since over 50% of their total budget is public safety and people understand that.

Councilmember Spelich said that the Infrastructure/Maintenance Fee was an idea that about by he and Gerry Friedel. The reduction in the fee year after year was to bring residents more willing to accept it. He said that some of the e-mails he has received have been positive and some have not been. One of the e-mails he got said to start thinking like a businessman. He started thinking, and suggests that they start collecting what is already owed to the Town. As it relates to the Environmental Fee, there is a balance of \$126,000 that has not been collected in 2016; 1,045 people did not pay. They could send the nonpayers a 30 day notice and put it in the newspaper and on the Town website. If they did not pay, their names could be publicized in the paper and online. Public shaming works.

He said that there is an outstanding balance of court fees in the amount of \$654,943.56 for the past five years. He does not blame the courts; they do not have the manpower. He proposes that they hire, under the auspice of the Town Marshal, a court collection officer. They could work less than 30 hours a week, with an average going rate of \$25/hour for AZPost certified officers, perhaps someone retired. If they have retired in less than five

years they would still have the power to arrest. He said that the judge would issue arrest warrants and the total actual cash the Town would receive is \$285,904.55 including the additional costs of a database and Lexis Nexus.

He said that some of the events in Town bring in a huge amount of people. Everyone, across the board, should be paying the fees for using facilities.

Vice Mayor Tolis said that the fees they pay for all of the studies to increase revenues and help businesses succeed in town, the entire concept of a lagoon study was an idea to bring revenues here. Selling the property on Shea is not a one-time thing. By doing so they are creating an environment to provide that property for multifamily units. In addition to putting in more people in the Shea area, Target might attract more people. It is a snowball effect. If they make the right decision and create the environment for success, it will work. He is against an additional tax on the residents.

Mr. Arnson said that with respect to several of the issues related to legal, this is the first time he is hearing of these. Vice Mayor Tolis said that he previously requested an opinion on vacant commercial properties, second homes in Fountain Hills, etc.

Mayor Dickey said that she thought they had established that the property on Shea had restrictions. Mr. Miller said that some of these issues would be best discussed in an executive session.

Councilmember Magazine asked if they could, under state law, tell a second homeowner that they have to pay any type of a fee. Mr. Arnson said that his initial reaction would be "no." He said that he hates providing off the cuff responses for a few reasons. He would not want to violate the attorney/client privilege in discussing these issues. He said that he would be happy to follow up on the issues that he is just now hearing about, but he would prefer that they give legal advice and direction in executive session.

Councilmember Magazine said that he would also like to discuss whether it is legal to charge store owners for vacant buildings.

Mayor Dickey said that they are talking about immediate needs. Not to take away from the discussions they have been having, but they need to address the current and future shortfalls and what they want to do to mitigate them.

Councilmember Magazine **MOVED** to increase the sales tax by .4%; **SECONDED** by Councilmember Scharnow.

Vice Mayor Tolis said that they eliminated some of the CIP projects discussed at the beginning of the meeting. He then **MOVED** (as a replacement motion) to discuss those further to determine if there are additional cuts they need to make; motion died for lack of a second.

Councilmember Scharnow said that Vice Mayor Tolis's ideas are more long-term. Tonight they need to look at the immediate things. He said that 54% of their streets are fair to marginal. They are spending \$2.5 million toward the streets, but the study said they need to spend \$3.6 million to keep them where they are. They recommend spending \$6 million a year. He agrees with a bond issue and would support that idea.

Councilmember Leckrone said that she agreed that they need more revenue, but it is a multifaceted solution. She thought tonight they were there to discuss. No one from the public can speak until the end. She was concerned they were not going to hear from the public about a sales tax increase. Mr. Miller said that tonight they are trying to get clear direction from the Council. The motion would be to implement a sales tax increase as part of the budget process.

She said that she was in favor of some of the things and she agrees that they need to get everything on the table to consider. She agreed with hiring someone to chase those not paying their fees, but did not want to scare the residents. She said that they have a lot more to discuss.

Councilmember Magazine said that the only reason he made his motion was that he presumed that the Council was going to want to raise the sales tax. At this time he **WITHDREW** his motion; Councilmember Scharnow **WITHDREW** his second.

Mayor Dickey said that raising the sales tax by .3% would take them to 2.9%, which equates to 9th in the Valley area (from 11th), but if they increase it by .4%, taking it to 3%, it would tie them for 3rd highest.

Mr. Miller said that they are up against some timeframes, but this was probably one of the best discussions they have had. Councilmember Magazine said that they need an executive session to address the Vice Mayor's ideas.

Mayor Dickey added that this discussion does not mean they are not looking at expenditures; they have. There have been staff changes, and they have some opportunities to look at doing things differently in the future.

After further discussion, Councilmember Magazine suggested to Vice Mayor Tolis that he put into writing what questions he would like answered by staff.

Mayor Dickey then opened it up for public comment and the following individuals came forward:

Bob Shelstrom, Fountain Hills, said that he agreed with much of what they are doing, but had concerns with the contract with the Fire Department.

Richard Rutkowski, Fountain Hills, said that he had a lot of questions coming in and some were answered. He voiced concern with a comment on page 40 of packet which said that the Town was not worried about expenditures, but it is always an expenditure problem. He said that many of the capital improvement projects are wishes, not necessities. He said that part of the Powerpoint said that the Primary Property Tax was "unfortunately" defeated. His understanding was that such reports are supposed to be objective.

Andrew Watten, Fountain Hills part-timer, said that he can assure them that the decline in streets and infrastructure are of concern to them. He said that he is all for some increase in sales tax. He said that he is not keen on fees for second-home residents, but would encourage them to go back after the property tax again. He would gladly have supported

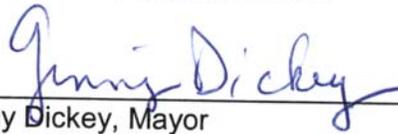
it, but he cannot vote here and the full-timers voted it down. He felt that the amount they went after was too much, but he believes that is the long-term solution for Fountain Hills.

5. ADJOURNMENT

Councilmember Brown **MOVED** to adjourn; **SECONDED** by Councilmember Magazine; passed unanimously.

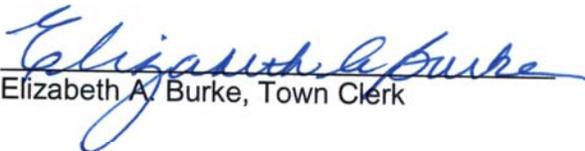
The Special Meeting of the Fountain Hills Town Council held March 26, 2019, adjourned at 9:20 p.m.

TOWN OF FOUNTAIN HILLS



Ginny Dickey, Mayor

ATTEST AND PREPARED BY:

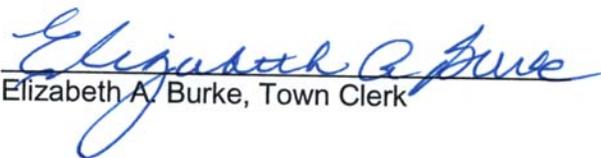


Elizabeth A. Burke, Town Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special Meeting held by the Town Council of Fountain Hills in the Town Hall Council Chambers on the 26th day of March, 2019. I further certify that the meeting was duly called and that a quorum was present.

