TOWN OF QUEEN CREEK ARIZONA

AGENDA
Queen Creek Town Council Regular Session
November 18, 2026 | 6:30 PM
Community Chambers
20727 E Civic Parkway

Notice of Regular Meeting and Possible Executive Session of the Town Council: Pursuant to A.R.S. §§ 38-431.02 and 38.431.03, notice is hereby given to the members of the Town Council and the general public that the Town Council will hold a Regular Meeting at the date and time noted above. The Town Council may vote during the meeting to enter into Executive Session, which will not be open to the public, for legal advice and discussion with the Town Attorney(s) regarding any item(s) on the agenda. The Town Council and staff may participate in the meeting in person, telephonically, or electronically. The presiding officer may modify the order of agenda items and/or address items in a sequence deemed appropriate. Physical access to the meeting space will be available one-hour prior to the meeting start time.

Public Comment: Residents are welcome to address their comments in-person by submitting a Request to Speak/Comment Card prior to the start of the meeting and handing it to the Clerk. When called upon, you will receive 3-minutes to speak. If unable to attend in-person, you may submit your comment regarding a matter within the Town of Queen Creek's jurisdiction or for any item listed under the consent agenda, public hearing, and/or final action. Only one (1) comment per person, per agenda item will be accepted. Online comments received by 5:00 PM on the day of the meeting will be entered into the meeting's official record. http://www.queencreekaz.gov/WatchMeetings

Members of the public body may not discuss or take action on matters raised during the public comment that are not specifically identified on the agenda. Pursuant to A.R.S. § 38-431.01(H), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism or scheduling the matter for further consideration and decision at a later date.

Accessibility: The Town of Queen Creek is committed to making its public meetings accessible to individuals with disabilities. Council Meetings are live-streamed and are accessible through the Town's website. For special accommodation requests, email the Town Clerk's Office at TownClerk@QueenCreekAZ.gov or contact the Arizona Relay Service at 7-1-1 at least 72-hours prior to the meeting.

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **PLEDGE OF ALLEGIANCE**
4. **INVOCATION / MOMENT OF SILENCE**
5. **COMMITTEE REPORTS**
   A. Council summary reports on meetings and/or conferences attended. This may include but is not limited to Mesa Gateway Airport; MAG; East Valley Partnership; CAG. The Council will not propose, discuss, deliberate or take legal action on any matter in the summary unless the specific matter is properly noticed for legal action.
   B. Committee and outside agency reports (only as scheduled):
      1. Transportation Advisory Committee (November 12, 2026)
      2. Mayor's Teen Advisory Committee (November 17, 2026)
6. **PUBLIC COMMENT**

7. CONSENT AGENDA *(Matters listed under the Consent Agenda are considered to be routine and will be enacted by one motion and one vote. Members of the Town Council and/or staff may comment on any item without removing it from the Consent Agenda or remove any item for separate discussion and consideration.)*

A. Consideration and possible approval of the minutes from the November 4, 2026 Special Meeting and Regular Meeting of the Queen Creek Town Council.

B. Consideration and possible approval of Expenditures over $75,000 and items that are of Public Policy and Interest, pursuant to Town Purchasing Policy and to authorize the purchase from a new awarded vendor/contract based on the expiration of the current contract and authorize the purchase from another approved vendor/contract based on availability and price. (FY26/27 Budget Items)

1. Kimley-Horn - Project Order No. 2 for Post-Design and Utility Coordination Services for Chandler Heights Road Improvements between Sossaman and Hawes: $211,970. (CIP)

C. Consideration and possible approval of a three-year cooperative purchase agreement with SHI International Corp. through NASPO Contract CTR072321 and a Microsoft Business License Agreement in an amount not to exceed $1,173,050.22. (FY27 Budget Item)

D. Consideration and possible approval of an Intergovernmental Agreement (IGA) with the Chandler Unified School District for a School Resource Officer (SRO) at Casteel High School. (FY27 Budget Item)

E. Consideration and possible approval of the Intergovernmental Agreement with Maricopa County regarding court services between the Town of Queen Creek and Maricopa County San Tan Justice Court.

F. Consideration and possible approval of the Intergovernmental Agreement with Maricopa County regarding Detention services between the Town of Queen Creek and Maricopa County Sheriff's Office.

G. Consideration and possible approval of Resolution 1683-26 of the Mayor and Common Council of the Town of Queen Creek, Arizona, declaring a need and necessity and a public purpose; approving, authorizing and directing the Town Manager, Town Attorney and Town Clerk to take any and all action necessary; and to sign any and all documents; and to pay any and all costs or fees in order to acquire interest in real and/or personal property located along the Sundance Drive Alignment, from Sossaman Road to Box Canyon, in Section 6, Township 3 South Range 7 East, from owners and Pinal County Assessor parcels listed on Exhibit A attached hereto, and their successors in interest, through gift or purchase or eminent domain and identifying the real and personal property as necessary for roadway improvements for the Box Canyon Water Improvements: Sundance Drive to Box Canyon Project (CIP Project WA310) and authorizing budget adjustments and funding transfers in an amount not to exceed $10,000 if necessary.

8. PUBLIC HEARINGS

A. Public Hearing and possible approval of Ordinance No. 902-26 increasing Wastewater Retail Rates in compliance with State law.

B. Public Hearing and possible approval of Ordinance No. 901-26 adopting New Development Water Capacity Fees.

C. Public Hearing and possible approval of Resolution No. 1691-26 increasing Solid Waste Rates and Fees.

D. Public Hearing and possible approval of Resolution No. 1689-26 to establish a New Water Resource Fee and the Planned Community Policy.

E. Public Hearing and possible approval of Ordinance No. 900-26 to establish a New Development Water Resource Capacity Fee.

F. Public Hearing and possible approval of Resolution No. 1688-26 to increase Water Rate Cost of Service Fees.

9. ADJOURNMENT

TOWN OF QUEEN CREEK ARIZONA

TO: HONORABLE MAYOR AND TOWN COUNCIL

THROUGH: BRUCE GARDNER, TOWN MANAGER

FROM: MARIA GONZALEZ, MMC, TOWN CLERK

RE: CONSIDERATION AND POSSIBLE APPROVAL OF THE MINUTES FROM THE NOVEMBER 4, 2026 SPECIAL MEETING AND REGULAR MEETING OF THE QUEEN CREEK TOWN COUNCIL.

DATE: November 18, 2026

Suggested Action:

Approve the minutes as presented.

Alternatives:

Council can request revisions to be made to the draft minutes and approve with revisions or continue to a future meeting.

Attachment(s):

1. SPCL Minutes 11-04-26.pdf
2. RS Minutes 11-04-26.pdf

TOWN OF QUEEN CREEK ARIZONA

MINUTES
Queen Creek Town Council
Community Chambers
20727 E Civic Parkway

Special Meeting and Possible Executive Session – November 4, 2026| 5:30 p.m.

1. CALL TO ORDER

The meeting was called to order by Mayor Wheatley at 5:30 p.m.

2. ROLL CALL

PRESENT	ABSENT
Julia Wheatley, Mayor Bryan McClure, Vice Mayor (Remote by 5:34 p.m.) Robin Benning, Council Member (Remote) Jeff Brown, Council Member Leah Martineau, Council Member Dawn Oliphant, Council Member	Travis Padilla, Council Member

3. REQUEST FOR EXECUTIVE SESSION FOR THE PURPOSE OF DISCUSSING THE FOLLOWING:

Ironwood Conference Room | Community Chambers

A. Discussion and consultation with the Town's attorneys for legal advice and with the Town's attorneys and Town's representatives regarding the Town's Harquahala Valley groundwater acquisition, delivery and infrastructure strategies and obligations including long-term financing strategies and contractual obligations, capital cost recovery, debt service agreements, and related legal and contractual parameters of associated utility rates, fees and charges. A.R.S. § 38-431.03(A)(3), (4) & (7)

B. Discussion and consultation with the Town's attorneys for legal advice and with the Town's attorneys and Town's representatives regarding the Town's irrigation water service obligations, delivery and infrastructure strategies including long-term financing strategies and contractual obligations, capital cost recovery, debt service agreements, and related legal and contractual parameters of associated utility rates and fees. A.R.S. § 38-431.03(A)(3), (4) & (7)

C. Discussion and consultation with the Town's attorneys for legal advice and with the Town's attorneys and Town's representatives regarding fire and medical facilities and operations. A.R.S. § 38-431.03(A)(3), (4) & (7)

D. Discussion and consultation with the Town's attorneys for legal advice and with the Town's attorneys and Town's representatives regarding real property matters in the Town Center and potential agreements, applications, regulatory proceedings and related negotiations. A.R.S. § 38-431.03(A)(3), (4) & (7)

E. Discussion and consultation with the Town's attorneys for legal advice and with the Town's attorneys and Town's representatives regarding Sentry Storage LLC v. Town of Queen Creek, CV2026-006413. A.R.S. § 38-431.03(A)(3) & (A)(4).

F. Discussion and consultation with the Town's attorney for legal advice and with the Town's attorney and Town's representatives regarding the Intergovernmental Agreement for court services between the Town of Queen Creek and Maricopa County San Tan Justice Court. A.R.S. § 38-431.03(A)(3) & (4)

MOTION:	**To adjourn to executive session**
RESULT:	**Approved unanimously (6-0)**
MOVER:	**Jeff Brown**
SECONDER:	**Leah Martineau**
AYES:	Julia Wheatley, Robin Benning, Jeff Brown, Leah Martineau, Bryan McClure, Dawn Oliphant
ABSENT:	Travis Padilla

4. ADJOURNMENT

The meeting was adjourned by Mayor Wheatley at 5:33 p.m.

TOWN OF QUEEN CREEK

_____

Julia Wheatley, Mayor

ATTEST:

_____

Maria E. Gonzalez, Town Clerk

I, Maria E. Gonzalez, do hereby certify that to the best of my knowledge and belief, the foregoing Minutes are a true and correct copy of the Minutes of the November 4, 2026 Special Meeting and Possible Executive Session of the Queen Creek Town Council. I further certify that the meeting was duly called and that a quorum was present.

PASSED AND APPROVED ON: _____

1) CALL TO ORDER

The meeting was called to order by Mayor Wheatley at 6:30 p.m.

2) ROLL CALL

PRESENT:
Julia Wheatley, Mayor
Bryan McClure, Vice Mayor
Robin Benning, Council Member
Jeff Brown, Council Member
Leah Martineau, Council Member
Dawn Oliphant, Council Member

ABSENT:
Travis Padilla, Council Member

Vice Mayor McClure and Council Member Benning attended electronically.

3) PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Commander Craig Barnes, American Legion 129.

4) INVOCATION / MOMENT OF SILENCE

The invocation was given by Pastor Curt McReynolds, Christ's Church of the Valley Queen Creek.

5) COMMITTEE REPORTS

5.A) Council summary reports on meetings and/or conferences attended. This may include but is not limited to Mesa Gateway Airport; MAG; East Valley Partnership; CAG. The Council will not propose, discuss, deliberate or take legal action on any matter in the summary unless the specific matter is properly noticed for legal action.

5A - Committee Reports 11-04-2026.pptx

There were no comments.

5.B) Committee and outside agency reports (only as scheduled):

Economic Development Commission (October 28)

Council Member Brown said the Economic Development Commission met on Wednesday October 28. The Commission reappointed the Chair and Vice Chair and recommended approval of the FY 2027 work plan. Staff gave presentations on the General Plan update, water sufficiency strategy, tourism initiatives, and development projects in the pipeline. The next meeting would be held in January.

6) PUBLIC COMMENT

Noah James Markham, Tempe Resident, congratulated the Council Members who were reelected. Mr. Markham spoke about the political party changes in state positions due to the recent elections. Mr. Markham spoke about public transportation in Queen Creek and housing for those with disabilities. Mr. Markham requested a virtual sign language interpreter on the live stream videos.

7) CONSENT AGENDA

7.A) Consideration and possible approval of the minutes from the October 21, 2026 Special Meeting and Regular Meeting of the Queen Creek Town Council.

Department: Town Clerk's Office

Staff Report

Special Meeting Minutes 10-21-26.pdf

Regular Meeting Minutes 10-21-26.pdf

7.B) Consideration and possible approval of Expenditures over $75,000 and items that are of Public Policy and Interest, pursuant to Town Purchasing Policy and to authorize the purchase from a new awarded vendor/contract based on the expiration of the current contract and authorize the purchase from another approved vendor/contract based on availability and price. (FY26/27 Budget Items)

Department: Finance

Staff Report

Expenditures Over $75,000.pdf

7.C) Consideration and possible approval of FY25-26 funding transfers and related budget adjustments related to the LG Energy Solution Development Agreement as applied to the project Invested Sinking Fund; Also establishing funding sources to finance the infrastructure expenses and pay off the interim loan.

Department: Finance

Staff Report

7.D) Consideration and possible approval of a Fiber Access Agreement with the City of Mesa

Department: Information Technology

Staff Report

7.E) Consideration and possible approval of an Intergovernmental Agreement with the Arizona Board of Regents, University of Arizona for the Queen Creek Arizona Water Festival in an amount not to exceed $14,700

Department: Utilities

Staff Report

IGA - U of A Services Agreement

Water Festival Cost Breakdown

MOTION:	**To approve the Consent Agenda.**
RESULT:	**Approved unanimously (6-0)**
MOVER:	Leah Martineau, Council Member
SECONDER:	Jeff Brown, Council Member
AYES:	Julia Wheatley, Bryan McClure, Robin Benning, Jeff Brown, Leah Martineau, Dawn Oliphant
ABSENT:	Travis Padilla

8) PUBLIC HEARING CONSENT AGENDA

8.A) Consideration and possible recommendation of approval on a new Series 12 Restaurant Liquor License application submitted by Brian Charles Glass on behalf of Jinya Ramen Bar, 21144 S Ellsworth Loop Road #101, Queen Creek.

