

**TOWN OF FOUNTAIN HILLS
MINUTES OF THE SPECIAL SESSION OF THE
FOUNTAIN HILLS TOWN COUNCIL
JANUARY 30, 2018**

* **CALL TO ORDER AND ROLL CALL**

Mayor Kavanagh called the meeting to order at 5:34 p.m. in the Fountain Hills Town Council Chambers.

Present for roll call were the following members of the Town Council: Mayor Linda Kavanagh, Vice Mayor Alan Magazine, Councilmember Nick DePorter, Councilmember Cecil Yates, Councilmember Dennis Brown, Councilmember Art Tolis, and Councilmember Henry Leger. Town Manager Grady E. Miller, Dickinson Wright Law Firm Interim Town Attorney Fredda Bisman, Attorney Mitesh Patel and Town Clerk Bevelyn Bender were also present.

AGENDA ITEM #1 – CONSIDERATION OF RESOLUTION 2018-01, ORDERING AND CALLING A SPECIAL ELECTION TO BE HELD ON MAY 15, 2018, FOR THE PURPOSE OF SUBMITTING TO THE QUALIFIED ELECTORS OF THE TOWN OF FOUNTAIN HILLS THE QUESTION OF LEVYING A PRIMARY (AD VALOREM) PROPERTY TAX, IN AN AMOUNT NOT TO EXCEED \$7,000,000.00.

Town Manager Miller gave introductory remarks discussing the prior actions taken by previous Councils and the prediction of a revenue shortfall noting that prior expenditure issues had been dealt with. He discussed the various revenue options that had been explored and stated that it had been decided to have the voters decide the outcome of the proposed property tax. Mr. Miller also explained due to a new State law this year, Council was required to take a second vote on Resolution 2017-47, meeting State requirements to notice the public of the upcoming Special Election. He introduced Finance Director Craig Rudolphy who provided information contained in his PowerPoint presentation (available on line or in the office of the Town Clerk).

Mr. Rudolphy reviewed the Town's major expense drivers pointing to an increase in the expenditures and the shortfall in the Town's revenues not covering the needs of the Town.

Councilmember Magazine stated that the information regarding the Town's future funding must be clear and transparent as possible. Councilmember Magazine suggested the use of footnotes to explain particular areas of the presentation making it clear for everyone concerned; Mr. Miller agreed and noted that during future public presentations the language would be clarified. Mayor Kavanagh agreed the information must be clearer than currently presented.

Councilmember Leger requested that it be made clear that funds were needed for necessities that had been deferred and was based on an analysis. He indicated that would help justify why the Town needed an extra \$4M annually to be added to the current revenue. Councilmember Leger stated that the cost for Rural Metro services were to increase 3% and that Maricopa County Sheriff's Office contract increases were unknown.

Mr. Rudolphy displayed a graph of the Town's ten- year financial projections in collected revenues and expenditures without the primary property tax and included a slide dated 2006 that showed a prior prediction in the Town's long term financial picture had noted a future financial shortfall. Mr. Rudolphy pointed out that the Town had managed to balance the budget for fiscal 2018, but anticipated a shortfall in the future years. Mr. Rudolphy showed a list presented to Council of possible solutions that they had discussed in an attempt to address the revenue shortfall.

Mr. Rudolphy explained it was Council's decision on October 10, 2017 that the best option for addressing the Town's revenue shortfall was to ask voters to approve a primary property tax in the amount of \$7M annually. Mr. Rudolphy explained information would be available on the Town's website with instructions on how residents could calculate their proposed primary property tax using a "tax estimator tool", which would also, list the overall taxed amounts on their properties. He explained the assessment would be calculated based on the "limited value" of the property.

Councilmember Magazine asked if the impact on resident's taxes would include the Town's current two bonds that were set to retire; Mr. Miller replied that more information on that issue would be presented during the Town's public

meetings, including a planned informational video that would provide background information on the Town's current bonds and how retired bonds would reduce the property owner's tax burden beginning in 2020 when the secondary tax was eliminated.

Mayor Kavanagh asked for information on the dates the property taxes were due and Mr. Rudolph replied in October and March, with full payment allowed in October or paid in two installments per the County Assessor's collection policy. Mr. Miller added those with home loans sometimes had a portion collected through impound accounts, which were paid through a monthly property payment on a prorated basis per month.