DATED this 16th day of April, 2019.



Elizabeth A. Burke, Town Clerk

NOTE: For further details on the discussion of a particular agenda item, please visit <http://www.fh.az.gov/agendacenter> to view a video of the entire Council Meeting.

Capital Improvement Program & Facilities Replacement Program



Grady Miller, Town Manager

Justin T. Weldy, Public Works Director

Rachael Goodwin, Community Services Director

March 26, 2019

Capital Improvement Program

This Special Session of the Town Council is to consider two areas of the Capital Improvement Program

- **Review of proposed FY19-20 Capital Improvement Projects for consideration and direction.**
- **Review of the future Capital Improvement Projects within the 5 year planning horizon for consideration and direction.**

Cancelled/Completed Projects

FY18/19

F4002	Street Maintenance Facility Improvements	Completed
F4005	Fire Station 2 Relocation	Completed
F4031	Town Hall Improvements	Cancelled
F4032	Lighting Upgrades	Completed
G1100	Economic Development - Proposition 202	Cancelled
G3204	Highway Safety Improvement Program - Pedestrian Countdown Timers & Stop Signs	Cancelled
P3023	New Pocket Park-West - Do with F4013 & F4014	Cancelled
P3025	Adero Canyon Trailhead	Completed
P3026	Fountain Park Access Improvements	Cancelled
P3028	Four Peaks Park - Phase II & Phase III	Cancelled
P3030	Plaza Fountainside Courtyard Area Improvements	Cancelled
P3034	Golden Eagle Concrete Replacement	Completed
P3037	Golden Eagle Park Restoration	Completed
S6004	Guardrail Modifications	Cancelled
S6008	Annual Pavement Replacement Program	Completed
S6053	Fountain Hills Blvd. Shoulder Paving	Completed
S6054	Highway Safety Improvement Program	Cancelled