Department: Town Clerk's Office

Staff Report

Rule R19-1-702 - Arizona Department of Liquor Licenses and Control.pdf

LGB Report 414567_Redacted.pdf

QCPD Report 414567.pdf

8.B) Public Hearing and possible action on the Circle K fuel station and car wash Conditional Use Permit (Case P25-0159) and Site Plan (Case P25-0160), a request by Brennan Ray of Ray Law Firm for Conditional Use Permit and Site Plan approval of a fuel service station, convenience store, and car wash located at the southwest corner of Germann and Meridian roads.

Department: Development Services

Staff Report

Aerial Exhibit.pdf

Zoning Exhibit.pdf

General Plan_Exhibit.pdf

Proposed Professional Plaza Site Plan.pdf

Circle K & Car Wash Site Plan.pdf

Landscape Plan.pdf

Landscape Rendering.pdf

Elevations.pdf

Narrative.pdf

Circle K Car Wash Noise Study.pdf

Staff Presentation.pptx

8.C) A CONTINUANCE TO THE DECEMBER 2, 2026, TOWN COUNCIL MEETING HAS BEEN REQUESTED. Public hearing and possible action on Ordinance 899-26, The Union PAD Rezone (P25-0095), a request by Jagger Everett (Creation) for a PAD Rezone from Mixed-Use (MU) Planned Area Development (PAD) to MU PAD for an approximate 25-acre mixed-use development consisting of commercial retail, office, hotel, and multi-family residential, located at the southwest corner of Queen Creek and Ellsworth roads.

Department: Development Services

Staff Report

Union_Aerial.pdf

MOTION:	**To approve the Public Hearing Consent Agenda.**
RESULT:	**Approved unanimously (6-0)**
MOVER:	Jeff Brown, Council Member
SECONDER:	Dawn Oliphant, Council Member
AYES:	Julia Wheatley, Bryan McClure, Robin Benning, Jeff Brown, Leah Martineau, Dawn Oliphant
ABSENT:	Travis Padilla

9) ITEMS FOR DISCUSSION

9.A) Proposed Water Resource Fee - An Update on Implementation

Department: Finance

Staff Report

Water Resource Fee Outreach Update

Water Resource Fee Policy Issues

Constance Halonen-Wilson, Communications and Marketing Director, introduced the item and reviewed the water self-sufficiency goals, water resource fee, and year one of the rate. Ms. Halonen-Wilson reviewed the outreach that has been done.

Mayor Wheatley thanked staff for their extensive outreach efforts.

Marc Skocypec, Utilities Director, said they have continued to learn about different customer scenarios. Mr. Skocypec said Queen Creek services both tract homes and large lot subdivisions and about 12 subdivisions are legacy subdivisions with historic grandfathered water rights. Those with historic water rights continue to have that right to pump groundwater on their properties. Staff has identified about 600 to 700 parcels and staff is recommending the establishment of a program to split the domestic water usage, but the details are still being evaluated.

Mayor Wheatley thanked staff for being prompt at responding to specific situations and to make it equitable for everyone.

Scott McCarty, Deputy Town Manager and Chief Financial Officer, spoke about the recommendation to remove the $40 monthly fee for 64 septic accounts. Mr.

McCarty spoke about the wastewater credit.

Mayor Wheatley asked for clarification on the higher credit for multifamily and commercial.

Mr. McCarty said the different account types have different credits. Single family homes have one meter into the house and the amount that goes down the drain they determined to be 40%. For multifamily use, about 80% is going down the drain because they have very little outdoor landscaping. The same methodology is applied to the other account types. Mr. McCarty continued the presentation and spoke about the septic accounts for larger lot water users and the septic credit.

Mayor Wheatley said they have received a lot of questions on irrigation and septic accounts and thanked staff for the detailed response.

Mr. McCarty continued the presentation and spoke about the CAGRD reimbursement and noted the water resource fee replaces CAGRD. Once they become a designated provider the CAGRD bill goes away so there would be no need for the reimbursement process. Mr. McCarty spoke about the water demand for HOAs, the phasing program for the HOAs, and the limits for annual HOA dues increases. Mr. McCarty spoke about the five-year phasing for the fee.

Council Member Brown said these rates are calculated at the same consumption used today with no conservation efforts or water savings.

Mr. McCarty said that was correct.

Mayor Wheatley asked if this included the CAGRD payment. Mr. McCarty said no, it was just the new fee. He continued the presentation and reviewed impacts to accounts with the new fee.

Mayor Wheatley noted there were some public comments submitted and called upon the following to make their statements. Woodell, 24950 S. 195th St., said the financial resource fee remains an issue of financial equity in the Town. Mr. Woodell said he supported having drought proof water resources but asked for the Council to adopt a unified flat fee per 1,000 gallons across all accounts. This would provide the Town with the same revenue and the long-term water rights is something that should be shared equally. The proposed fee structure penalizes large lot rural properties that define Queen Creek's heritage and would negatively impact their value.

Veronica Allen, 1956 Country Meadows, said she was concerned about the fee's projected growth rate and how that determines what they pay for their water. Ms. Allen asked if the projections were less if their rate would also be less. Ms. Allen asked for additional transparency on the water usage for multifamily and exactly what type of infrastructure is being funded. This would destroy the rural aspect of the Town and it is important to not have an overdeveloped community.

Mayor Wheatley reiterated that the presentation was for discussion only. She expressed the Council’s commitment to listen and review all options, while also recognizing that they are doing something no other community has done. Mayor Wheatley spoke about the importance of water conservation and noted this is an

annual process and future fee changes will have to go through the same process. Staff continues to work with the community to save water and lessen the impacts to their bills. Mayor Wheatley noted the fee is based on usage and they have always had a strong stance that growth pays for growth.

10) FINAL ACTION

10.A) Consideration and possible approval of Resolution No. 1692-26 eliminating the temporary septic tank program and the associated $40 monthly program charge.

Department: Finance

Staff Report

Resolution No. 1692-26

MOTION:	**To approve Resolution No. 1692-26 eliminating the temporary septic tank program and the associated $40 monthly program charge.**
RESULT:	**Approved unanimously (6-0)**
MOVER:	Leah Martineau, Council Member
SECONDER:	Dawn Oliphant, Council Member
AYES:	Julia Wheatley, Bryan McClure, Robin Benning, Jeff Brown, Leah Martineau, Dawn Oliphant
ABSENT:	Travis Padilla

10.B) Consideration and possible approval of a partnership with the Duane Ellsworth Post 129 Sons of the American Legion for a Street-Pole Banner Program to honor local military service members.

Department: Communications & Marketing

Staff Report

Military Banner Program 2026.pptx

Ms. Halonen-Wilson introduced the item and provided information on the Town's existing three banner programs. Ms. Halonen-Wilson reviewed the proposed partnership to honor military service members and the program logistics.

Council Member Brown spoke about the American Legion and the request from the community to honor their veterans.

Council Member Oliphant agreed this is a frequent request from the community and was supportive of the partnership to honor the veterans.

Council Member Martineau said it was a simple but powerful addition to the community.

Mayor Wheatley thanked the events that the American Legion does to honor their veterans and this was a great way to honor them in a very public way.

Vice Mayor McClure was supportive of the item. Council Member Benning was supportive of the item.

MOTION:	**To approve a partnership with the Duane Ellsworth Post 129 Sons of the American Legion for a Street-Pole Banner Program to Honor Local Military Service Members.**
RESULT:	**Approved unanimously (6-0)**
MOVER:	Jeff Brown, Council Member
SECONDER:	Dawn Oliphant, Council Member
AYES:	Julia Wheatley, Bryan McClure, Robin Benning, Jeff Brown, Leah Martineau, Dawn Oliphant
ABSENT:	Travis Padilla

11) <u>ADJOURNMENT</u>

The meeting was adjourned by Mayor Wheatley at 8:04 p.m.

TOWN OF QUEEN CREEK

_____

Julia Wheatley, Mayor

ATTEST:

_____

Maria E. Gonzalez, Town Clerk

I, Maria E. Gonzalez, do hereby certify that to the best of my knowledge and belief, the foregoing Minutes are a true and correct copy of the Town Council Regular Session Minutes of the November 4, 2026 Town Council Regular Session of the Queen Creek Town Council. I further certify that the meeting was duly called and that a quorum was present.

Passed and approved on:_____

TOWN OF QUEEN CREEK ARIZONA

TO: **HONORABLE MAYOR AND TOWN COUNCIL**

THROUGH: **BRUCE GARDNER, TOWN MANAGER**

FROM: **MELISSA BAUER, PROCUREMENT MANAGER**

RE: **CONSIDERATION AND POSSIBLE APPROVAL OF EXPENDITURES OVER $75,000 AND ITEMS THAT ARE OF PUBLIC POLICY AND INTEREST, PURSUANT TO TOWN PURCHASING POLICY AND TO AUTHORIZE THE PURCHASE FROM A NEW AWARDED VENDOR/CONTRACT BASED ON THE EXPIRATION OF THE CURRENT CONTRACT AND AUTHORIZE THE PURCHASE FROM ANOTHER APPROVED VENDOR/CONTRACT BASED ON AVAILABILITY AND PRICE. (FY26/27 BUDGET ITEMS)**

DATE: **November 18, 2026**

Suggested Action:

To approve the Expenditures over $75,000 and items that are of Public Policy and Interest, pursuant to Town Purchasing Policy and to authorize the purchase from a new awarded vendor/contract based on the expiration of the current contract and authorize the purchase from another approved vendor/contract based on availability and price.

Discussion:

The following items being requested are budgeted in FY26/27

1. Kimley-Horn - Project Order No. 2 for Post-Design and Utility Coordination Services for Chandler Heights Road Improvements between Sossaman and Hawes: $211,970. (CIP)

Fiscal Impact:

The fiscal impact of the requested spending authority for the above expenditures is $211,970. Funds have been identified within the line item budget as approved by Council in the FY26/27 budget or subsuquently approved by Council.

Attachment(s):

1. Expenditures Over $75,000.pdf

Attachment: Expenditures $75,000 and Over
Budgeted in Fiscal Year 26/27
November 18, 2026

Item #	Vendor(s)	Description	Purpose	Requesting Dept(s)	Fiscal Impact $	Procurement Method	Alternative
1	Kimley-Horn	Project Order No. 2 for Post-Design and Utility Coordination Services for Chandler Heights Road Improvements between Sossaman and Hawes	Project Order No. 2 for Post-Design and Utility Coordination Services for Chandler Heights Road Improvements between Sossaman and Hawes	CIP	$211,969.40.	Town Contract 2022-027	Council may choose not to approve the expenditure at this time which will prevent completion of design and may delay the project.

TOWN OF QUEEN CREEK ARIZONA

TO: **HONORABLE MAYOR AND TOWN COUNCIL**

THROUGH: **BRUCE GARDNER, TOWN MANAGER**

FROM: **DOREEN COTT , ECONOMIC DEVELOPMENT DIRECTOR**

RE: **CONSIDERATION AND POSSIBLE APPROVAL OF THE ECONOMIC DEVELOPMENT COMMISSION WORK PLAN FOR FY26-27.**

DATE: **November 18, 2026**

Suggested Action:

Move to approve the FY26-27 Economic Development Commission Work Plan.

Discussion:

A provision of the Council adopted bylaws for the Economic Development Commission calls for the consideration and approval of the annual work plan by the Town Council.

The proposed FY26-27 Economic Development Commission Work Plan was developed to ensure that key initiatives of the Economic Development Strategic Plan, Town Center Plan and the Town's Corporate Strategic Plan are achieved. The items were discussed with the Economic Development Commission members at the October 28, 2026 meeting and recommended for approval.

PROPOSED FY26-27 Work Plan:

1. Work with staff to implement recommendations outlined in the updated Economic Development Strategic Plan.
2. Work with staff to implement recommendations outlined in the Tourism Strategic Plan.
3. Work with staff to implement recommendations in the Town Center/Downtown Core Plan and provide feedback on Downtown Core projects as appropriate.
4. Provide input and recommendations on new Arts and Placemaking programs/projects that may benefit Queen Creek as outlined in the Arts and Placemaking Master Plan.
5. Participate in the General Plan Update process. Review Major General Plan Amendments as appropriate.
6. Provide input on educational updates to be shared at the quarterly meetings to keep Commission informed on different issues, programs and development.

Alternatives:

The Town Council could direct staff to work with the Commission to amend the proposed work plan.

TOWN OF QUEEN CREEK ARIZONA

TO: **HONORABLE MAYOR AND TOWN COUNCIL**

THROUGH: **BRUCE GARDNER, TOWN MANAGER**

FROM: **MIKE BLACK, INFORMATION TECHNOLOGY DIRECTOR**

RE: **CONSIDERATION AND POSSIBLE APPROVAL OF A THREE-YEAR COOPERATIVE PURCHASE AGREEMENT WITH SHI INTERNATIONAL CORP. THROUGH NASPO CONTRACT CTR072321 AND A MICROSOFT BUSINESS LICENSE AGREEMENT IN AN AMOUNT NOT TO EXCEED $1,173,050.22 (FY 27 BUDGETED ITEM)**

DATE: **November 18, 2026**

Suggested Action:

Consideration and possible approval of a three-year cooperative purchase agreement with SHI International Corp. through NASPO Contract CTR072321 and a Microsoft Business License Agreement in an amount not to exceed $1,173,050.22 for Microsoft Licensing (Year 1 $391,016.74, Year 2 $391,016.74 Year 3 $391,016.74, FY 27 budgeted item)

Relevant Council Goal(s):

- Effective Government
- Superior Infrastructure

Discussion:

The Town relies on Microsoft technologies to support employee productivity, communication, collaboration, cybersecurity, data management, and core business operations across all departments. The proposed renewal with SHI International Corp. includes Microsoft 365 Government Community Cloud (GCC) licenses, Microsoft Teams calling services, SQL Server and Windows Server licensing, Remote Desktop Services licenses, Visio, Project, Power BI, Power Apps, Power Automate, and Software Assurance benefits.

