



## Meeting Summary: Budget Review Commission Date: March 9, 2026

FY 2026-2027 Preliminary Capital Improvement Plan (CIP) Recommendations, General Fund Revenue Forecasts, and Future Agenda Items

### 1. Facilities and Community Impact

The Commission reviewed the status of community facilities initially approved in the 2019 bond, specifically the Granite Reef Senior Center and the Paiute Neighborhood Center.

- **Granite Reef Senior Center:** The BRC unanimously passed a motion recommending that the five-year CIP include a feasibility study to clarify the project's scope. The study will specifically separate decisions regarding the **physical facility rebuild from the operational policy decisions regarding an adult daycare program.**
- **Paiute Neighborhood Center:** Noting that the center is a critical asset currently in disrepair, the Commission passed a motion to recommend a **feasibility study to identify the rebuild of the center in the next budget**, with implementation to follow in the subsequent four years.

### 2. Water Resources & Infrastructure

The removal of preliminary funding for Advanced Water Purification (AWP/APRW) and the Bartlett Dam from the five-year CIP generated significant debate.

- **Project Status:** City Manager Greg Caton clarified that these critical water projects have not been canceled. Funding was removed from the immediate five-year window because **capital and ongoing operating costs are currently being evaluated through feasibility studies** in response to new Arizona Department of Environmental Quality (ADEQ) rules. Once scopes and costs are finalized, the projects are expected to return to the budget for Council consideration.
- **Failed Motion:** A motion to insert placeholder funding into the CIP to explicitly show the City's commitment to the future use of the APRW program failed due to a lack of a second.

### 3. CIP Financial Sustainability & Commission Governance

- **Long-Term Planning:** Commissioner Stevens highlighted that by moving projects into the feasibility phase without rough out-year cost estimates, the City temporarily loses visibility on roughly half a billion dollars in future capital requirements. To address this gap, the **BRC passed a motion recommending the City formally address "five-year planned fiscal sustainability"** to ensure out-year revenues and debt capacities will sufficiently cover future project costs and system depreciation.

- **Governance Constraints:** Commissioner Stevens formally requested the meeting minutes reflect his opinion that **city legal staff's strict interpretation of open meeting laws prevented him from meeting with staff to effectively review the propriety of the capital budgeted amounts.**

#### 4. General Fund Revenue Forecasts

Staff presented a preliminary FY 2026-2027 General Fund revenue projection of **\$472 million**. The City remains cautiously optimistic, projecting stable 3% growth in local sales taxes.

- **State-Shared Revenues:** These revenues will see more modest growth due to the recent incorporation of Santan Valley (resulting in an estimated **\$1.5 million annual General Fund loss**) and higher relative population growth in peer cities like Buckeye and Goodyear.
- **Legislative Risks:** Staff warned of several state-level threats to city revenues, including potential federal tax conformity changes that could cost *3.1 million annually\*\**, and *House Bill 2290, which could cost the City\*\*18 million* if passed.
- **Cable TV Franchises:** Cable franchise fees are projected to decline by roughly 4% year-over-year as the industry continues to shrink.

#### 5. Budget to Actuals: Ambulance Billing

During the budget-to-actual review, staff clarified a discrepancy in ambulance revenues.

- **Billing vs. Collections:** Historically, the City budgeted the *gross billings* for ambulance services rather than the actual *payment collections*. Because it takes six months or more to collect on complex Medicare and Medicaid bills, and net collections average about 60% of gross billings, **future budgets will be adjusted to accurately reflect anticipated cash collections.**

#### 6. Future Agenda Items

The BRC confirmed several items for future review, including discussions on deferred maintenance, report recommendations, and full-time equivalent (FTE) management. Additionally, the Commission voted to agendize the following four topics for discussion and possible action at their next meeting:

- PSPRS police pension additional funding pro forma impacts.
- Incurred cost reviews of software maintenance, subscriptions, and large round-dollar expenditures.
- Potential FTE reductions through job responsibility changes and natural attrition.
- Exploring AI opportunities to lower costs without impairing citizen services.