Proposed FY19/20 Capital Improvement Projects

D6047 – Miscellaneous Drainage Improvements

Project Cost: \$50,000

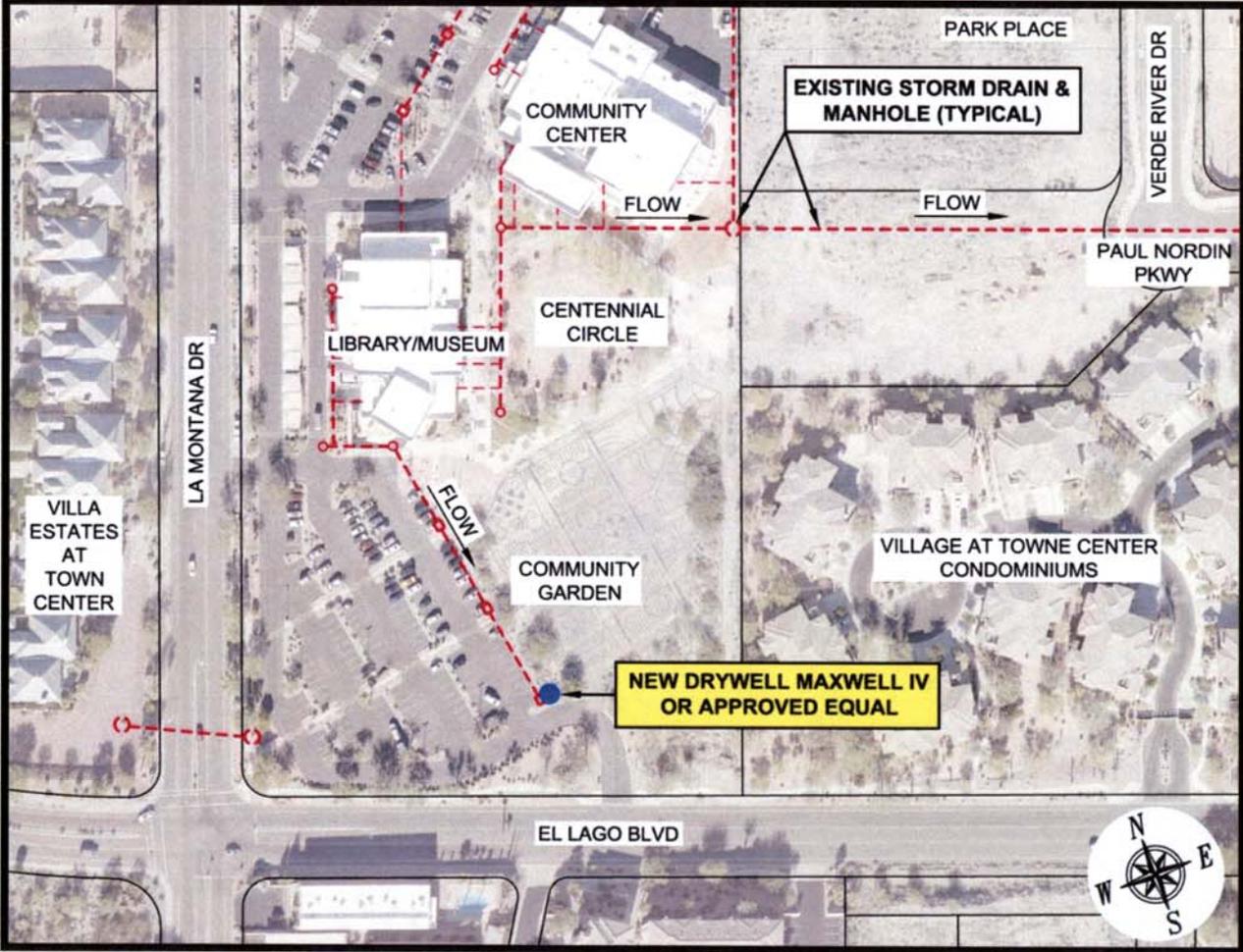
Funding: CIP



D6055 – Civic Center Drainage Improvements

Project Cost: \$50,000

Funding: CIP



D6056 – Eagle Mountain Parkway Drainage Improvements

Project Cost: \$75,000

Funding: CIP



D6057 – Golden Eagle Impoundment Area Improvements

Project Cost:
\$500,000

Funding: CIP



F4029 – Civic Center Improvements



Project Cost: \$150,000

Funding: CIP

F4033 – Street Yard Sign Shop Building

Project Cost:
\$150,000

Funding: HURF



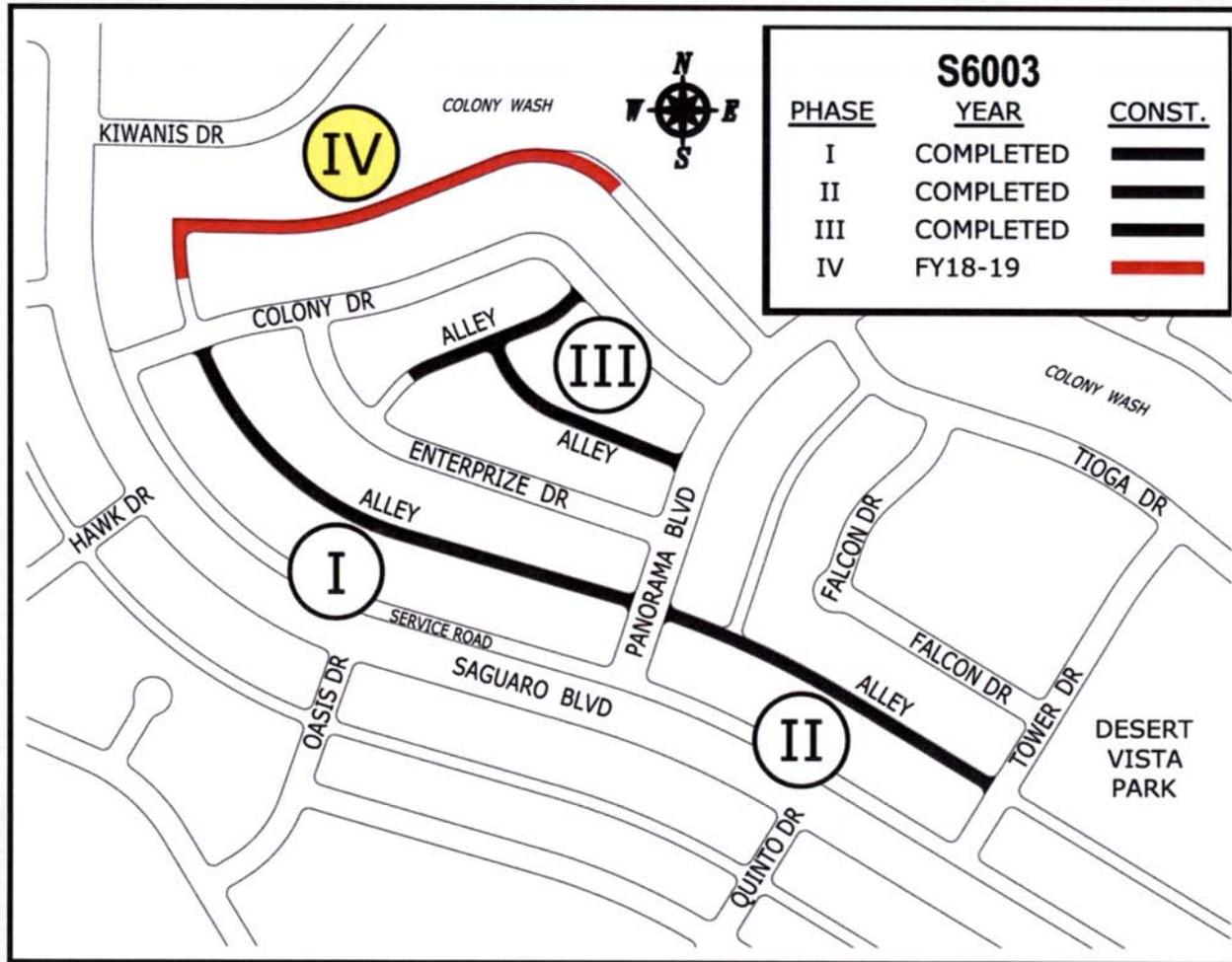
F4034 – Solar Power Generating System

Project Cost:
\$50,000

Funding: CIP



S6003 – Unpaved Alley Paving Projects



Project Cost: \$255,000

Funding: CIP

S6015 – Fountain Hills Boulevard Widening Shea Boulevard to Segundo Drive

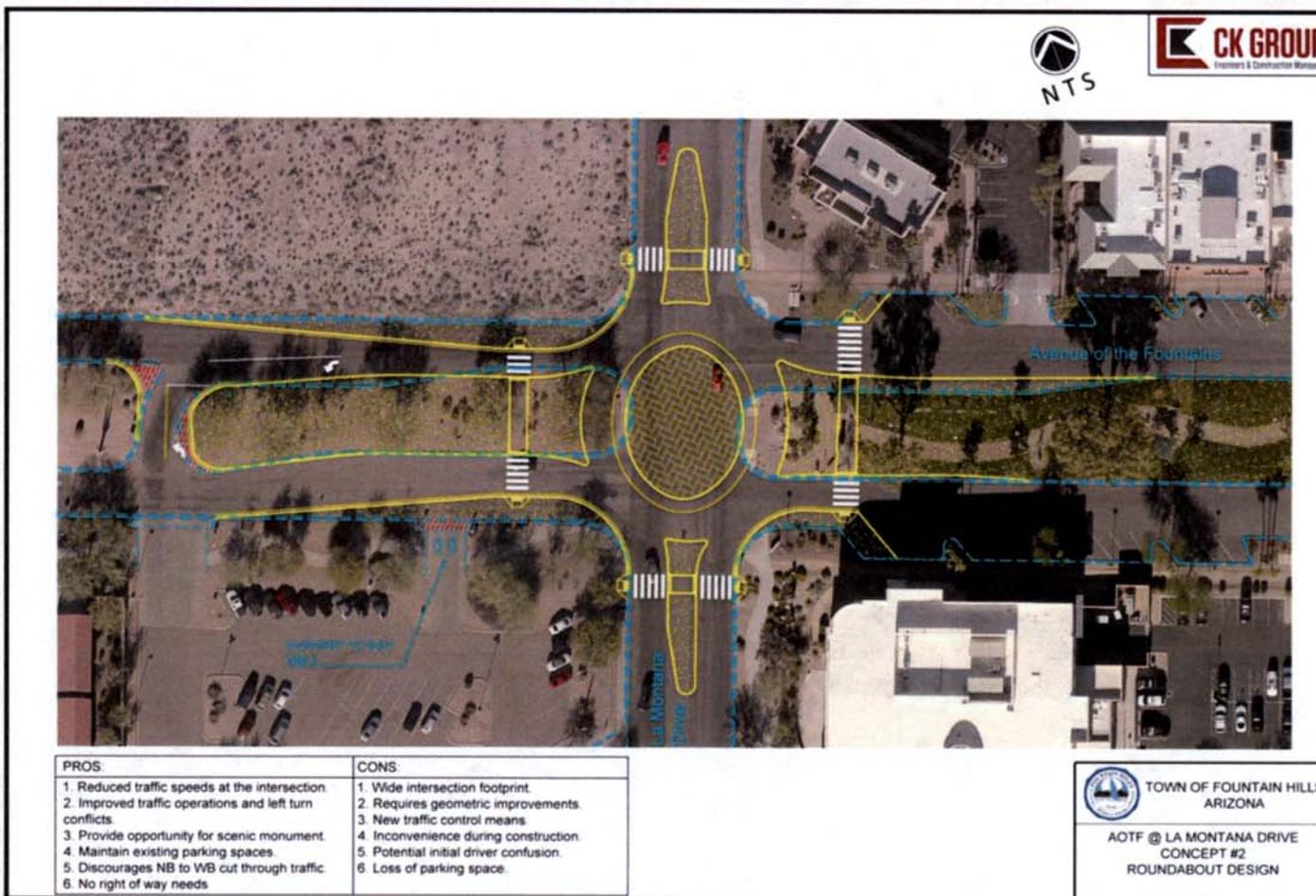


Project Cost: \$100,000 (Design Concept Report)