Renewal of the agreement will ensure continued access to the software and cloud services staff use daily, maintain compliance with Microsoft licensing requirements, provide ongoing security updates and support, and allow the Town to continue leveraging modern collaboration and business application tools in a secure government cloud environment.

On June 3, 2026, Town Council authorized $355,000 for the purchase of Microsoft Volume Licensing through SHI International Corp. Microsoft, through SHI, now requires the Town to execute a formal license agreement to proceed with the purchase. This Agreement represents the first year of a three-year term and is budgeted in the FY 27 Information Technology budget.

The total amount of the three-year agreement shall not exceed $1,173,050.22. Funding for subsequent years will be requested through the Town's annual budget process based on the actual amounts quoted by the vendor for each respective year.

Fiscal Impact:

The anticipated total fiscal amount impact is $1,173,050.22 with $391,016.74 budgeted in FY 27. The

amount of $391,016.74 reflects the first year of a three-year contract agreement and has been budgeted in the FY 27 Information Technology budget. The total three-year agreement is not to exceed a total amount of $1,173,050.22. Subsequent years will be budgeted during the annual budget process according to the fee schedule in the Microsoft Business Licensing Agreement.

Alternatives:

Without approval from the Town council of the Microsoft agreement, the municipality faces immediate compliance penalties, potential cyber vulnerabilities from unpatched systems, and the loss of critical services like Microsoft O365 applications, server operating system infrastructure, and Power BI reporting. To mitigate a total operational halt, the recommendation is to approve the Microsoft agreement before the expiration date. Non approval would necessitate the export of all data from the Microsoft cloud, and initiate an emergency migration to alternative ecosystems like Google Workspace, Linux servers, and alternative analytics tools.

TOWN OF QUEEN CREEK ARIZONA

TO: **HONORABLE MAYOR AND TOWN COUNCIL**

THROUGH: **BRUCE GARDNER, TOWN MANAGER**

FROM: **RANDY BRICE, CHIEF OF POLICE**

RE: **CONSIDERATION AND POSSIBLE APPROVAL OF AN INTERGOVERNMENTAL AGREEMENT (IGA) WITH THE CHANDLER UNIFIED SCHOOL DISTRICT FOR A SCHOOL RESOURCE OFFICER (SRO) AT CASTEEL HIGH SCHOOL (THIS IS AN FY26-27 BUDGETED FTE).**

DATE: **November 18, 2026**

Suggested Action:

Staff recommends approval of the Intergovernmental Agreement (IGA) with the Chandler Unified School District for a School Resource Officer (SRO) at Casteel High School.

Relevant Council Goal(s):

1. Safe Community (Public Safety)
2. Effective Government (Intergovernmental Relations)

Discussion:

The Town of Queen Creek has established a mutually beneficial relationship with the Chandler Unified School District (CUSD) to place a school resource officer (SRO) on school grounds to help maintain a safe school environment conducive to teaching and learning. Through comprehensive prevention and intervention approaches, school resource officers maintain a visible presence on campus, deter delinquent and violent behaviors, serve as a resource to the school community, and provide students and staff with Law-Related Education instruction and training.

The Town has maintained an Intergovernmental Agreement (IGA) with CUSD for the Casteel High School campus for many years. CUSD has been awarded a School Safety Program grant through the Arizona Department of Education to cover the SRO's base salary and employee-related expenses (ERE). Because the grant requires the IGA to include specific language referencing the grant, the Town and CUSD must enter into a new IGA for this campus annually.

Under Town policy established by Resolution 1519-23, school districts must reimburse the Town for 50 percent of the operational costs and 75 percent of new capital or one-time costs associated with school resource officers assigned to their campuses. Currently, one school resource officer is assigned to the Casteel High School campus. Capital expenses for the vehicle and related equipment were covered under a previous IGA, and no new capital equipment is needed at this time. CUSD has elected to pay 100 percent of the officer's salary and ERE rather than the required minimum of 50 percent.

Fiscal Impact:

The school resource officer position is included in the approved FY 2026-27 budget. Approval of the IGA will allow the Town to invoice CUSD for 100 percent of the operational costs associated with the school resource officer.

For FY 2026-27, operational costs for the assigned SRO total $153,000, including base salary and benefits. CUSD plans to pay 100 percent of these costs, bringing the school district's total contribution to $153,000.

If the IGA is approved, CUSD will be invoiced for $153,000.

Alternatives:

1. The Council could choose not to approve the agreement and redirect the budgeted FTE to another assignment.
2. The Council could choose not to approve the agreement and direct staff to maintain the FTE at the school site without any reimbursement or funding from the CUSD.

Attachment(s):

1. SY27 Casteel HS SRO IGA_2.docx

INTERGOVERNMENTAL AGREEMENT
BETWEEN
THE TOWN OF QUEEN CREEK,
ARIZONA AND
THE CHANDLER UNIFIED SCHOOL DISTRICT

This Intergovernmental Agreement ("Agreement") made this day ___ of _____, 2026 by and between the Town of Queen Creek, Arizona, a municipal corporation (hereinafter referred to as the "Town"), and the Chandler Unified School District, a political subdivision of the State of Arizona (hereinafter referred to as "CUSD").

1. **STATUTORY AUTHORITY**

The Town is authorized to enter into this Agreement pursuant to A.R.S. § 11-952 and has authorized the undersigned to execute this Agreement on behalf of the Town.

CUSD is authorized to enter into this Agreement pursuant to A.R.S. § 11-952 and has authorized the undersigned to execute this Agreement on behalf of the CUSD.

2. **BACKGROUND AND PURPOSE OF THE AGREEMENT**

The Town and CUSD desire to work in cooperation for the purpose of placing a School Resource Officer ("SRO") at Casteel High School ("Campus") grounds to contribute to safe school environments that are conducive to teaching and learning. Through comprehensive prevention and intervention approaches, SROs maintain a visible presence on campus; deter delinquent and violent behaviors; and serve as an available resource to the school community.

3. **SCHOOL SAFETY PROGRAM GRANT**

The Parties agree and understand that CUSD's participation in this Agreement may be at least partially funded through a School Safety Program Grant ("SSP Grant") administered by the Arizona Department of Education ("ADE"). The Parties understand and acknowledge that SSP Grant Funds are conditioned upon the acceptance of each entity of the roles and responsibilities established by the School Safety Program Guidance Manual ("Manual").

A copy of the Manual is attached here as Exhibit A. The Parties understand and agree that the Manual may be amended from time to time by ADE.

4. **CUSD OBLIGATIONS**

CUSD shall:

4.1. Accept the SSP requirements contained in the Manual (if applicable).

4.2. Not interfere with the duties of the SRO as a sworn law enforcement officer.

4.3. Reimburse Town for annual costs related to the employment of the SRO, including but not limited to base salary and other employee related expenses. Payments may be issued from a combination of the amount allocated through the SSP Grant awarded to CUSD by the Arizona Department of Education and other CUSD budgeted funds. The grant does not provide funding for

overtime.

- Total costs for FY26-27 to CUSD will be $153,000.

4.4. Pay the Town within 30 days of receipt of an invoice from the Town. The requested payment(s) will be for costs (as specified in section 4.3) related to conditions of employment and activities directly related to the school site or students (on and off campus). CUSD shall pay late fees as established between the parties and set forth in this Agreement. Late fees shall not be paid with SSP funds.

4.5. Assist SRO in developing programs and providing consultation regarding safety factors and how to handle volatile situations.

4.6. Provide office space that provides privacy for the SRO to conduct confidential business. The office shall include the necessary equipment for an officer to effectively perform duties (i.e., telephone, desk, chair, filing cabinet, etc.).

4.7. Provide a complete copy of the grant application and award to the Town.

4.8. Establish a School Safety Program Team (“”SPPT”) that meets regularly per requirements set forth in the Manual. Required SSPT members are set forth in the Manual.

4.9. Require the Site Administrator to develop and implement an SSP Continuous Improvement Plan, as set forth in the Manual, in conjunction with the school’s SSPT.

4.10. Require the Site Administrator to provide feedback regarding the SRO’s performance at least twice per year. The school administrator shall share the feedback with the SRO’s supervisor and chain of command.

4.11. Require the school administrator to meet formally with the SRO Supervisor at least once per semester.

4.12. Be responsible for administration of all school discipline.

4.13. Require a teacher to be present in the classroom at all times while the SRO implements or delivers any sort of demonstration, classroom instruction, or Law Related Education (LRE). The teacher and SRO shall work cooperatively in the planning and delivery of any such presentation.

4.14. Allow the SRO to attend any required training or mandatory Town meetings.

4.15. Develop, in conjunction with Town, a written document describing the chain of command for officers, administrators, and law enforcement departments.

4.16. Require District and Site administration to attend annual required training provided by the ADE SSP and to track all individuals required training completion for the District.

4.17. Require the Site Administrator, in conjunction with the agency supervisor, to support, oversee, and review the SSP Officer Log to ensure compliance with the SPP Grant. Activity Log must be maintained in an organized and accessible format and made available upon request by ADE.

4.18. Ensure the SRO receives school-specific orientation and training regarding applicable school policies, rules, procedures, administrative guidelines, student codes of conduct, disciplinary protocols, campus safety practices, reporting requirements, confidentiality obligations, and expectations for interacting with students, staff, parents, and guardians. Such training shall include information necessary to support appropriate student engagement, effective incident response, and clear understanding of the SRO's role within the school setting.

5. **Town Obligations**

The Town shall:

5.1. Accept the SSP requirements contained in the Manual (if applicable).

5.2. Assign an SRO to the CUSD campus of Casteel High School. The assigned SRO shall satisfy the SRO Recommended Qualifications and Recommended Job Description as established by the Manual. The SRO is a member of the SSPT.

5.3. Assign a supervisor for the SRO. The SRO supervisor shall work with the school administrator to oversee the SRO's performance, including but not limited to conducting site visits, and meeting with the school administrator at least once per semester. The SRO supervisor will be responsible for the SRO's compliance with his or her duties pursuant to the terms of this Agreement.

5.4. Require the SRO to provide services, on campus and in the community in an emergency, associated with keeping the school safe. When school is in session, an SRO is required to be on campus at minimum 80% of the time. The uniformed SRO shall be assigned on a full-time basis to the school campus in order to assist school administration with safety efforts and to serve as a possible deterrent to criminal activity. However, this provision shall not be interpreted to prohibit training, off-site meetings, vacation, sick time, or other activities. Pursuant to the ADE SSP Grant and Manual, full-time shall mean 40 hours per week.

5.5. Require the SRO to fulfill his or her duties as a sworn law enforcement officer for the State of Arizona, including but not limited to conducting criminal investigations related to the assigned site.

5.6. Require the SRO to provide the prescribed number of LRE hours as designated by ADE, the terms of the SSP Grant, the Manual, and the available staffing conditions (as applicable). The SRO and Teacher assigned by CUSD shall work together in the planning and delivery of the LRE.

5.7. The SRO may assist in developing programs and providing consultation regarding safety factors or how to handle volatile situations. Students will also be allowed to meet with the

SRO(s) to discuss issues in a non-threatening environment.

5.8. Require the SRO to fully complete the SSP Officer Activity Log as prescribed in the Manual and share the Activity Log with the Site Administrator and SRO Supervisor.

5.9. Require the SRO Supervisor, in conjunction with the Site Administrator, to support, oversee, and review the SSP Officer Activity Log to ensure compliance with the SSP Grant. Activity Log must be maintained in an organized and accessible format and made available upon request by ADE.

5.10. Require the SRO and SRO Supervisor to participate in annual training required for continued funding of the SSP Grant (if applicable).

5.11. Invoice CUSD for the costs (as specified in section 4.3) related to conditions of employment and activities directly related to the school site. The Town shall assess a late fee of $15 for invoices that are more than 30 days late.

5.12. Develop, in conjunction with CUSD, a written document describing the chain of command for officers, administrators and law enforcement departments.

6. INDEMNIFICATION

Each Party to this Agreement (as "Indemnitor") agrees to defend, indemnify and hold harmless the other Party, and such Party's officers, officials, employees, agents, and directors (collectively, "Indemnitee") from and against any and all claims, demands, losses, liabilities, causes of action and costs (including expert witness fees, attorneys' fees and costs of defense and appellate appeal) ("Claims"), which may be imposed upon, incurred by or asserted against the Indemnitee, attributable (directly or indirectly in whole or in part) to, or arising in any manner by reason of, the negligence, acts, errors, or omissions of any agent, officer, servant, or employee of the Indemnitor, or anyone for whom Indemnitor may be legally liable, in the performance of this Agreement. In the event of a claim by a third party against either party involving the other party in connection with performance under this Agreement, the parties shall expeditiously meet to discuss a common and mutual defense including proportional liability and payment of possible litigation expense, cost and money damages.

The provisions of this Section 6 shall survive the termination of this Agreement.