Councilmember Leger stated that residents' property tax statements include refinanced bonds that would be expiring July 1, 2019 and a road bond that would be expiring on July 1, 2020. He pointed out once those bonds were retired that would lower individual's property taxes. Councilmember Leger used an example that a \$250K home with a tax bill of \$393.57 would be lowered by \$106.00 after July 1, 2020. Mr. Miller added that each year property valuations grow tax would be reduced. Mr. Miller also spoke about the Eagle Mountain property owners' and noted there was a section on the "tax estimator tool" for those property owners to check for better accuracy.

Mr. Rudolph reviewed the next steps in the process stating that the first public meeting would be held on Wednesday, February 7, 2018 in the Community Center beginning at 6:30 p.m. Mr. Rudolph directed residents to the Town's web site to read the most frequently asked questions/answers. Mr. Rudolph stated that an information pamphlet would be mailed to voters prior to the election containing additional information. Mr. Rudolph noted that the Town had already coordinated with Maricopa County Election relating to the Town's intent to hold a property tax election, with a ballot-by-mail election for May 15, 2018.

Mr. Rudolph reviewed the information on the expense driver's slide that listed what the Town would spend the primary property funding of \$7M for, if approved. Mr. Rudolph reiterated that Council would eliminate the current Environmental Fee collection.

Councilmember Yates stressed the importance of citing how the Town planned to spend the proposed primary property tax funds during all public meetings and presentations as well as the Town's website.

Mayor Kavanagh talked about possible exemptions or programs offered to those in need. Mayor Kavanagh said she understood this the primary property may be a burden on those with a limited income and she wanted to inform those people that the Maricopa County Treasures Office offered relief to those who might struggle to meet the property tax. Mr. Rudolph added that information and the links could be found on the Town's or Maricopa County Treasure's websites. Mayor Kavanagh stated that prequalification could be made in advance of the election. Councilmember Leger suggested this information be included in the Town's newsletter.

Mayor Kavanagh asked if there were any speaker cards and Town Clerk Bender answered one was received.

Cynthia Magazine, a 12-year Fountain Hill' resident and Chair of the "Save Our Town" committee, a group of concerned citizens who were in support of the primary property tax initiative. Ms. Magazine read a prepared statement of support and encouraged voters to spread the support to the price could be kept low. Ms. Magazine noted that the "Save Our Town" committee commended the Council and said their job was to help.

Mayor Kavanagh thanked the committee for their support and for taking this on.

Councilmember Yates requested Mr. Rudolph provide a comparison analysis list that would show Fountain Hills' residents pay zero "primary" property tax and show a sales tax comparison of other east valley municipalities sales tax rates. Councilmember Yates also mentioned that Councilmember Brown had previously pointed out that the primary property tax would cost each property owner approximately \$1.00 per day.

Mayor Kavanagh asked if there were further questions for Mr. Rudolph and none were presented.

Mr. Miller reviewed the information plan stating that the Town would hold four public meetings with additional meeting held if requested, with staff in attendance. He expressed that it would be essential for two or more Councilmembers to attend the meetings, with Town staff providing facts and Councilmembers providing additional

comments on the factual reasons Council gave their unanimous support. Mr. Miller listed the upcoming scheduled public meeting dates as February 7, March 8, April 11 and April 30, 2018, with notifications to voters through mailed postcards. Mr. Miller noted the first mailing would take place after the February 7, 2018 public meeting and would be followed by a second mailing to all households in Town. Mr. Miller remarked the Town's community newsletter "Fountain Hills First" was scheduled to be mailed in February 2018 with an additional newsletter mailed in April 2018 containing information on the proposed primary property tax along with basic background information.

Mr. Miller requested feedback from Council relating to a proposed two minute public service video by a company the Town had used in the past that would be viewed on Channel 11 and the Town's website explaining the background and information on the election and including a clip on the side with instructions of how residents can look-up their "limited property value". Mayor Kavanagh said that was a great idea.

Councilmember Yates asked if there was a way for residents to input a parcel number to easily calculate their tax bill and Mr. Miller replied staff would check out the possibility, but stated he would rather people look at their tax bill and figure out the amount themselves.

Councilmember Tolis requested in addition to a video, Council and staff should better inform residents on how the Town was currently funded, request residents shop locally, discuss the timing of the election and this how type of election is required to be held in May, how inherent growth outside the Town affects local businesses and decreases in the Town's portion of state funding. Mr. Miller reviewed the information that would be included in the two minute video.

