To frame the many decisions that have laid the foundation for projections contained in the FY16-17 budget, it is necessary to reflect briefly on the past fiscal year. FY15-16 began with an expectation of an economic recovery with a modest increase in revenues—the local economy is showing signs of such a modest recovery this fiscal year. However, FY16-17 and beyond brings new challenges with a shift in priorities; the Town Council, in FY13-14, established the management of the Town’s infrastructure (street) as a priority, level with public safety. Unfortunately, the economic recovery has slowed the Town’s ability to provide an asphalt replacement/maintenance schedule as desired.

In order to balance the budget, not only for the upcoming fiscal year but for the foreseeable future, the Town Manager, Council and staff are working together to develop a sustainable plan that incorporates the citizens’ strategic plan and the Council goals.

Over six years ago, the Public Works Department and the Community Development Department were combined into the Development Services Department. For FY16-17, the Public Works Department was recreated to be used to help implement a Facility Replacement strategy for addressing our aging infrastructure, as well as overseeing the Capital Improvement Program, Pavement Management Program, and the next street reconstruction bond package for 2020.

**Operational Priorities FY16-17**

In the right direction but far to go....

**Mission Statement**

The Town of Fountain Hills’ purpose is to serve the best interests of the community by:

- providing for its safety and well-being; respecting its special, unique, and character and quality of life; providing superior public services;
- maintaining and improving community infrastructure;
- providing a level of service to support a high quality of life in Fountain Hills.

To serve and respect, and provide trust and stewardship.

**Long-Term Concerns and Issues**

The primary long-term issues that the Town of Fountain Hills is facing are:

- Aging infrastructure
- Decreased proportionate share of State Shared revenues due to increased population of surrounding communities
- Lack of sustainable or diversified revenue base
- Dependence upon State Shared revenues
- Business attraction and retention
- Implementation of a Downtown Vision Master Plan

Strategic Plan 2010 honors and continues the Fountain Hills tradition of citizen-driven planning. Some of the goals will span decades, so it is essential that the updated Plan provides both long-range direction to achieve our vision yet have the flexibility to implement the latest and best technologies and strategies as opportunities arise.

Based on citizen input, the Strategic Plan is designed to guide our future decisions grounded on these common values:

- Civility
- Civic Responsibility
- Environmental Stewardship
- Education, Learning and Culture
- Economic Vitality
- Maintain and Improve Community Infrastructure
- Recreational Opportunities and Amenities
- Public Safety, Health and Welfare

Total revenues for all funds are estimated at $30.7M. Two major projects currently in progress, will be carried forward into this year—the completion of the Ashbrook Wash Channelization project and the Adero Canyon trailhead.

The Operating Funds portion represents approximately 52% of the total resources. The Streets (HURF) fund represents 11% while the Excise Tax funds represent only 1% of the total. Special Revenue (grants), Capital Projects, Transfers In, and Debt Service represents the remaining percentages.

Developing the proposed budget, therefore, required making choices to achieve a budget that balances the available resources with the Council goals, while maintaining a level of service to support a high quality of life in Fountain Hills.
The General Fund supports core services and is the largest fund with the greatest potential for revenue fluctuations. Revenues from the local sales taxes and State Shared revenues provide the major resources to fund programs and services delivered by the Town – 87%. The remainder is derived from permits, licenses, fees and charges for services at 13%.

In FY13-14, the Town allocated Vehicle License Tax (a State-shared revenue) to the Highway User Revenue Fund for pavement management—a reduction in the General Fund. This transfer of revenue will continue in FY16-17 with the estimated budgeted revenue of $929,000.

Delivery of service to the citizens of Fountain Hills is dependent upon the number of employees who can perform the service.