7. TERM

This Agreement shall be effective as of 1st day of July 2026 and shall terminate on the 30th day of June 2027.

8. TERMINATION

Either Party may terminate this Agreement for convenience upon thirty (30) days' prior written notice to the other Party. Either Party may terminate this Agreement for cause upon fourteen (14) days' prior written notice (or such shorter notice that the notifying Party determines is necessary to protect the public health and safety) to the other Party that such Party has substantially breached its obligations under this. Although the parties do not anticipate the joint

acquisition of any property, upon termination of the agreement, each party shall retain its property and any property purchased with its funds under this Agreement.

9. DISPUTE RESOLUTION

The Parties agree to work in good faith to attempt to resolve any disputes at a level nearest the school as possible. Any dispute should first be addressed at the site level between the SRO and school administration. If a resolution is not reached, the dispute should move through the process established by the SRO's department and CUSD policy, to the extent possible. If the dispute is not resolved through elevation though all levels of those processes, the dispute shall be resolved through litigation.

10. GENERAL

10.1. **Amendment.** This Agreement may not be modified, except by written amendment, duly executed by both Parties.

10.2. **Insurance**. The Parties agree to secure and maintain insurance coverage for any and all risks that may arise out of the terms, obligations, operations, and actions as set forth in this Agreement, including but not limited to public entity insurance. The acquisition of insurance or the maintenance and operation of a self-insurance program may fulfill the insurance requirement.

10.3. **Conflict of Interest**. Pursuant to the provisions of A.R.S. § 38-511, either Party may cancel this Agreement, without penalty or obligation, if any person significantly involved in initiating, negotiating, securing, drafting, or creating the Agreement on behalf of that Party at any time while the Agreement or any extension thereof is in effect an employee of any other Party to the Agreement in any capacity to any other Party to the Agreement with respect to the subject matter of the Agreement.

10.4. **Incorporation.** All recitals and appendices contained in this Agreement are hereby incorporated by this reference and made an integral part of it.

10.5. **Governing Law.** This Agreement shall be governed, construed and controlled according the laws of the state of Arizona.

10.6. **Waiver.** It is agreed and understood that any failure to strictly enforce any provision hereof shall not constitute a waiver of the right to demand performance of that or any other provision hereof at any time thereafter.

10.7. **Severability.** The terms and conditions of this Agreement are severable. If for any reason, any court of law or administrative agency should deem any provision hereof invalid or inoperative, the remaining provisions of this Agreement shall remain valid and in full force and effect.

10.8. **Legal Fees, Costs and Expenses.** In the event either Party brings any action for any relief, declaratory or otherwise, arising out of this Agreement, the prevailing Party shall be entitled to reasonable attorneys' fees, costs and expenses, as determined by the court, and which shall be deemed to have accrued on the commencement of such action.

10.9. **Notices.** All notices or demands required to be given, pursuant to the terms of this contract, shall be given to the other Party in writing, delivered in person, sent by facsimile

transmission, deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested or deposited with any commercial air courier or express service at the addresses set forth below, or to such other address as the Parties may substitute by written notice, given in the manner prescribed in this paragraph.

If to the Town:	If to the School District:
Town of Queen Creek Attn: Chief of Police 22350 Ellsworth Rd. Queen Creek, AZ 85142	Chandler Unified School District Attn: Chief Financial Officer 1525 West Frye Rd. Chandler, AZ 85224

A notice shall be deemed received on the date delivered if delivered by hand, on the second day after its deposit with any commercial air courier or express services or, if mailed, three (3) working days (exclusive of United States Post Office holidays) after the notice is deposited in the United States mail as above provided, and on the delivery date indicated on receipt, if delivered by certified or registered mail. Any time period stated in a notice shall be computed from the time the notice is deemed received. This requirement for duplicate notice is not intended to change the effective date of the notice sent by facsimile transmission. E-mail is not an acceptable means for meeting the requirements of this section unless otherwise agreed in writing.

10.10. **Entire Agreement.** This writing constitutes the entire Agreement between the Parties.

10.11. **Assignment.** Services covered by this Agreement shall not be assigned or sublet in whole or in part without the prior written consent of the Parties.

10.12. **Force Majeure.** Neither Party shall be responsible for delays or failures in performance resulting from acts beyond their control. Such acts shall include, but not be limited to, acts of God, riots, acts of war, epidemics, governmental regulations imposed after the fact, fire, communication line failures, or power failures.

10.13. **Counterparts.** This Agreement may be executed in one or more counterparts, and each originally executed duplicate counterpart of this Agreement shall be deemed to possess the full force and effect of the original.

10.14. **Captions.** The captions used in this Agreement are solely for the convenience of the Parties, do not constitute a part of this Agreement and are not to be used to construe or interpret this Agreement.

10.15. **Compliance with Immigration Laws.** Pursuant to the provisions of A.R.S. § 41-4401, the Parties warrant that they are in compliance with all Federal Immigration laws and regulations that relate to their employees and with the E-Verify Program under A.R.S. § 23-214(A). Each Party has the right to inspect the papers of the other Party or its subcontractors participating in this Agreement to ensure compliance with this paragraph. A Party's or its subcontractors' breach of the above-mentioned warranty shall be deemed a material breach of the Agreement and may result in the termination of the Agreement by a non-breaching Party under the terms of this Agreement.

The provisions of this Article must be included in any contract either Party enters into with any and all subconsultants or subcontractors who provide services under this Agreement. As used in this Section 10.15, "services" are defined as furnishing labor, time or effort in the State of Arizona

by a contractor or subcontractor.

10.16. **Records and Audit Rights.** All accounts, reports, files and other records (hard copy, as well as computer readable data), and any other supporting evidence deemed necessary and relating to this Agreement shall be kept for three (3) years after termination of this Agreement and shall be open to reasonable inspection and audit by the other Party during that period.

10.17. **Authority.** The Parties hereby warrant and represent that each has full power and authority to enter into and perform this Agreement, and that the person signing on behalf of each has been properly authorized and empowered to enter this Agreement. The Parties further acknowledge having read this Agreement and understanding it, and do agree to be bound by it.

10.18. **Non-Discrimination.** The Parties agree that, in fulfilling the obligations set forth in this agreement, they shall not discriminate against any person on the basis of race, color, national origin or ancestry, religion, age, disability, and genetic information. The Parties agree further to comply with Executive Order 2009-09, and all other applicable State and Federal employment laws, rules and regulations, mandating that all persons shall have equal access to employment opportunities.

10.19. **Confidentiality of Student Records.** The Parties agree that the dissemination and disposition of educational records complies at all times with the Family Educational Rights and Privacy Act ("FERPA"). The Parties acknowledge that during the term on this Agreement, the SRO shall be the designated law enforcement unit and shall also be considered as a "school official" who may, at times, have a "legitimate educational interest" in the educational records of a student or students.

10.20. For purposes of workers' compensation, an employee of a party to this Agreement, who works under the jurisdiction or control of, or who works within the jurisdictional boundaries of another party pursuant to this specific intergovernmental agreement, is deemed to be an employee of both the party who is his primary employer and the party under whose jurisdiction or control or within whose jurisdictional boundaries he is then working, as provided in A.R.S. §23-1022(D). The primary employer party of such employee shall be solely liable for payment of workers' compensation benefits for the purposes of this section. Each party herein shall comply with the provisions of A.R.S. §23-1022(E) by posting the public notice required.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their duly authorized representatives.

CHANDLER UNIFED SCHOOL DISTRICT

By_____

Board President

Date _____

ATTEST:

_____

Superintendent

Date _____

APPROVAL OF ATTORNEY FOR THE CHANDLER UNIFED SCHOOL DISTRICT

The foregoing Intergovernmental Agreement has been reviewed pursuant to A.R.S. § 11-952 by the undersigned counsel who has determined that it is in proper form and is within the powers and authority granted under the laws of the State of Arizona.

_____

School District Attorney

Date _____

TOWN OF QUEEN CREEK

Recommended by:

_____
Bruce Gardner, Town Manager

_____
Date

Approved and Accepted by:

_____
Julia Wheatley, Town Mayor

_____
Date

Attest:

_____
Maria Gonzalez, Town Clerk

_____
Date

APPROVAL OF ATTORNEY FOR THE TOWN OF QUEEN CREEK

The foregoing Intergovernmental Agreement has been reviewed pursuant to A.R.S. § 11-952 by the undersigned counsel who has determined that it is in proper form and is within the powers and authority granted under the laws of the State of Arizona.

_____
Queen Creek Attorney Date

TOWN OF QUEEN CREEK ARIZONA

TO: **HONORABLE MAYOR AND TOWN COUNCIL**

FROM: **BRUCE GARDNER, TOWN MANAGER, CLIFFORD MATTICE , TOWN ATTORNEY**

RE: **CONSIDERATION AND POSSIBLE APPROVAL OF THE INTERGOVERNMENTAL AGREEMENT WITH MARICOPA COUNTY REGARDING COURT SERVICES BETWEEN THE TOWN OF QUEEN CREEK AND MARICOPA COUNTY SAN TAN JUSTICE COURT.**

DATE: **November 18, 2026**

Suggested Action:

Motion to approve the Intergovernmental Agreement with Maricopa County regarding court services between the Town of Queen Creek and Maricopa County San Tan Justic Court.

Relevant Council Goal(s):

Strategic Priority: Effective Government

- Good Governance: Realizing the Council's vision through responsible stewardship of public resources and ensuring high-quality services for residents
- Good Governance: Cultivate relationships with the state, counties, local, regional and statewide partners: encourage other levels of government to work collaboratively with the Town on issues of mutual interest.

Discussion:

In 2025, staff from the Office of the Presiding Judge of the Maricopa County Superior Court approached the Town to discuss a resolution addressing the time and costs associated with the San Tan Justice Court's administration of the Town's code violations and citations. Through these discussions, the Town worked with the Court to explore extending the existing intergovernmental agreement (IGA) into the new fiscal year beginning in July 2026, with the understanding that the Town would assume the costs associated with these services. Unfortunately, at its May 6, 2026, meeting, the Maricopa County Board of Supervisors elected to terminate the existing IGA rather than extend it. This decision was based on increasing judicial productivity demands and limited resources available at the San Tan Justice Court to continue handling these types of cases.

Additionally, during the public hearing and discussion regarding the Town's agreement, the Board of Supervisors directed the Town of Queen Creek to consider establishing its own municipal court and to work with the County Manager's Office and the Office of the Presiding Judge on a potential transition plan. When asked by one of the Supervisors when the Town anticipated establishing its own court, I indicated that, based on the initial master planning for the Town's law enforcement programs, the Town had not anticipated developing a municipal court until approximately 10 years after the establishment of its Police Department. This would place the potential development of a court outside the Town's current five-year planning horizon, with an anticipated timeframe of approximately 2033.

It is important to emphasize that, when considering the creation of new departments and programs, the Town Council has consistently taken a deliberate and methodical approach to ensure that the

timing is appropriate, that there is sufficient organizational and community support, and that the necessary funding is available. During my tenure with the Town, this approach has guided the establishment of the Fire Department, Utilities Department, Police Department, and, most recently, the Town Attorney's Office.

As part of the transition process, I worked with the County Manager's Office to develop new intergovernmental agreements (IGA) that would help address the financial impacts to the Town associated with both San Tan Justice Court services and detention services provided by the Maricopa County Sheriff's Office. Town Attorney Cliff Mattice and Police Chief Randy Brice assisted in this effort and conducted thorough reviews of the proposed agreements. The term for the court IGA is for 5 years, with two, 2-year extension options. The term for the detention services IGA is for 5 years, with one 5-year extension option.

If approved by the Town Council, Maricopa County intends to present the draft agreements to the Board of Supervisors at its December 9, 2026, meeting for consideration and possible approval.

It is also important to note that, following the County's decision to terminate the original agreement, the Town needed to identify an alternative court to process its code violations and citations. The Town Manager's Office worked with the Town of Gilbert to establish an interim arrangement for handling these cases, building upon the Town's existing relationship and similar agreement with the Gilbert Municipal Court. The Town of Gilbert has graciously agreed to continue processing Queen Creek's code enforcement cases until further notice, ensuring continuity of service while the Town works toward a longer-term solution.

Fiscal Impact:

As per the San Tan Justice Court Agreement, Queen Creek shall reimburse, as a Service Reimbursement, Maricopa County for its proportionate share of the total annual minutes for processing Eligible Filings after applying a case weight to the total number of civil traffic, criminal traffic, misdemeanor and Code cases in the Justice Court. Queen Creek's proportionate share shall be based on the percentage of such violations processed by the San Tan Justice Court that are attributable to Queen Creek, which, as of the Effective Date of this Agreement, is 23.09% (the "Percentage of Cases"). Queen Creek's allocation of costs will be reviewed and updated accordingly on an annual basis.

As per the Detention Services Agreement, MCSO will invoice the Town monthly for all Municipal Costs due to County, which are based on the detention inmate housing and booking rates effective July 1st of the fiscal year.

It is estimated that the annualized fiscal impact for these services will be $500,000 - $600,000 for the court services, and approximately $175,000 - $225,000 for the detention services. The Town Manager's office has worked with the Budget Director to ensure that these costs are absorbed for the remainder prorated amount of the fiscal year, and an approximate budgeted amount will be included in the following year's budgets for these costs.

Alternatives:

Alternative motion is to direct the staff to include in the FY 27-28 budget the creation of a new Town Court. Unfortunately this would be several years earlier than planned and significant time, staffing, capital costs and resources would need to be considered for this alternative motion.