Funding: CIP

S6051 – Avenue of the Fountains/La Montana Intersection Improvements

Project Cost: \$600,000 Funding: Downtown Strategy



S6058 – Shea Boulevard Widening

Palisades Boulevard to Technology Drive



Project Cost: \$130,000 (Design Concept Report)

Funding: \$90,000 Grant
\$40,000 CIP

S6061 – Sidewalk Infill Program

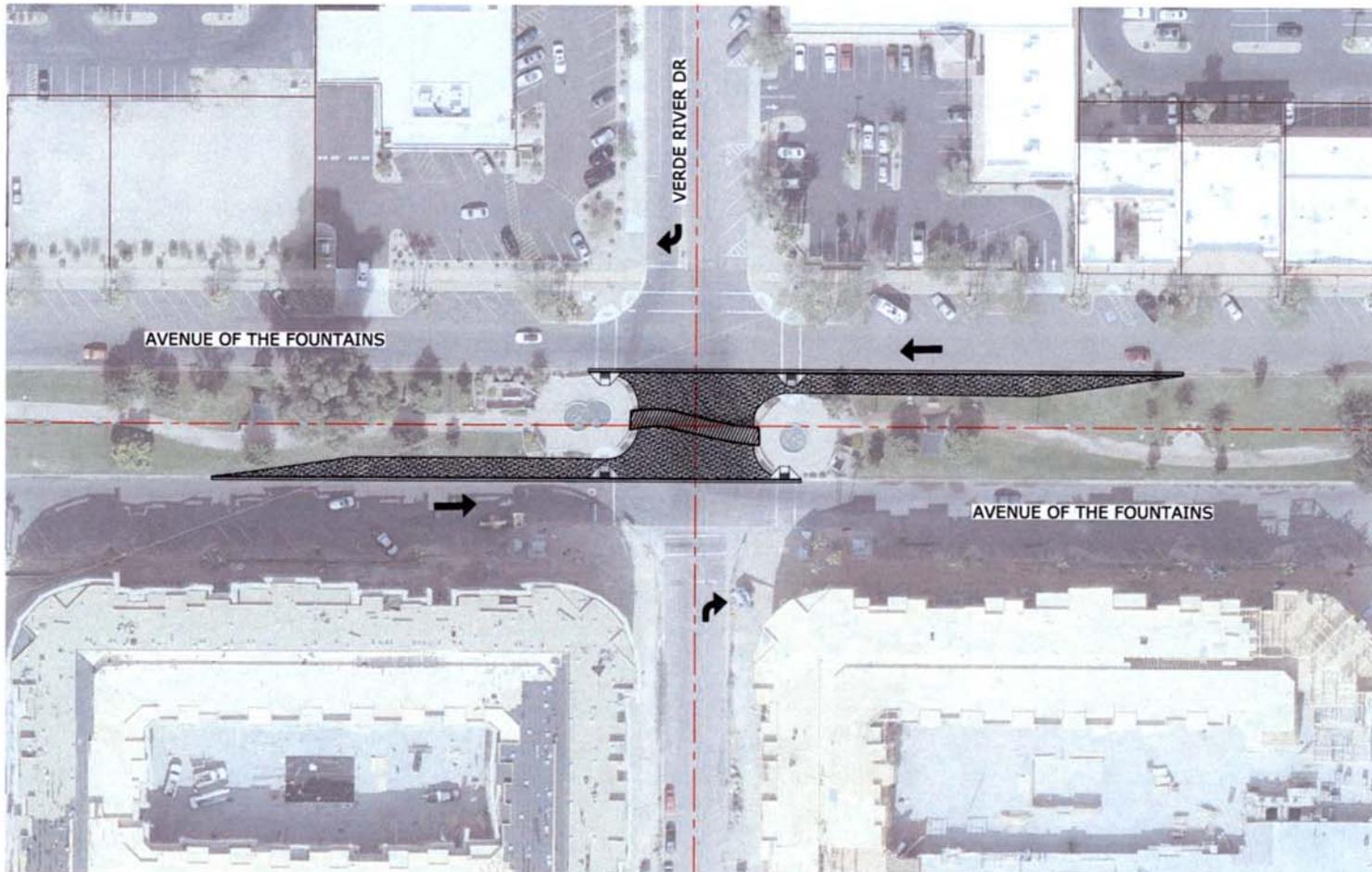


Project Cost: \$200,000

Funding: CIP

S6062 – AOTF and Verde River Intersection Improvements

Project Cost: \$350,000 Funding: Downtown Strategy



T5005 – Palisades Boulevard and Eagle Ridge/Palomino Drive Traffic Signal

Project Cost:
\$50,000

Funding: CIP



P3033 – Video Surveillance Cameras



Project Cost: \$50,000

Funding: CIP

P3035 – Four Peaks Park Upgrades



Project Cost: \$335,000

Funding: CIP

FY19/20 Capital Projects

CIP Funding Available: \$3,785,815

Funding Needed:

CIP \$1,905,000

Contingency 154,750

HURF 150,000

Downtown Strategy 950,000

Grant 90,000

Remaining CIP Balance \$1,726,065

FY19/20 Vehicle Replacements

Community Services (General Fund)					
Vehicle ID	Department	Description	Type	AMOUNT	ORG
17	Parks	John Deere 4x2 gator	Gator or similar	\$ 12,734.50	4POP
3	Parks	Sand Pro 3040	Small Utility Equipment	\$ 23,346.58	GEPOP
16	Parks	Bobcat	Bobcat or similar	\$ 13,795.70	GEPOP
18	Parks	Kawasaki Mule	Gator or similar	\$ 12,734.50	GEPOP
20	Parks	Bobcat	Bobcat or similar	\$ 13,795.70	DVOP
Public Works (HURF)					
Vehicle ID	Department	Description	Type	AMOUNT	ORG
135	STREETS	Freightliner M2106	Heavy Duty Truck	\$ 120,000.00	STPAVE
151	STREETS	Ford F-450 Pickup	Medium Duty Truck A	\$ 48,423.82	STSIGN
NEW	STREETS	Caterpillar Loader	Tractor/Loader D	\$ 96,318.26	STPAVE
NEW	STREETS	Broce Broom	Street Sweeper B	\$ 75,000.00	STPAVE
			TOTALS	\$ 416,149.06	9
			VRAD	\$ 76,406.98	5
			VRHURF	\$ 339,742.08	4

Future Capital Improvement Projects

FY20/21 Future Capital Projects

- D6047 – Miscellaneous Drainage Improvements (ongoing multi-year)
\$50,000 CIP
- D6057 – Golden Eagle Impoundment Area Improvements
\$500,00 CIP
- F4013 – Fire Station #3 Design
\$381,000 - \$99,366 Development fees; \$181,634 Unfunded
- P3032 – Sport Field Lighting
\$1,733,000 Unfunded

FY20/21 Future Capital Projects –continued

- P3033 – Video Surveillance Cameras (ongoing multi-year)
\$50,000 CIP
- P3035 – Four Peaks Park Upgrades (ongoing multi-year)
\$150,000 CIP
- P3036 – Desert Vista Skate Park Lights
\$75,000 - \$35,000 CIP, \$40,000 Grant
- S6003 – Unpaved Alley Paving – Phase V (ongoing multi-year)
\$308,000 CIP
- S6061 – Sidewalk Infill Program (ongoing multi-year)
\$200,000 HURF