Mr. Miller introduced the Town's Community and Marketing Coordinator Grace Rodman-Guetter who reviewed information that was available through a "hot link" available on the Town's website using a PowerPoint presentation (available on line or in the office of the Town Clerk). Mr. Miller noted this information would be available on Wednesday, January 31, 2018 for viewing and use by the residents.

Ms. Rodman-Guetter walked Council through areas of the webpage and how it could be used. Mr. Miller explained the availability of a mirror search site "FHVOTE2018.com" directing residents to the Town's search engine.

Councilmember Yates asked why this link was located at the bottom of the Town's website homepage and Ms. Rodman-Guetter replied this was the only place available to be manipulated with the limited formatting template.

Ms. Rodman-Guetter pointed out the "estimator" was located under one the links and she walked everyone through the easy to use tool.

Councilmember Magazine asked why there was a question regarding the estimator concerning a person's primary residency and Mr. Rudolph explained that a reduction in taxes were given for primary residents and state statute dictated how and when a person could declare their primary residence.

Ms. Rodman-Guetter read through entities who collect primary property tax and then those who collect a secondary tax.

Councilmember DePorter and Mayor Kavanagh discussed creating a possible link to Maricopa County and Mr. Miller stressed the link to the County needed to be on the estimator page as well.

Mr. Miller asked Councilmembers to review the website and submit any suggestions to help create clarity for residents.

Mayor Kavanagh requested a possible link highlighted under "Code Red" events on the homepage of the Town's website and Ms. Rodman-Guetter replied that the last item of the season would replace the "Code Red" section items, but Mr. Miller indicated that he would work with staff to create an easy pathway to the County's website.

In response to a question from Councilmember Leger, Town Clerk Bender explained the difference between a Town Hall ballot drop-off location and the Community Center ballot center. Ms. Bender replied as this election was to be a ballot-by-mail election, whereby all voters registered by the deadline would receive a ballot in the mail. She indicated that that there would not be any voting at Town Hall for this election; Town Hall would serve only as a ballot drop-off

location. The Community Center would be open ten (10) continuous days prior to the date of the election (including week-ends) to allow those registered voters who needed a replacement ballot (for any reason) the opportunity to vote in person; voters would not be able to pick-up a ballot. Ms. Bender noted that on Election Day (May 15, 2018) ballot centers would be open from 6:00 AM until 7:00 PM; May 15, 2018 would be the last day voters could turn in their ballots.

Councilmember DePorter asked if the Town’s public meetings could be a “facebook live” event and Ms. Rodman-Guetter replied staff was researching to see if the Town had the technology available. Mr. Miller stated he would explore the possibility with staff. Councilmember DePorter expressed his thoughts on the upcoming election and how excited he was to bring the proposal to the Fountain Hills residents.

Councilmember Magazine thanked the “Save Our Town” group and members of Town staff who all were dedicated to this issue and its critical outcome.

Mayor Kavanagh thanked former Mayor Jerry Miles and Jackie Miles and noted they were the two who originally had the idea to create a committee with a vision for Fountain Hills.

Mayor Kavanagh asked for further Council discussion and if not requested a vote.

Councilmember Yates **MOVED** to approve Resolution 2018-01 ordering and calling a Special Election held on May 15, 2018 for the purpose of submitting to the qualified electors of the Town of Fountain Hills the question of levying a primary property tax in the amount not to exceed \$7,000,000.00, and declaring an emergency and Councilmember Magazine **SECONDED** the motion, which **CARRIED UNANIMOUSLY** (7-0)

AGENDA ITEM #4 - ADJOURNMENT

Vice Mayor Brown **MOVED** to adjourn the meeting and Councilmember Magazine **SECONDED** the motion, which **CARRIED UNANIMOUSLY** (7-0). The Special Session adjourned at 6:40 p.m.

TOWN OF FOUNTAIN HILLS

By _____
Linda M. Kavanagh, Mayor

ATTEST AND
PREPARED BY:

Bevelyn Bender, Town Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special Session held by the Town Council of Fountain Hills in the Town Hall Council Chambers on the 30th day of January, 2018. I further certify that the meeting was duly called and that a quorum was present.

DATED this 6th day of March 2018.

Bevelyn Bender, Town Clerk