Attachment(s):

1. Final Draft - IGA for Court Services_Queen Creek.pdf

This Intergovernmental Agreement ("IGA" or "Agreement") is made and entered into by and between MARICOPA COUNTY, a political subdivision of the state of Arizona ("County) and the TOWN OF QUEEN CREEK, a municipal corporation of the State of Arizona ("Queen Creek"). The County and Queen Creek may be collectively referred to as "Parties" and individually as "Party"

The Maricopa County Superior Court presiding judge is required to approve this Agreement, in accordance with ARS § 11-952(J).

RECITALS

WHEREAS, Maricopa County, Arizona is a general law county, and operates county courts as part of its general area of jurisdiction and responsibility as empowered by ARS § 22-101 *et seq.*, 22-201*et seq.* and 22-301 *et seq.*; and

WHEREAS, the Town of Queen Creek, Arizona, is a general law town, and wishes to avail itself of the services of the Maricopa County Justice Court Administration and the San Tan Justice Court to provide the judicial and administrative function of the court for Queen Creek as is empowered by ARS § 22-201 *et seq.,* 22-301 *et seq.*, and 22-401, *et seq.*; and

WHEREAS, County desires to use portions of the San Tan Justice Court ("Justice Court"), located in the Ocotillo Regional Court Center and the San Tan Justice Court Presiding Judge, Pro Tem Judges and court staff, including prosecutors, public defenders, clerks, and administrative personnel ("Staff"), to conduct hearings concerning criminal adult violations of the Queen Creek Town Code ("Code") and Arizona Revised Statute violations occurring within the portion of the Town located within Maricopa County (the "Services"); and

WHEREAS, County and Queen Creek are authorized to enter into this Agreement pursuant to ARS § 11-952; and

WHEREAS, Queen Creek is also empowered by general law and statute, including ARS § 9-240(B), as amended, to enter into this Agreement; and

WHEREAS, in accordance with ARS § 11-952(J), the Presiding Judge of the Maricopa County Superior Court is also required to approve this Agreement; and

WHEREAS, the Parties desire to enter into this Agreement to set forth each Party's understandings and agreements related to the provisions of court services and the use of the Justice Court and Staff.

NOW THEREFORE in consideration of the mutual assurances and agreements contained herein, the above Recitals are herein incorporated as agreements of the Parties and it is further agreed as follows:

GENERAL PROVISIONS

1. **Court Service.** Queen Creek hereby designates the Maricopa County San Tan Justice Court and the Justice Court Presiding Judge as a court of jurisdiction for processing: (i) adult criminal violations arising from the enforcement of the Code cited into the Justice Court using its normal processes; and (ii) adult civil and criminal violations arising from the enforcement of the Arizona Revised Statutes violations occurring within Queen Creek and within the borders of the County, including civil traffic offenses and criminal motor vehicle statute violations (hereinafter collectively referred to as "Eligible Filings").

    1.1 Processing. The Justice Court shall process the Eligible Filings cited into the Justice Court using its normal processes, subject to Arizona Law, the Arizona Rules of Civil Procedure, the Arizona Rules of Criminal Procedure, and Arizona Rules for Civil Traffic, Boating, Marijuana, and Parking and Standing Violations, and any other rules or administrative orders set forth by the Presiding Judge for Maricopa County Superior Court or the Arizona Supreme Court Chief Justice.

    1.2 Location of Hearings. In-person hearings shall be conducted and held at the San Tan Justice Court located in the Ocotillo Regional Court Center. The Justice Court may utilize its virtual courtroom systems for any hearings in its sole discretion (the "Facilities").

2. **Personnel**. The County shall provide all Facilities and Staff, including prosecutors and public defenders, as required in connection with processing the Eligible Filings that occur within the limits of Queen Creek and Maricopa County.

3. **Revenue; Reimbursement**.

3.1 Revenue. All revenues of any nature, including any fines and fees, attributed to Queen Creek shall remain and be paid to the County for the services provided herein ("Service Revenue").

3.2 Service Reimbursement. Queen Creek shall reimburse, as a Service Reimbursement, Maricopa County for its proportionate share of the total annual minutes for processing Eligible Filings after applying a case weight to the total number of civil traffic, criminal traffic, misdemeanor and Code cases in the Justice Court.. Queen Creek's proportionate share shall be based on the percentage of such violations processed by the San Tan Justice Court that are attributable to Queen Creek, which, as of the Effective Date of this Agreement, is 23.09% (the "Percentage of Cases"). Queen Creek's allocation of costs will be reviewed and updated accordingly on an annual basis.

The direct operational expenditures that will be allocated to Queen Creek using the determined Percentage of Cases include: (a) Justice Court's personnel costs at San Tan Justice Court; (b) County Attorney deputy attorneys and support staff positions assigned to San Tan Justice Court; and (b) Public Defense attorney and support staff positions assigned to San Tan Justice Court. In addition, the County will allocate administrative expenditures to Queen Creek by determining the total annual costs attributable to San Tan Justice Court and applying the determined Percentage of Cases. These expenditures include: (a) Justice Court's administrative costs; (b) information technology costs; and (c) security personnel costs. The expenditure will be allocated at the budgeted amount with an adjustment for actuals in the next fiscal year.

The County shall provide Queen Creek with an invoice for the Service Reimbursement annually beginning after fiscal year end June 30, 2027, with supporting documentation reasonably requested by Queen Creek. Queen Creek shall pay County the Service Reimbursement within thirty (30) days of receiving the invoice and all supporting documents reasonably requested by Queen Creek.

4. **Term**. The term of this Agreement shall be for five (5) years unless sooner terminated as provided for in this Agreement. This Agreement shall become effective on the date of the last signature.

4.1 Option to Renew. Provided this Agreement is in full force and effect, and Queen Creek is not in default under any of the terms and conditions of this Agreement at the time of notification of its desire to renew, Queen Creek shall have two (2) successive options to renew this Agreement for additional periods of two (2) years on the same terms and conditions of this Agreement unless otherwise agreed to by the Parties in writing (each a "Renewal Option").

4.2 Exercise of Option. If Queen Creek elects to exercise a Renewal Option, Queen Creek shall provide County with written notice no later than the date which is at least one-hundred eighty (180) days prior to the then scheduled expiration of this Agreement.

5. **Permitted Use; Property Usage**.

5.1 Utilities and Maintenance of Property. County, at its sole cost and expense, shall be responsible for (1) all utilities service to the Justice Court; (2) provision of janitorial services to the Justice Court; and (3) providing all maintenance of the Justice Court, including, but not limited to, maintaining the structure in good repair and correcting any hazardous conditions existing as a result of any structural defect or unsoundness. The term "structure" as used herein includes walls, roofs, floors, foundations, stairways, exterior sidewalks, and all electrical, plumbing, heating and air conditioning systems and equipment.

5.2 Compliance with Laws. The Parties agree to comply with all federal, state, and local statutes, laws, ordinances, rules, and regulations which relate to their use of the Justice Court.

6. **Insurance**. County and Queen Creek acknowledge and agree that the Parties to this Agreement are each self-insured. During the entire time that this Agreement is in force, each Party, at its sole cost and expense, shall carry and maintain levels of Commercial General Liability, Automobile Liability, Worker's Compensation insurance, Property, and Environmental/Pollution Insurance coverages that are considered standard for the Property and Permitted Use.

7. **Indemnification**. Each Party (as "indemnitor") agrees to indemnify, defend, and hold harmless the other Party (as "indemnitee") from and against any and all claims, losses, liability, costs, or expenses (including reasonable attorney's fees) (hereinafter collectively referred to as "claims") arising out of the negligent

performance of this Agreement, but only to the extent that such claims which result in vicarious/derivative liability to the indemnitee are caused by the act, omission, negligence, misconduct, or fault of the indemnitor, its officers, officials, agents, employees, or volunteers.

8. **Nondiscrimination**. Parties agree to comply with all provisions and requirements of Arizona Executive Order 2009-09 as well as all other applicable State, Federal, and local employment laws, rules and regulations, including the Americans with Disabilities Act. Executive Order 2009-09 supersedes Executive Order 99-4 and amends Executive Order 75-5 and is hereby incorporated into this Agreement as if set forth in full herein. During the performance of this Agreement, Parties shall not discriminate against any person in any way because of that person's age, race, creed, color, religion, sex, disability, or national origin.

9. **E-verify**. All Parties shall comply with ARS § 23-214, which requires verification of employment through the e-verify program, provides economic development incentives for those that comply, and requires a list to be provided quarterly to the United States SOS listing those employers who have adhered to the requirement.

10. **Conflicts; Termination**.

10.1 Conflicts. As prescribed by ARS § 38-511, either Party may cancel this Agreement after its execution and without penalty or further obligation if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of either Party is, at any time while the Agreement or any extension thereof is in effect, an employee or agent of either Party to the Agreement in any capacity or a consultant to any Party to the Agreement with respect to the subject of this Agreement. In the event either Party elects to exercise its right under ARS § 38-511, the Party agrees to give notice thereof immediately in writing to the other Party.

10.2 Non-Appropriation. This Agreement may be terminated by any Party at the end of any fiscal year due to non-appropriation of funds without any penalty or liability to the other Party.

10.3 General Termination. Either Party may terminate this Agreement at any time for any reason by giving the other Party a minimum of thirty (30) days prior written notice, delivered by personal delivery or by certified mail to the

persons at the address designated each Party in Section 19. The Parties may also terminate this Agreement at any time by mutual written agreement.

11. **Default**.

11.1. Each of the terms in this Agreement is considered material and failure to perform any of them shall constitute a breach of this Agreement. Either Party shall have the right to terminate this Agreement if the other Party does not, within thirty (30) days of receipt of a written notice thereof, cure any terms in default. Notwithstanding the foregoing, if the nature of the breach cannot be cured within this said thirty (30) day period, the noticing Party shall not have the right to terminate this Agreement if the other Party commences the cure within the thirty (30) day period and diligently pursues the cure to completion thereafter.

11.2 Neither Party shall be considered to be in default in the performance of any of the obligations hereunder, other than obligations to either party to pay costs and expenses, if failure of performance shall be due to an uncontrollable force. The term "uncontrollable force" shall mean any cause beyond the control of the Party affected, including but not limited to failure of facilities, flood, earthquake, tornado, storm, fire, lightning, epidemic, war, riot, civil disturbance or disobedience, labor dispute, and action or non-action by or failure to obtain the necessary authorizations or approvals from any governmental agency or authority or the electorate, labor or material shortage, sabotage and restraint by court order or public authority, which by exercise of due diligence it shall be unable to overcome. Nothing contained herein shall be construed so as to require either Party to settle any strike of labor dispute in which it may be involved. Either Party rendered unable to fulfill an obligation by reason of an uncontrollable force shall exercise due diligence to remove such inability with all reasonable dispatch. If either Party claims its failure to perform was due to an uncontrollable force, that Party shall bear the burden of proof that such activity was within the meaning and intent of this section, if such claim is disputed by either Party.

12. **Disputes**. The laws of the State of Arizona shall govern the construction and interpretation of this Agreement. The Parties agree that the venue for any claim arising out of any or in any way related to this Agreement shall be Maricopa County, Arizona.

12.1 Disputes arising from this Agreement shall be subject to arbitration as may be required by ARS § 12-1518. A notice of dispute must be provided in writing to the other Parties and provide a summary of the issue that is the subject of the dispute.

12.2 The Parties shall confer within thirty (30) days of receipt of a notice of dispute to resolve the dispute and/or decide, within ten (10) days after conferring, on a mutually acceptable arbiter. If a mutually acceptable arbiter cannot be agreed upon with thirty (30) days after conferring, that Parties agree that each Party shall name one (1) arbiter and those two (2) arbiters shall select a third arbiter. Any decisions made shall be made by a majority of the panel of three (3) arbiters.

12.3 If any Party decides to proceed to arbitration in lieu of terminating, this Agreement, arbitration shall be binding. The cost of any arbitration shall be shared equally by the Parties.

13. The Parties agree that each Party retains ownership of its Data, and that the County retains ownership of Data shared with the other Party. Neither Party may release, store, sage, disseminate or otherwise use Data in any manner or form without the permission of the other Party.

14. The Parties agree that each Party is responsible for safely maintaining the integrity and confidentiality of the other Party's Data received or under its control as a result of the Agreement. Each Party will immediately notify the other Party upon discovery of a breach of the Data, and will work cooperatively with the other Party to terminate, minimize, and resolve the breach.

15. Notwithstanding any other provision of this Agreement to the contrary, the Parties acknowledge that they are subject to ARS § 39-121 through 39-129 regarding public records. Any provision regarding confidentiality is limited to the extent necessary to comply with the provisions of Arizona law.

16. This Agreement does not imply authority to perform any tasks, or acceptance of responsibility, not expressly stated in this Agreement. This Agreement does not create a duty or responsibility unless the intention to do so is clearly and unambiguously stated in the Agreement.

17. Sections and other headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

18. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute the same instrument. E-signed, faxed, copied, and scanned signatures are acceptable as original signatures.

19. **Notice Addresses**.