FY20/21 Future Capital Projects –continued

- T5005 – Palisades/Eagle Ridge Dr. Traffic Signal
\$500,000 Unfunded

TOTAL \$3,947,000

FY21/22 Future Capital Projects

- D6047 – Miscellaneous Drainage Improvements (ongoing multi-year)
\$50,000 CIP
- P3031 – Fountain Lake Water Quality Improvements- Phase II
\$2,622,400 Unfunded
- P3033 – Video Surveillance Cameras (ongoing multi-year)
\$50,000 CIP
- P3035 – Four Peaks Park Upgrades
\$150,000 CIP
- P3038 – Fountain Park Lake Line Replacement
\$3,5000,000 Bonds

FY21/22 Future Capital Projects – continued

- P3039 – Fountain Park Pump Replacement
\$1,500,000 Bonds
- P3040 – Splash Pad Renovation
\$550,000 Bonds
- S6061 – Sidewalk Infill Program (ongoing Multi-year)
\$200,000 HURF

Total \$8,622,400

FY22/23 Future Capital Projects

- D6047 – Miscellaneous Drainage Improvements (ongoing Multi-year)
\$50,000 CIP
- F4013 – Fire Station #3 Construction
\$ 4,000,000 - \$71,882 Development Fees; \$3,928,118 Unfunded
- F4014 – Fire Station #3 Equipment
\$1,247,000 Unfunded
- F4034 – Solar Power Generating System
\$2,000,000 CIP

FY22/23 Future Capital Projects - continued

- S6059 – Wayfinding Signs
\$150,000 CIP
- S6060 – Monument Signs
\$150,000 CIP
- S6061 – Sidewalk Infill Program
\$200,000 HURF

TOTAL \$7,797,000

FY23/24 Future Capital Projects

- D6047 – Miscellaneous Drainage Improvements (ongoing multi-year)
\$50,000 CIP
- P3041 – Sunridge Park
\$3,500,000 - \$500,000 CIP; \$3,000,000 Unfunded
- S6061 – Sidewalk Infill Program
\$200,000 HURF

TOTAL \$3,750,000

Facilities Replacement Program

The following items were identified in the March 30, 2016 Capital Reserve Study

Proposed FY19/20

Fountain Park

Irrigation Pump Replacement	\$15,000
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Golden Eagle Park

Refurbish Irrigation System	\$60,000
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Tennis Court Wind Screens	\$20,000
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Four Peaks Park

Playground Equipment Replacement	\$60,000
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Refurbish Irrigation System	\$98,043
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Proposed FY19/20 (continued)

Physical Plant (Town Center)

Refurbish Circulation Pumps	\$10,000
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Fire Stations

AED Replacements	\$41,200
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Total FY19/20 expenditures	\$288,243
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Items Deferred Beyond FY19/20

Town Hall

Interior Painting	\$15,000
Carpet Replacement	\$95,481

Community Center and Museum/Library

Exterior Painting	\$196,690*
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*Includes parking lot light poles, shade canopies and sight walls

Community Center

Carpet Replacement/Moisture Remediation	\$163,000
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Total FY19/20 deferred items	\$530,901
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TOWN OF FOUNTAIN HILLS

Revenue Options



March 26, 2019

Financial Challenges

Summary of Financial Challenges

- General Fund revenues are not keeping up with operating costs
- Fountain Hills is projecting a \$4.4 million cumulative revenue shortfall over the next 5 years
- General Fund State Shared Revenue is about \$1,000,000 less than it was at its height in 2007-08 (\$6.8 million)
- As other cities grow in population, FH's portion of State Shared Revenues will continue to decline

Summary of Financial Challenges - continued

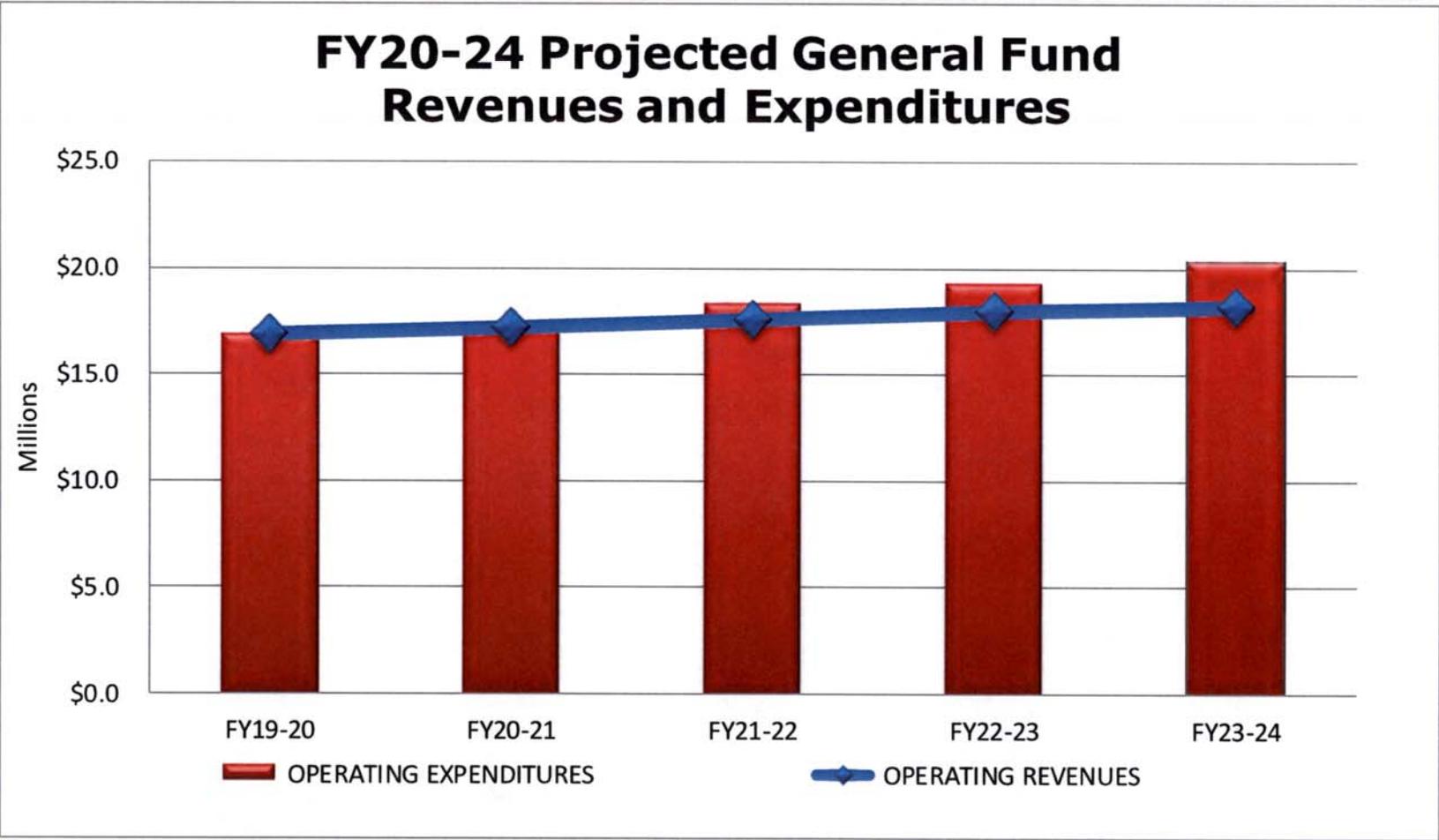
- Town's local sales tax is elastic and subject to fluctuations
- In the past, efforts to address primary property tax have not been accepted by residents
- In the past, the Town has made significant cuts in staffing and has contracted out right-of-way maintenance, park maintenance, and numerous other services (62% of General Fund expenditures is contracted out)
- All of these cost cutting measures served the Town at the time and have helped to contain costs
- The Town has a structural issue that needs to be addressed