19.1 All notices herein required to be given in writing shall be sent:

To County:

Prior to 10/1/2026
Justice Court Administration
Maricopa County
222 N. Central Ave, Ste 201
Phoenix, AZ 85004

After 10/1/2026
Justice Court Administration
Maricopa County
111 S 3rd Ave., Suite XXX
Phoenix, AZ 85003

With a copy to:

Maricopa County Real Estate Department
Attn: Director
2801 W. Durango Street
Phoenix, AZ 85009

To Queen Creek:

Town Manager
Town of Queen Creek
22350 S. Ellsworth Road
Queen Creek, AZ 85142

With a copy to:

Town Attorney
Town of Queen Creek

22350 S. Ellsworth Road
Queen Creek, AZ 85142

19.2 Notice Requirements. All notices required or permitted by this Agreement or applicable law shall be in writing and may be delivered in person (by hand or by courier) or may be sent by first class, certified mail or US Postal Service Express Mail, with postage prepaid, and shall be deemed sufficiently given if served in a manner specified in this section. The addresses specified in this section shall be that Party's address for delivery or mailing of notices. Any Party may, by written notice to the others, specify a different address for notice.

19.3 Date of Notice. Any notice sent by certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by first class mail, the notices shall be deemed given 72 hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by USPS Express Mail or overnight courier that guarantee next day deliver shall be deemed given 24 hours after delivery of the same to the Postal Service or courier.

20. Any amendments, including all requests for additional services, shall be in writing and signed by all Parties to this Agreement.

21. This document is the complete and exclusive statement of understanding between the Parties, and it supersedes all proposals, oral or written, and all other documents or communications between the parties relative to the subject matter herein covered, unless such documents or communications are specifically included by reference.

IN WITNESS WHEREOF the Parties hereto have caused these presents to be executed on the date last written below:

MARICOPA COUNTY

_____

Chair, Maricopa County
Board of Supervisors

_____

Attest: Maricopa County Clerk of
Board of Supervisors

TOWN OF QUEEN CREEK

_____

Mayor of the Town of Queen Creek

_____

Attest: Town of Queen Creek Clerk

This agreement shall be recorded and filed with the Maricopa County Clerk of the Board pursuant to ARS § 11-952(G).

Approved as to form and within the power and authority granted to the Parties by the law of Arizona:

_____

Maricopa County,
Deputy County Attorney

_____

Town of Queen Creek,
Town Attorney

Reviewed and approved in accordance with ARS § 11-952(J):

_____

Hon. Pamela Gates, Presiding Judge of the Superior Court,
Judicial Branch, Maricopa County

TOWN OF QUEEN CREEK ARIZONA

TO: **HONORABLE MAYOR AND TOWN COUNCIL**

FROM: **BRUCE GARDNER, TOWN MANAGER, CLIFFORD MATTICE , TOWN ATTORNEY**

RE: **CONSIDERATION AND POSSIBLE APPROVAL OF THE INTERGOVERNMENTAL AGREEMENT WITH MARICOPA COUNTY REGARDING DETENTION SERVICES BETWEEN THE TOWN OF QUEEN CREEK AND MARICOPA COUNTY SHERIFF'S OFFICE.**

DATE: **November 18, 2026**

Suggested Action:

Motion to approve the Intergovernmental Agreement with Maricopa County regarding court services between the Town of Queen Creek and Maricopa County Sheriff's Office.

Relevant Council Goal(s):

Strategic Priority: Effective Government

- Good Governance: Realizing the Council's vision through responsible stewardship of public resources and ensuring high-quality services for residents
- Good Governance: Cultivate relationships with the state, counties, local, regional and statewide partners: encourage other levels of government to work collaboratively with the Town on issues of mutual interest.

Discussion:

In 2025, staff from the Office of the Presiding Judge of the Maricopa County Superior Court approached the Town to discuss a resolution addressing the time and costs associated with the San Tan Justice Court's administration of the Town's code violations and citations. Through these discussions, the Town worked with the Court to explore extending the existing intergovernmental agreement (IGA) into the new fiscal year beginning in July 2026, with the understanding that the Town would assume the costs associated with these services. Unfortunately, at its May 6, 2026, meeting, the Maricopa County Board of Supervisors elected to terminate the existing IGA rather than extend it. This decision was based on increasing judicial productivity demands and limited resources available at the San Tan Justice Court to continue handling these types of cases.

Additionally, during the public hearing and discussion regarding the Town's agreement, the Board of Supervisors directed the Town of Queen Creek to consider establishing its own municipal court and to work with the County Manager's Office and the Office of the Presiding Judge on a potential transition plan. When asked by one of the Supervisors when the Town anticipated establishing its own court, I indicated that, based on the initial master planning for the Town's law enforcement programs, the Town had not anticipated developing a municipal court until approximately 10 years after the establishment of its Police Department. This would place the potential development of a court outside the Town's current five-year planning horizon, with an anticipated timeframe of approximately 2033.

It is important to emphasize that, when considering the creation of new departments and programs, the Town Council has consistently taken a deliberate and methodical approach to ensure that the

timing is appropriate, that there is sufficient organizational and community support, and that the necessary funding is available. During my tenure with the Town, this approach has guided the establishment of the Fire Department, Utilities Department, Police Department, and, most recently, the Town Attorney's Office.

As part of the transition process, I worked with the County Manager's Office to develop new intergovernmental agreements (IGA) that would help address the financial impacts to the Town associated with both San Tan Justice Court services and detention services provided by the Maricopa County Sheriff's Office. Town Attorney Cliff Mattice and Police Chief Randy Brice assisted in this effort and conducted thorough reviews of the proposed agreements. The term for the court IGA is for 5 years, with two, 2-year extension options. The term for the detention services IGA is for 5 years, with one 5-year extension option.

If approved by the Town Council, Maricopa County intends to present the draft agreements to the Board of Supervisors at its December 9, 2026, meeting for consideration and possible approval.

It is also important to note that, following the County's decision to terminate the original agreement, the Town needed to identify an alternative court to process its code violations and citations. The Town Manager's Office worked with the Town of Gilbert to establish an interim arrangement for handling these cases, building upon the Town's existing relationship and similar agreement with the Gilbert Municipal Court. The Town of Gilbert has graciously agreed to continue processing Queen Creek's code enforcement cases until further notice, ensuring continuity of service while the Town works toward a longer-term solution.

Fiscal Impact:

As per the San Tan Justice Court Agreement, Queen Creek shall reimburse, as a Service Reimbursement, Maricopa County for its proportionate share of the total annual minutes for processing Eligible Filings after applying a case weight to the total number of civil traffic, criminal traffic, misdemeanor and Code cases in the Justice Court. Queen Creek's proportionate share shall be based on the percentage of such violations processed by the San Tan Justice Court that are attributable to Queen Creek, which, as of the Effective Date of this Agreement, is 23.09% (the "Percentage of Cases"). Queen Creek's allocation of costs will be reviewed and updated accordingly on an annual basis.

As per the Detention Services Agreement, MCSO will invoice the Town monthly for all Municipal Costs due to County, which are based on the detention inmate housing and booking rates effective July 1st of the fiscal year.

It is estimated that the annualized fiscal impact for these services will be $500,000 - $600,000 for the court services, and approximately $175,000 - $225,000 for the detention services. The Town Manager's office has worked with the Budget Director to ensure that these costs are absorbed for the remainder prorated amount of the fiscal year, and an approximate budgeted amount will be included in the following year's budgets for these costs.

Alternatives:

Alternative motion is to direct the staff to include in the FY 27-28 budget an alternative detention services agreement with an adjacent municipality. This will be difficult as the nearest alternative detention facility with the Town of Gilbert is not available.

Attachment(s):

1. Final Draft - IGA_for_County_Detention_Services_Queen Creek.pdf

INTERGOVERNMENTAL AGREEMENT

FOR COUNTY DETENTION SERVICES

Between

MARICOPA COUNTY

ON BEHALF OF THE MARICOPA COUNTY SHERIFF'S OFFICE

AND

TOWN OF QUEEN CREEK

C-50-26-____-____-____

PREAMBLE

This Intergovernmental Agreement ("Agreement") is made and entered into this _____ day of _____, by and between Maricopa County, a political subdivision of the State of Arizona, acting by and through its Board of Supervisors ("Maricopa County" or "County") on behalf of the Maricopa County Sheriff's Office ("MCSO") and Town of Queen Creek ("Municipality") (collectively, the "Parties").

RECITALS

WHEREAS, pursuant to A.R.S. § 31-121 it is the duty of the Maricopa County Sheriff to receive and provide for prisoners and County owns detention facilities ("County Jail") for housing persons ("Inmates") who have been committed to jail by competent authority; and

WHEREAS, County, through the Maricopa County Sheriff ("County Sheriff"), provides Inmates with necessary housing, food, clothing and bedding; and

WHEREAS, pursuant to A.R.S. § 31-121(D), Municipality is responsible for the costs of incarceration of the following persons: (1) a person who is arrested by a peace officer employed by Municipality and who is charged in the municipal court and housed in the County Jail; and (2) a person who is convicted in the municipal court and sentenced to the County Jail (collectively, "Municipal Inmates"), and

WHEREAS, Municipality does not have a municipal court, rather has their cases adjudicated through the Maricopa County Justice Court system. Municipality is nonetheless willing to pay for services and costs relating to the incarceration of Municipal Inmates in the County Jail, and

WHEREAS, County and Municipality desire to enter into an intergovernmental agreement with one another to contract for services and payment of costs relating to the incarceration of Municipal Inmates in the County Jail, and

WHEREAS, County and Municipality are authorized to enter into this Agreement pursuant to A.R.S. §§ 11-951 *et seq.* and 31-121.

NOW, THEREFORE, in consideration of the mutual performance of services by County and payment by Municipality as set forth herein, Maricopa County and Municipality agree as follows:

AGREEMENT

1. **Authority**

The above Recitals are incorporated into this Agreement and all rights and obligations of the Parties shall be governed by the terms of this Agreement.

2. **Definitions**

As used throughout this Agreement, defined and capitalized terms set out in the body of this Agreement are synonymous with the definitions set out in this section. Ambiguity as to a defined term in the body of this Agreement shall be resolved in favor of the definition of the term below.

2.1. **Agreement** means this document and all exhibits, attachments and appendices, including all subcontracts or amendments, attached hereto.

2.2. **Municipal Inmate** means a person arrested in Queen Creek and booked into a County Jail pursuant to A.R.S. § 31-121(D) and charged in the San Tan Justice Court, which, jurisdictionally, could have been charged in the municipality's court if such court existed, or sentenced to the County Jail by the San Tan Justice Court if such sentence could have been jurisdictionally ordered by the Queen Creek court if such court existed. Municipal Inmate does not include a person arrested for and charged in Superior Court, irrespective of whether a municipal warrant is outstanding for that person.

2.2.1 **Designated Class 6 Felonies** are for the limited purpose of this Agreement only, all offenses designated as misdemeanors pursuant to A.R.S. § 13-604 and deferred to Municipality for prosecution in Municipality's Court. Inmates with Designated Class 6 Felonies are ***not*** considered a Municipal Inmate for purposes of this Agreement and therefore will ***not*** be a Municipal Cost or charge that is a responsibility of Municipality.

2.3. **Correctional Health Services ("CHS")** means the Maricopa County department that provides Health Care Services to Inmates in the County Jails. As used in this Agreement "CHS" includes and incorporates any successor, assign, employees, contractor, subcontractor, designee or County budgetary unit performing any or all of the duties of CHS.

2.4. **County** means Maricopa County, a political subdivision of the State of Arizona.

2.5. **County Jail or Jails** means all facilities under the control or supervision of Maricopa County, or the County Sheriff, and whose primary purpose is to incarcerate persons.

2.6. **County Sheriff or MCSO** means the Maricopa County Sheriff's Office and those activities and facilities for which it has legal responsibility.

2.7. **First Day Booking/Processing Rate** is a rate for the initial first calendar day of booking and receiving a Municipality's Inmate into jail and is based upon a rate established by the Maricopa County Board of Supervisors. The First Day rate includes health care services, where applicable, provided to a Municipal Inmate, including services provided in a County Jail or by any other health care provider.

2.8. **Health Care Services** include medically necessary medical and mental health services provided to a Municipal Inmate, where applicable.

2.9. **Housing Per Diem Rate** is a rate established by the Maricopa County Board of

Supervisors that is charged for incarcerating and maintaining a Municipal Inmate in a County Jail housing unit beginning the calendar day immediately following the calendar day on which the individual was booked into the County Jail. The final day of incarceration shall not be included in the Housing Per Diem Rate invoice. The Per Diem rate includes health care services, where applicable, provided to a Municipal Inmate, including services provided in a County Jail or by any other health care provider.

2.10. **Municipality** means the City or Town that is a signatory to this Agreement.

2.10 **Municipal Cost** means any costs the Municipality is responsible to pay for Municipal Inmates.

2.11. **Municipal Credit** is a credit against the cost of incarceration pursuant to Section 4.5 below.

3. **Term of Agreement**

This Agreement shall become effective ("Effective Date") upon the last signature to this agreement and shall have a term of five (5) years from the Effective Date. After the initial term, the Parties may extend the period of this Agreement for additional five year terms, or for such other period as may be agreed upon in writing.

4. Compensation for County by Municipality

4.1. **Setting of Rates. Housing Per Diem and First Day Booking/Processing.** The Maricopa County Board of Supervisors shall establish rates for the Housing Per Diem and First Day Booking/Processing as follows:

4.1.1. By December 1st of each year, Maricopa County will provide the preliminary detention inmate housing and booking rates to be effective July 1st of the following fiscal year.

4.1.2. By February 1st of each year, Maricopa County will provide the final detention inmate housing and booking rates to be effective July 1st of the following fiscal year.

4.1.3. In the event the Board does not establish such rate(s) as of July 1st, the rate(s) most recently established shall continue in effect until the Board of Supervisors establishes the new rates.

4.2. **First Day Booking/Processing Rate.** Municipality shall pay the County the prevailing First Day Booking/Processing Rate established by the Board of Supervisors, for the first calendar day of booking and processing each Municipal Inmate into the County Jail. Housing Per Diem Rate will not be charged for the Municipal Inmate's first day of incarceration.

4.3. **Housing Per Diem Rate.** Municipality shall pay the County the prevailing Housing Per Diem Rate established by the Board of Supervisors, for each calendar day, or portion thereof, that a Municipal Inmate is housed in the County Jail, excluding the calendar day for which the Municipality is assessed the First Day Booking/Processing Rate and the final calendar day of incarceration (e.g., if a Municipal Inmate is booked into County Jail on Friday evening and released at noon the next day (Saturday) on bail or on his or her own recognizance, the Municipality shall pay County the First Day Booking/Processing Rate only, and exclude Saturday from the Housing Per Diem

Rate invoice because it is the final day of incarceration.)

4.4. **Second Conviction DUI.** For Municipal Inmates who are incarcerated for a second offense DUI conviction under A.R.S. §§ 28-1381 or 28-1382, the Municipality shall be charged fifty percent (50%) of the First Day Booking/Processing Rate and fifty percent (50%) of the Housing Per Diem Rate. The 50% is effective only once the inmate is convicted. Maricopa County has requested a legal review of this current practice and reserves the right to change this practice at any time.

4.5. **Limitation on Municipal Credits.** Municipality may obtain a "Municipal Credit" against a Municipal Cost for a Municipal Inmate who is subsequently charged in the Superior Court, for a felony arising from the booked charges.

4.5.1. In the event of a Municipal Inmate who is subsequently charged in the Superior Court for a felony arising from the booked charges, the Municipal Credit is effective from the date the felony charge is filed. The Municipal Credit is not retroactive to date of booking.

4.5.2. In the event of a Municipal Inmate who is subsequently charged with both a misdemeanor and felony arising from the booked charges, the Municipal Credit will be apportioned according to the Municipality producing satisfactory written documentation of any Municipal credit sought under this section, within ninety (90) days of the invoice date for the Municipal Inmate. County shall not reimburse any credit claimed by Municipality which is filed more than ninety (90) days after the invoice date.

4.6. **Copayment.** As authorized by law, County may charge Municipal Inmates a copayment for each health care service or prescription that is provided by Correctional Health Services. Municipality is not responsible for the Municipal Inmate's copayment. No inmate will be refused health care services for financial reasons.

4.7. **Pre-Incarceration Health Care Services.** Pre-booking and pre-incarceration health care services provided to Municipal Inmates (including those provided to a Municipal Inmate who self-surrenders, but requires medical, health and mental health services in order to be admitted to jail) are not the subject of this Agreement. Nothing in this Agreement is intended to create or provide any third party rights or third party beneficiary rights.

4.8. **Third Party Liability.** This Agreement shall not relieve any responsible third party of liability for health care services, including the Municipal Inmate.

5. **Invoicing**

5.1. **Municipality's Duty to Track Municipal Inmates by Booking Number.** The Parties shall minimize problems in tracking or identifying a Municipal Inmate so that their staff will not perform unnecessary research concerning the financial responsibility for the Municipal Inmate. The Parties acknowledge that the relevant data for tracking and identifying an Inmate is the MCSO Booking Number assigned to the Municipal Inmate by the Jail when the Municipal Inmate is fingerprinted and booked into the Jail. Therefore, the Parties shall, at a minimum, track each Municipal Inmate by MCSO Booking Number and shall refer to the MCSO Booking Number to confirm whether an Inmate in the County's invoice is a Municipal Inmate.

5.2. **Invoicing for Amounts Due.** MCSO will invoice Municipality monthly for all Municipal

Costs due to County per Section 4 of this Agreement. Municipality shall pay County's invoiced charges within forty five (45) days of the invoice date.

5.3. County may terminate this Agreement pursuant to Section 11, Termination, for failure or refusal by Municipality to pay any balance due under this Agreement. Notwithstanding termination, the Parties agree Municipal Costs and Municipal Credits not in dispute will be paid. Costs and Credits in dispute will be addressed pursuant to Section 10 until such Costs and Credits are not in dispute, which at such time will be paid, accordingly.

5.4. **Invoicing Adjustments.** Municipality may request a credit or adjustment (i.e., a Municipal Credit) of any portion of an invoice that Municipality believes is in error, provided satisfactory written documentation is received within (90) days from the invoice date. Credits or adjustments that have not been requested in writing within the 90-day period shall be deemed waived, and an adjustment or credit will not be given.

6. Audit

The Parties must give thirty (30) calendar days prior written notice to each other prior to conducting an audit of records. The Parties agree that the ability to conduct audits survives the termination of this Agreement for up to three (3) years, consistent with the provisions in Records, Section 13.2.

7. Performance by Sheriff and County

7.1. **Performance by County Sheriff.** The County Sheriff shall receive Municipal Inmates for booking, detention, and incarceration and determination of medical stability by CHS or the County Sheriff at a booking facility. The County Sheriff is responsible for housing Municipal Inmates and for supervising County Jail personnel and officers and for other matters incidental to detention services.

7.2. **County Jail Regulations and Standard of Conduct.** Municipal Inmates will be, and are, subject to the same rules and regulations that govern all inmates in the County Jail.

7.3. **County Sheriff's Determination is Conclusive.** Notwithstanding anything to the contrary in this Agreement, the County Sheriff is solely responsible for housing Municipal Inmates and for supervising County Jail personnel and officers and for other matters incidental to the services provided under this Agreement. In the event of a dispute between the Parties as to the extent of the County Sheriff's duties and responsibilities under this Agreement, or the minimum level of care or acceptable manner of performance of such service, the determination made by the County Sheriff shall be final and conclusive, subject to Municipality's right to perform an audit of billings pursuant to Section 6 herein.

8. Performance by Municipality

The Municipality is responsible for the care and supervision of all arrestees while in a County booking facility until the booking process is complete and County jail personnel have accepted the arrestee.

9. **Medical and Health Care Information**

The Parties shall comply with any and all Federal and State laws (*i.e.*, the Health Insurance Portability and Accountability Act ("HIPAA")), rules and regulations regarding the confidentiality of individual health information and health care records.

10. **Mandatory Alternative Dispute Resolution**

The Parties to this Agreement agree to exercise commercially reasonable efforts to resolve any disputes that arise regarding the terms of this Agreement through informal settlement communications, with the goal of expedient, amicable resolution. If any dispute relating to this document cannot be resolved expediently on an informal level, then the parties will resolve the dispute according to a process that is reasonably similar to, as agreed to by the Parties, the arbitration provisions in A.R.S. §12-1501 et. seq. and Rules 72 through 77, Arizona Rules of Civil Procedure.

11. **Termination**

Either Party may terminate this Agreement, in whole or in part, as follows:

11.1. Upon delivery of a written notice of termination to the other Party not less than one hundred eighty (180) calendar days prior to the termination date.

11.2. Upon one Party's default of the material terms, including financial terms, of this Agreement and failure to cure the default within sixty (60) calendar days of a written notice of default served on behalf of the non-defaulting Party as provided in this Agreement.

11.3. The Parties shall continue to perform their respective obligations until the Agreement has terminated.

12. **Insurance and Indemnity**

12.1. Nothing in this Agreement shall be construed as consent to any suit or waiver of any defense in a suit brought in any state or federal court against either Party.

12.2. The Parties will secure and maintain adequate insurance coverage (including but not limited to public entity insurance) for any and all risks that may arise under this Agreement. The Parties may fulfill this insurance obligation by acquiring commercial insurance or by maintaining and operating a self-insurance program. Upon request, the Parties shall exchange certificates of insurance or self-insurance. Each Party acknowledges and affirms that it has appropriate and adequate insurance coverage for its official operations, duties and activities, and that it will maintain such coverage, at is own expense, for the duration of the Agreement. In addition to any insurance coverage required by this Agreement, each party agrees that it will be solely responsible for and will assume sole liability for its employees', agents' and officials' acts or omissions of any kind while performing any service or activity under this Agreement. In the event that a claim is made against any party for acts or omissions of any of its employees, agents or officials, it is the intent of the parties to cooperate fully in the defense of said claim and to cause their insurers to do likewise, to the extent practicable.

12.3. Each Party (as "Indemnitor") agrees to indemnify, defend and hold harmless the other

Party (as the "Indemnitee") from and against any and all claims, losses, liability, costs or expenses (including reasonable attorney's fees) (hereinafter collectively referred to as "Claims") arising out of bodily injury of any person (including death) or property damage, but only to the extent that such Claims which result in vicarious/derivative liability to the Indemnitee are caused by the act, omission, negligence, misconduct or other fault of the Indemnitor, its officers, agents, officials, employees or volunteers. This general indemnity shall extend to the fullest extent permitted by law. If any such injury, damage or death shall arise in part, but not in whole, out of both Parties' negligence, then contribution rights shall apply in accordance with applicable Arizona law.

12.4 The obligations under this Section shall survive the termination or expiration of this Agreement.

13. **Miscellaneous**

13.1. **Integration.** This Agreement contains all the terms and conditions agreed to by the Parties. No other understanding, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind any of the Parties hereto. Any change, modification or extension of this Agreement must be in the form of a written amendment and signed by the Parties.

13.2. **Records.** Except for medical information and health care records governed by Federal and State laws (*i.e.*, HIPAA), the Parties shall maintain and upon request furnish to each other such records and documents pertaining to the services provided pursuant to this Agreement for a period of three (3) years after the end of the fiscal year in which such records or documents are created or received. Such retention complies with Arizona State Library, Archives and Public Records (AZLAPR) General Record Retention Schedule for all Public Bodies related to Finance Records.

13.3. **Non-Discrimination and Equal Employment Opportunity.** Each Party shall not discriminate against anyone because of race, age, disability, color, religion, gender or national origin and will take action to insure that applicants are employed and that employees are treated fairly during employment without regard to their race, age, disability, color, religion, gender or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, lay-off or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The Parties shall comply with applicable federal, state or local laws or regulations that mandate equal access for all persons to employment opportunities. Such applicable laws and regulations include the following: Title VI and VII of the Federal Civil Rights Act; the Federal Rehabilitation Act; the Age Discrimination in Employment Act; The Immigration Reform and Control Act of 1986 (IRCA); The Americans with Disabilities Act; the Legal Arizona Workers Act and Arizona Executive Order 99-4.

13.4 **Forced Labor of Ethnic Uyghurs.** To the extent applicable under A.R.S. § 35-394, the parties warrant and certify that they do not currently, and agree that they will not use for the duration of this Agreement the forced labor, any goods or services produced by the forced labor, or any contractors, subcontractors, or suppliers that use the forced labor or any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China. If the parties become aware that they are not in

compliance with this paragraph, they shall notify the other party of the noncompliance within five business days of becoming aware of it. If the parties fail to provide a written certification that they have remedied the noncompliance within 180 days after that, this Agreement shall terminate unless the termination date of this Agreement occurs before the end of the remedy, in which case this Agreement terminates on its termination date.

13.5. **Notice.** Unless otherwise expressly provided herein, legal notice under this Agreement shall be given by personal delivery or by registered or certified mail to the addresses set forth below and shall be effective upon receipt by the Party to whom addressed unless a later effective date is indicated in said notice.

For Municipality:

Bruce Gardner
Town Manager
Town of Queen Creek
22358 S. Ellsworth Road
Queen Creek, AZ 85142

For Maricopa County:

Jen Pokorski
Maricopa County Manager
301 West Jefferson, 10th Floor
Phoenix, Arizona 85003

For Maricopa County Sheriff:

Jerry Sheridan, Sheriff
Maricopa County Sheriff's Office
550 W Jackson Street
Phoenix, Arizona 85003

13.6. **Time of the Essence.** Time is of the essence of this Agreement, all of the conditions set forth herein are material to the Agreement and a breach of any condition is a breach of the Agreement.

13.7. **Severability.** In the event competent authority finds that the law prohibits any term or provision of this Agreement, such a finding shall not render the remaining portions of this Agreement invalid or inoperative.

13.8 **No Waiver of Strict Compliance.** A Party's failure to insist in any one or more instances upon the other Party's full and complete performance of this Agreement or to take any action permitted as a result of such non-performance, shall not be construed as waiving or relinquishing the right to demand full and complete performance of the same or any other covenant or condition in the past or in the future.

13..9 **Accord and Satisfaction.** The acceptance by either Party of sums less than may be due and owing at any time shall not be construed as an accord and satisfaction.

13.10 **Applicable Law.** This Agreement shall be interpreted in accordance with Arizona law, and subject to A.R.S. § 38-511. Any litigation arising from the agreement, or the performance thereof, will be decided in the federal or state courts of Maricopa County unless otherwise agreed to between the Parties. The laws of the State of Arizona shall govern the construction and interpretation of this IGA. This Agreement is subject

to the provisions of A.R.S. § 12-1518 relating to the use of arbitration.

13.11 **Appropriations.** Every payment obligation of the Municipality under this Agreement is conditioned upon the availability of funds appropriated for payment of such obligation. Continuation of this Agreement after the close of the fiscal year of theMunicipality, which ends June 30 of each year, is subject to the approval of the budget of the Municipality providing an appropriation covering this item as an expenditure. The Municipality does not represent that such budget item will be actually adopted, as that determination is made by the Municipality's Council at the time of the adoption of the budget. If funds are not appropriated for the continuance of this Agreement, this Agreement may be terminated by the Municipality at the end of the period for which funds are available. No liability shall accrue to the Municipality in the event this provision is exercised, and the Municipality shall not be obligated or liable for any future payments or for any damages as a result of termination under this provision.