Summary of Financial Challenges - continued

- The structural issue is more of a revenue problem than an expenditure problem
- Any future cuts will be drastic and may involve reductions in services that will negatively impact residents
- Council had taken action to refer a ballot question to voters in May of 2018 regarding a primary property tax to address revenue shortfall issue
- At the time the Council believed the primary property tax was the most equitable method to address the revenue shortfall; unfortunately, the ballot measure failed

Five Year Financial Forecast

General Fund Projections



General Fund Projections - continued

FISCAL YEAR (July to June)	STATE SHARED REVENUES	LOCAL REVENUES	TOTAL GF EXPEND.	SURPLUS/ (SHORTFALL)
2019-20	6,220,134	10,664,296	16,884,430	-
2020-21	6,251,977	10,972,228	17,460,465	(236,260)
2021-22	6,290,174	11,286,317	18,324,993	(748,502)
2022-23	6,329,033	11,636,713	19,305,110	(1,339,364)
2023-24	6,368,936	11,860,365	20,307,366	(2,078,065)
				(4,402,191)

Possible Revenue Options to Address Financial Challenges

Primary Property Tax

- Primary property tax election was held May 15, 2018
- Ballot measure for \$7 million failed 66% to 44%
- Average home value for Fountain Hills is approximately \$300,000

Home Value	\$3M	\$6M	\$9M	\$12M
\$250K	\$168.67	\$337.34	\$506.02	\$674.69
\$350K	\$236.14	\$472.28	\$708.42	\$944.56
\$500K	\$337.34	\$674.69	\$1,012.03	\$1,349.38
\$1M	\$674.69	\$1,349.38	\$2,024.07	\$2,698.75

Sales Tax

- Increase sales tax rate (on some or all tax categories)
- Estimate that each one tenth of one percent (0.1%) increase in rates (all categories) would generate approximately \$340,000 in additional revenue
 - Current rate for Town is 2.6%
 - Total State tax rate is 8.9%
- Unclear if Proposition 126 will have any impact on the Council's authority
- A 0.3% increase to 2.9% would generate \$1,020,000

Environmental Fee

15,192 invoices mailed

Approximately 90% collection on the invoices

Equals 13,673 payments received

\$854,145 Environmental Fund costs for FY19-20

\$62.50 fee required to cover costs in FY19-20;
current fee is \$36.00

Stormwater/Environmental Fee Costs

Annual Program Administration	\$24,415
New Employee (salary & benefits)	\$60,000
Environmental Program Material	\$2,000
Billing Company	\$50,000
Maricopa County Dust Control Block Permit	\$2,000
Golden Eagle & Fountain Park Reclaimed Water Discharge Permits	\$715
ADEQ Storm Water Permit	\$5,000
STORM (Storm Water Outreach for Municipalities) Annual Dues	\$1,500
Water Use It Wisely Annual Dues	\$2,000
Illegal Dumping Cleanup	\$5,000
ADWR Dam Inspection & Maintenance	\$20,400
Wash Maintenance	\$210,000
Electronics Recycling Event	\$1,000
On-Call Storm Debris Cleanup & Repairs	\$30,000
Storm Damage and Repairs	\$170,000
Internal Service Fund charges	\$115
Drainage Parcel Inspection and Cleaning	\$90,000
Storm Drain & Culvert Inspection & Cleaning	\$90,000
Street Sweeping	\$90,000
Total =	\$854,145

Vehicle License Tax

- Currently, by Resolution 2013-02, all revenues are designated for the pavement management program
- Estimate for FY19-20 is \$1.1 million in VLT
- Change allocation for VLT revenue to be 30% to General Fund and 70% to the Streets Fund
- New allocation would provide \$331,000 to the General Fund (already included in revenue projections for FY19-20)

Solid Waste Admin Fee

- Add a \$1.00 per month administration fee to the Republic Services quarterly invoice (\$3.00 per quarterly billing)
- Approximately 9,000 residential accounts
- \$3 per bill x 9,000 accounts x 4 billings per year = \$108,000 annually
- However, many winter residents suspend their accounts for some period of time so collections will be less than \$108,000

Public Safety Fee

- Implement public safety fee to recover increasing costs of MCSO and Rural Metro (estimate to replace Rural Metro contract would increase expenditures by \$450,000)
- Current experience with environmental fee is fair
- Town businesses – 600
- Town households – 11,699
- A fee of \$100 would generate \$1,229,900 in revenue assuming 100% collection

Infrastructure/Maintenance Fee

- Residential - \$350 per year for four years; reduce by \$50 per year
- Commercial - \$400 per year for four years; reduce by \$50 per year
- Households – per Sites USA data – 11,699
- Businesses – 1,157 total (600 commercial and 557 home based)

Infrastructure/Maintenance Fee - continued

Category	FY19-20	FY20-21	FY21-22	FY22-23	Total
Households	\$4,094,650	\$3,509,700	\$2,924,750	\$2,339,800	\$12,868,900
Businesses	240,000	210,000	180,000	150,000	780,000
TOTAL	\$4,334,650	\$3,719,700	\$3,104,750	\$2,489,800	\$13,648,900

Collection rate for \$36 environmental fee is approximately 90%. Without an effective collection enforcement mechanism, collection rate probably will be less.

Other Possible Revenue Options

- Franchise Fees for EPCOR and Southwest Gas would generate about \$200,000 annually
- Raise Town fees
 - Business Licenses amounted to \$133,280 in FY17-18
 - Rental fees for FY17-18 amounted to \$141,308
 - Charges for services amounted to \$164,456 in FY17-18
 - Any increases would not be significant in relation to the total Town budget (FY17-18 total was \$439,044)
- Currently undertaking a comprehensive user fee study as well as a development impact fee study

Other Possible Measures

- Sell cell towers on Town-owned property (one-time revenue)
– the Town has been approached by two different firms
- Sell or lease excess Town-owned land
- Adopt a solid waste hauler license fee – included on list of proposed fee schedule changes
- Continue to engage TPT auditor to pursue residential rental taxes from rental properties
- Hire a financial advisor to assess Town's finances and recommend strategies to address future revenue shortfalls

Summary of Revenue Options

- Approve another primary property tax election
- Raise local sales tax rate
- Raise environmental fee
- Reallocate VLT – 70% Streets-30% General Fund
- Implement admin fee for solid waste collection
- Impose a public safety fee
- Implement a infrastructure/maintenance fee
- Adopt franchise fees for water and gas
- Raise Town fees or adopt new fees
- Sell Town property or leases for cell towers

Recommended Revenue Adjustments for FY 19-20

- Raise local sales tax rate to 2.9 percent from current 2.6 percent – will generate approximately \$1,020,000 in additional revenue annually
- Increase the environment fee from \$36 to \$62 which will generate an additional \$350,000 and reduce General Fund contributions to Environmental Fund each year
- Reallocate VLT so only 70% is allocated to the Streets (HURF) Fund (already incorporated into FY19-20 revenue projections)
- Implement a solid waste fee of \$1 per month which will generate approximately \$100,000 annually
- Early next fiscal year take Council action on user fee adjustments after the completion of the cost of service study

Town of Fountain Hills Summary of Proposed New or Modified Fees

City Code and Fee Schedule Reference	Current Fee Description	Customer Impacted	Existing Fee	Proposed Fee	Justification/Cost Basis	Comparisons
Department / Division						
Community Services / Community Center	Ballroom Rentals	All	N/A	One half of ballroom fees are non-refundable upon rental; If less than 120 day notice of cancellation, all fees are forfeited	Opportunity cost for not having ballroom available for other rentals	
Community Services / Community Center	Meeting Room Rentals	All	N/A	Full refund if cancellation 60 days prior to event; one-half refund 30-59 days prior to event; no refund if less than 30 days prior to event	Opportunity cost for not having meeting room available for other rentals	
Community Services / Recreation	Tennis Courts - 90 minute reservation	Residents	\$7.00 with lighting	\$5.00	No method to control use of lighting	
Community Services / Recreation	Tennis Courts - 90 minute reservation	Non-Residents	\$14.00 with lights	\$10.00	No method to control use of lighting	
Community Services / Recreation	Special Event Permit Fees-Vendor Compliance Fine-First time penalty	Vendors	\$250.00	minimum of \$250.00	Effort to ensure vendors follow Town guidelines	
Community Services / Recreation	Special Event Permit Fees-Vendor Compliance Fine-Recurring penalty	Vendors	\$750.00	minimum of \$750.00	Effort to ensure vendors follow Town guidelines	
Community Services / Parks	Park surcharge	Park Users	N/A	20% surcharge on rentals	Effort to provide funding for park improvements	
Administration/Finance	Administration Fee	Residents	N/A	\$1.00 per month	Recover costs of administering solid waste contract	
Administration/Finance	Initial Application Fee	Solid waster haulers	N/A	\$500.00 non-refundable	Recover costs of wear/tear on roadways	

City Code and Fee Schedule Reference	Current Fee Description	Customer Impacted	Existing Fee	Proposed Fee	Justification/Cost Basis	Comparisons
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Department / Division						
Administration/Finance	License Fee	Solid waster haulers	N/A	\$1,000.00 per vehicle per year non-refundable	Recover costs of wear/tear on roadways	
Administration/Finance	Notarization	All	\$2.00 per signature	\$5.00 per signature	Arizona Administrative Code; R2-12-1102 B.	
Administration/Finance	Penalty for operating a business without a license	Business Owners	\$100.00	minimum of \$250.00	Cost to identify and locate unlicensed businesses requires effort by the Code Enforcement Officer	
Public Works / Engineering	Violation Use Fee	Wireless Services Providers	N/A	\$500.00 per instance; \$600.00 per day	HB 2365	N/A
Public Works / Engineering	ROW Use Fee	Wireless Services Providers	\$50.00/year x number of small wireless facilities (SWF)	\$50.00/calendar year x number of small wireless facilities (SWF)	HB 2365	N/A
Public Works / Engineering	Authority utility pole attachment	Wireless Services Providers	\$50.00/year per utility pole attachment	\$50.00/calendar year per utility pole attachment	HB 2365	N/A
Public Works / Engineering	Batched applications for up to 25 SWF's	Wireless Services Providers	\$50.00 per SWF 6 - 20 sites (\$1,000.00 maximum fee)	\$50.00 per SWF 6 - 25 sites (\$1,000.00 maximum fee)	HB 2365	N/A
Public Works / Engineering	Oversize/Overweight Vehicle Permit	Trucking Firms	\$210.00	\$210.00 non-refundable	To recognize that work has already been completed	
Public Works / Engineering	Haul Route Permit (greater than or equal to 500 cubic yards)	Trucking Firms	\$210.00	\$210.00 non-refundable	To recognize that work has already been completed	
Public Works / Engineering	Traffic Control Plan Review	Contractors	\$200.00	\$200.00 non-refundable	To recognize that work has already been completed	
Public Works / Engineering Permits	Failure to obtain an Encroachment Permit	Contractors	\$200.00	minimum of \$200.00	To allow discretion in the assessment of the violation.	
Public Works / Engineering Permits	Failure to obtain a Final Inspection	Contractors	\$100.00	minimum of \$100.00	To allow discretion in the assessment of the violation.	
Public Works / Engineering Permits	Easement or Right-of-Way Abandonment	Contractors	\$350.00	\$350.00 non-refundable	To recognize that work has already been completed	
Development Services/Planning & Zoning	Hillside Protection Reconfiguration and/or Replacement of Hillside Protection Easement	Contractors	\$350.00	\$350.00 non-refundable	To recognize that work has already been completed	

City Code and Fee Schedule Reference	Current Fee Description	Customer Impacted	Existing Fee	Proposed Fee	Justification/Cost Basis	Comparisons
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Department / Division						
Public Works / Engineering Permits	Revocation Administrative Fee	Contractors	\$300.00	\$300.00 non-refundable	To recognize that work has already been completed	
Development Services/Engineering	Engineering Plan Review Fee	Contractors	\$350.00 per sheet	\$350.00 per sheet non-refundable	To recognize that work has already been completed	
Development Services/Engineering	Final Plat - Plan Checking	Contractors	\$350.00 per sheet (includes 2nd and 3rd reviews)	\$350.00 per sheet (includes 2nd and 3rd reviews) non-refundable	To recognize that work has already been completed	
Development Services/Engineering	Final Plat - Except water and sewer plans	Contractors	\$175.00 per sheet (includes 2nd and 3rd reviews)	\$175.00 per sheet (includes 2nd and 3rd reviews) non-refundable	To recognize that work has already been completed	
Development Services/Engineering	Water and sewer plans only	Contractors	\$200.00 per sheet with corrections (4th+ reviews); \$75.00 per sheet for addendums (changes made after approval).	\$200.00 per sheet with corrections (4th+ reviews); \$75.00 per sheet for addendums (changes made after approval) non-refundable	To recognize that work has already been completed	
Development Services/Engineering	Engineering Report/Calculations Review Fee (Drainage, Environmental, Traffic, Structural, Water, Sewer, etc.)	Contractors	\$350.00 per report	\$350.00 per report non-refundable	To recognize that work has already been completed	
Development Services/Mapping & Graphics	New/Address Change	Contractors	\$25.00	\$25.00 non-refundable	To recognize that work has already been completed	
Development Services Building Safety	Third-Party or Expedited Plan Review & Inspections	Applicants only	N/A	2.5 x Base Plan Review Fee ^ ***	Note 1	Phoenix = 3x base fee +20% if third-party is needed Chandler = 2x base fee Gilbert = 2x base fee
Development Services Building Safety	Inspections not associated with an active Building Permit	Applicants only	N/A	\$150.00 Each	Note 2	Phoenix = \$150 per hour or portion thereof Scottsdale = \$83 per hour or portion thereof Mesa = \$110 per hour or portion thereof

City Code and Fee Schedule Reference	Current Fee Description	Customer Impacted	Existing Fee	Proposed Fee	Justification/Cost Basis	Comparisons
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Department / Division						
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Development Services Building Safety	Off-Hours Inspections (Nights & Weekends)	Applicants only	N/A	\$250.00 Each	Note 1	Phoenix = \$238 per hour or portion thereof
Public Works/Engineering Permits	Box Culverts	Applicants only	5% of attached estimate	5% of attached estimate (excluding taxes)	Charging plan review and inspection fees based partially on the anticipated taxes to be paid is not appropriate.	N/A
Public Works/Engineering Permits	Miscellaneous	Applicants only	5% of attached estimate	5% of attached estimate (excluding taxes)	Charging plan review and inspection fees based partially on the anticipated taxes to be paid is not appropriate.	N/A
Public Works/Engineering Permits	Landscaping	Applicants only	5% of attached estimate	5% of attached estimate (excluding taxes)	Charging plan review and inspection fees based partially on the anticipated taxes to be paid is not appropriate.	N/A
Public Works/Engineering Permits	Irrigation	Applicants only	5% of attached estimate	5% of attached estimate (excluding taxes)	Charging plan review and inspection fees based partially on the anticipated taxes to be paid is not appropriate.	N/A
Public Works/Engineering Permits	Lighting	Applicants only	5% of attached estimate	5% of attached estimate (excluding taxes)	Charging plan review and inspection fees based partially on the anticipated taxes to be paid is not appropriate.	N/A
Public Works/Engineering Permits	Grading	Applicants only	5% of attached estimate	5% of attached estimate (excluding taxes)	Charging plan review and inspection fees based partially on the anticipated taxes to be paid is not appropriate.	N/A
Public Works/Engineering Permits	Other	Applicants only	5% of attached estimate	5% of attached estimate (excluding taxes)	Charging plan review and inspection fees based partially on the anticipated taxes to be paid is not appropriate.	N/A

City Code and Fee Schedule Reference	Current Fee Description	Customer Impacted	Existing Fee	Proposed Fee	Justification/Cost Basis	Comparisons
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Department / Division

^ All fees include up to 3 reviews by staff. Any additional reviews will be subject to an additional fee equal to 25% of the original fee. The "recording fee" is per Maricopa County's fee schedule and is, therefore, subject to change.
 *** Plan Reviews for Fire, Planning, and Sanitary District are not eligible for Expedited or Third-Party review.

Notes:

1. Fee is charged only when applicants request this service. Fee will cover the estimated costs of the third party plan review and inspections, PLUS the base fee to cover town staff time and materials in processing the request and monitoring the third-party contract.
2. Residents routinely request inspections of various situations on their property that are not associated with an active permit. Staff has had to routinely deny such requests unless there are life/safety issues. This fee would allow the Town to provide the service and recoup the costs of performing the extra inspections. The fee being proposed is the same as the current one-time re-inspection fee. As it is not related to an active permit, the fee will cover the cost of one inspection which will, on average, last one hour. Building Safety permit fees are designed to cover the costs of permit tech and inspector time, travel time, vehicle

Public Works / Streets	Penalty for creating a hazard within Town right-of-way	Right-of-way users	N/A	minimum of \$500.00 each violation	Any party's act, error, or omission within the right-of-way that creates an imminent risk of death or injury.	Phoenix, Mesa and Gilbert \$1,000-\$1,500
Public Works / Engineering	Encroachment-Failure to remove construction equipment or materials from right-of-way	Right-of-way users	N/A	minimum of \$500.00 each violation	Any party that fails to remove all construction equipment or materials as part of an approved encroachment permit	Phoenix \$500
Public Works / Engineering	Encroachment-Failure to correct encroachment permit violation in timely manner	Right-of-way users	N/A	\$250.00 per day	Any party that fails to correct or cure a violation of the encroachment permit terms and conditions within the time period stated on the notice of violation.	Phoenix, Mesa and Gilbert \$1,000-\$1,500
Public Works / Engineering	Traffic restriction in signalized intersection without Encroachment permit	Right-of-way users	N/A	minimum of \$250.00 per violation	Any party that restricts the right-of-way at an intersection with traffic signals not in compliance with the encroachment permit terms and conditions.	Phoenix, Mesa and Gilbert \$1,000-\$1,500

City Code and Fee Schedule Reference	Current Fee Description	Customer Impacted	Existing Fee	Proposed Fee	Justification/Cost Basis	Comparisons
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Department / Division						
Public Works / Engineering	Closing or restricting sidewalk/trail without approved permit	Right-of-way users	N/A	minimum of \$250.00 per violation	Any party that improperly closes a sidewalk/trail or closes a sidewalk/trail without an encroachment permits.	Phoenix, Mesa and Gilbert \$1,000-\$1,500
Public Works / Engineering	Failure to remove barricades in a timely manner	Right-of-way users	N/A	\$250.00 per day	Any holder of an encroachment permit that fails to remove traffic control devices from right-of-way within the time frame stated on the approved TCP .	Phoenix, Mesa, Gilbert \$0-\$1000
Public Works / Engineering	Traffic Study - Cost to recover staff time and materials	Applicants only	N/A	\$100.00 per application (non-refundable) and \$50.00 for each traffic counter location	Town engineer and street staff spend a considerable amount of time on these issues	See attached spreadsheet
Public Works / Engineering	Encroachment permit base fee	Applicants only	\$70.00	\$100.00 non-refundable	Base fee is too low	See attached spreadsheet
Public Works / Engineering	2"/6" Paving AC	Applicants only	\$.35 per sq. yd.	\$0.45 per sq. yd.	Fee is too low based comparison to other cities/ Towns	See attached spreadsheet
Public Works / Engineering	1" Paving - Overlay or Top Course	Applicants only	\$.15 per sq. yd.	\$0.30 per sq. yd.	Fee is too low based comparison to other cities/ Towns	See attached spreadsheet
Public Works / Engineering	Guard Rail/Hand Rail	Applicants only	\$.20 per linear ft.	\$.50 per linear ft.	Fee is too low based comparison to other cities/ Towns	See attached spreadsheet
Public Works / Engineering	Concrete Aprons	Applicants only	\$15.00 ea.	\$0.40 per sq. ft.	Fee is too low based comparison to other cities/ Towns	See attached spreadsheet
Public Works / Engineering	Scuppers	Applicants only	\$15.00 ea.	\$25.00 each	Fee is too low based comparison to other cities/ Towns	See attached spreadsheet
Public Works / Engineering	Utility, Water Line, Sewer Line Trench	Applicants only	\$.15 per linear ft.	(R/W) paved \$1.00 lineal ft.; unpaved \$0.45 lineal ft.	Fee is too low based comparison to other cities/ Towns	See attached spreadsheet