13.12 **Provisions Required by Law.** Each and every provision of law and any clause required by law to be in this Agreement will be read and enforced as though it were included herein and, if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party, this Agreement will promptly be physically amended to make such insertion or correction.

13.13 **Signatures**. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute the same instrument. E-signed, faxed, copied and scanned signatures are acceptable as original signatures.

IN WITNESS WHEREOF, the Parties enter into this Agreement on the date set forth above.

MARICOPA COUNTY
BOARD OF SUPERVISORS

BY:_____
Kate Brophy McGee, Chair

ATTEST:

BY:_____
Juanita Garza, Clerk of the Board

Maricopa County Sheriff

BY:_____
Jerry Sheridan, Sheriff

TOWN OF QUEEN CREEK
Bruce Gardner, Town Manager

BY:_____
Bruce Gardner, Town Manager

ATTEST:

BY:_____
Maria Gonzalez, Town Clerk

This Agreement has been reviewed by the undersigned attorney, who has determined that it is in proper form and is within the power and authority granted under the laws of the State of Arizona, per A.R.S. §§ 11-951 *et.* seq.

MARICOPA COUNTY ATTORNEY

BY:_____
Deputy County Attorney

MUNICIPALITY'S ATTORNEY

BY:_____
Attorney for Municipality

TOWN OF QUEEN CREEK ARIZONA

TO: **HONORABLE MAYOR AND TOWN COUNCIL**

THROUGH: **BRUCE GARDNER, TOWN MANAGER**

FROM: **DAVE LIPINSKI, PE, CIP DEPARTMENT DIRECTOR**

RE: **CONSIDERATION AND POSSIBLE APPROVAL OF RESOLUTION 1683-26 OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF QUEEN CREEK, ARIZONA, DECLARING A NEED AND NECESSITY AND A PUBLIC PURPOSE; APPROVING, AUTHORIZING AND DIRECTING THE TOWN MANAGER, TOWN ATTORNEY AND TOWN CLERK TO TAKE ANY AND ALL ACTION NECESSARY; AND TO SIGN ANY AND ALL DOCUMENTS; AND TO PAY ANY AND ALL COSTS OR FEES IN ORDER TO ACQUIRE INTEREST IN REAL AND/OR PERSONAL PROPERTY LOCATED ALONG THE SUNDANCE DRIVE ALIGNMENT, FROM SOSSAMAN ROAD TO BOX CANYON, IN SECTION 6, TOWNSHIP 3 SOUTH RANGE 7 EAST, FROM OWNERS AND PINAL COUNTY ASSESSOR PARCELS LISTED ON EXHIBIT A ATTACHED HERETO, AND THEIR SUCCESSORS IN INTEREST, THROUGH GIFT OR PURCHASE OR EMINENT DOMAIN AND IDENTIFYING THE REAL AND PERSONAL PROPERTY AS NECESSARY FOR ROADWAY IMPROVEMENTS FOR THE BOX CANYON WATER IMPROVEMENTS: SUNDANCE DRIVE TO BOX CANYON PROJECT (CIP PROJECT WA310) AND AUTHORIZING BUDGET ADJUSTMENTS AND FUNDING TRANSFERS IN AN AMOUNT NOT TO EXCEED $10,000 IF NECESSARY.**

DATE: **November 18, 2026**

Suggested Action:

Move to approve Resolution 1683-26 of the Mayor and Common Council of the Town of Queen Creek, Arizona, declaring a need and necessity and a public purpose; approving, authorizing and directing the Town Manager, Town Attorney and Town Clerk to take any and all action necessary; and to sign any and all documents; and to pay any and all costs or fees in order to acquire interest in real and/or personal property located along the Sundance Drive Alignment, from Sossaman Road to Box Canyon, in Section 6, Township 3 South Range 7 East, from owners and Pinal County Assessor parcels listed on Exhibit A attached hereto, and their successors in interest, through gift or purchase or eminent domain and identifying the real and personal property as necessary for utility improvements for the Box Canyon Water Improvements: Sundance Drive to Box Canyon Project (CIP Project WA310) and authorizing necessary budget adjustments and funding transfers in an amount not to exceed $10,000 if necessary.

Relevant Council Goal(s):

Superior Infrastructure – Capital Improvement Program

Discussion:

In 2016 the Town of Queen Creek signed a Master Development Agreement (MDA) under Resolution 1113-16 for the Development of the Box Canyon Planned Community. The ownership parties of the proposed development own approximately 2,089 acres of real property located within the jurisdiction of the Town of Queen Creek and located in Pinal County.

The development of the planned community pursuant to the MDA will be built consistent with the Town's General Plan. The MDA has specific requirements that the Town will at its sole cost and expense improve certain roadways and install certain utility infrastructure as part of the agreement.

The requested resolution approval being sought is for the Authority to Acquire right of way necessary for the installation of water and sewer connections for the project. The property rights being sought are listed in the attached exhibits.

Fiscal Impact:

The waterline is being installed within the 40 foot half street roadway dedication to Pinal County, and therefore should not have any fiscal impact on the Town of Queen Creek for the required right-of-way. If required, the anticipated amount would not be more than $10,000 and is available in the project budget.

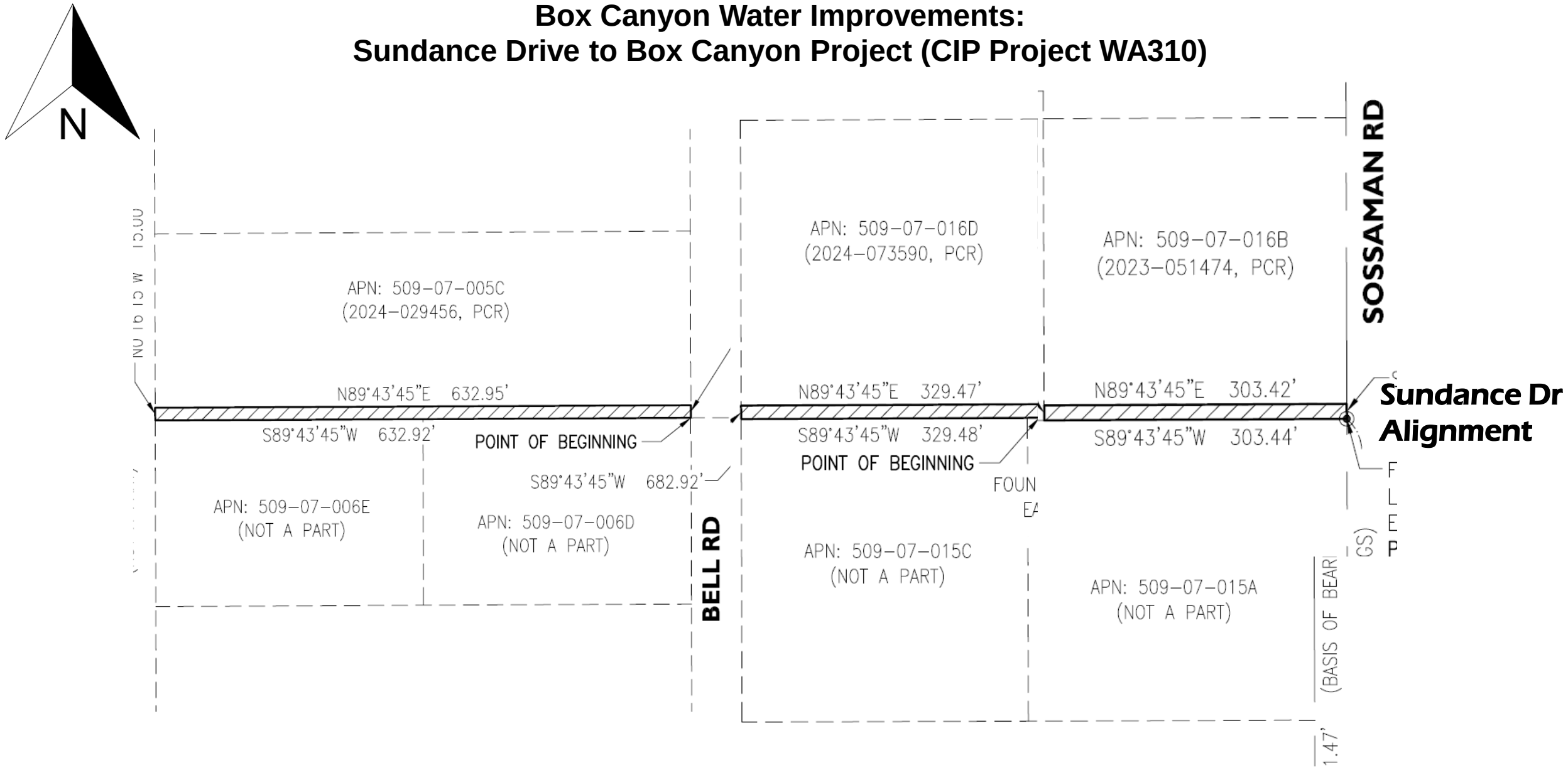
Alternatives:

The Town Council may decide not to approve Resolution 1683-26. By doing so, it would risk violating terms of the Master Development Agreement (MDA) under Resolution 1113-16 for the Development of the Box Canyon Planned Community.

Attachment(s):

1. Map of Waterline Alignment.pdf
2. Box Canyon Resolution.pdf

Box Canyon Water Improvements:
Sundance Drive to Box Canyon Project (CIP Project WA310)



RESOLUTION 1683-26

A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF QUEEN CREEK, ARIZONA, DECLARING A PUBLIC NEED AND NECESSITY AND A PUBLIC PURPOSE; AUTHORIZING AND DIRECTING THE TOWN MANAGER, TOWN ATTORNEY AND TOWN CLERK TO TAKE ANY AND ALL ACTION NECESSARY; AND TO SIGN ANY AND ALL DOCUMENTS; AND TO PAY ANY AND ALL COSTS OR FEES IN ORDER TO ACQUIRE INTEREST IN REAL AND/OR PERSONAL PROPERTY LOCATED ALONG THE SUNDANCE DRIVE ALIGNMENT, FROM SOSSAMAN ROAD TO BOX CANYON, IN SECTION 6, TOWNSHIP 3 SOUTH RANGE 7 EAST, FROM OWNERS AND PINAL COUNTY ASSESSOR PARCELS LISTED ON EXHIBIT A ATTACHED HERETO, AND THEIR SUCCESSORS IN INTEREST, THROUGH GIFT OR PURCHASE OR EMINENT DOMAIN AND IDENTIFYING THE REAL AND PERSONAL PROPERTY AS NECESSARY FOR ROADWAY IMPROVEMENTS FOR THE BOX CANYON WATER IMPROVEMENTS: SUNDANCE DRIVE TO BOX CANYON PROJECT (CIP PROJECT WA310)

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Common Council of the Town of Queen Creek, Arizona, as follows:

Section 1. That A.R.S. § 12-1111 defines the purposes for which eminent domain may be exercised and states that "roads, streets and alleys, and all other public uses for the benefit of the Town or the inhabitants thereof, which is authorized by the legislature," and "buildings and grounds for any public use of a county, city, town or village" are named as purposes; and

Section 2. That the Town has identified parcels located along the Sundance Drive Alignment, from Sossaman Road to Box Canyon, in Section 6, Township 3 South Range 7 East, from owners and Pinal County Assessor parcels listed on Exhibit A attached hereto, and their successors in interest, through gift or purchase or eminent domain and identifying the real and personal property as necessary for roadway improvements for the Box Canyon Water Improvements: Sundance Drive to Box Canyon Project (CIP Project WA310) and listed in Exhibit A attached; and

Section 3. That the Mayor and Common Council find that use of said real property for right-of-way is a public use and in the best interests of the citizens of Queen Creek.

Section 4. That the Town Manager, Town Clerk, and Town Attorney are hereby authorized and directed to acquire said real property by gift, purchase or eminent domain, and to do all acts and to sign all documents and pay all costs necessary to acquire said real property, including, if necessary, the use of the power of eminent domain as set forth in A.R.S. § 12-1111 et. seq.

PASSED AND ADOPTED BY the Mayor and Common Council of the Town of Queen Creek, Arizona, this 18th day of November, 2026.

FOR THE TOWN OF QUEEN CREEK:

Julia Wheatley, Mayor

ATTESTED TO:

Maria Gonzalez, Town Clerk

REVIEWED BY:

Bruce Gardner, Town Manager

APPROVED AS TO FORM:

Clifford Mattice, Town Attorney

EXHIBIT A

APN	OWNER
509-07-016B	Todd Edward Dewey and Katrina Dewey
509-07-016D	Kenneth and Christina Niece
509-07-005C	Anthony Reynoso Jr., Trustee of Living Trust of Anthony Reynoso Jr., Dated August 28, 2017

TOWN OF QUEEN CREEK ARIZONA

TO: **HONORABLE MAYOR AND TOWN COUNCIL**

THROUGH: **BRUCE GARDNER, TOWN MANAGER**

FROM: **SCOTT MCCARTY, DEPUTY TOWN MANAGER/CHIEF FINANCIAL OFFICER**

RE: **PUBLIC HEARING AND POSSIBLE APPROVAL OF ORDINANCE NO. 902-26 INCREASING WASTEWATER RETAIL RATES IN COMPLIANCE WITH STATE LAW.**

DATE: **November 18, 2026**

Suggested Action:

Motion to approve Ordinance No. 902-26 increasing wastewater retail rates in compliance with State law.

Relevant Council Goal(s):

Effective Government: KRA Financial Stability

Discussion:

Town staff introduced cost-of-service rate adjustments to monthly wastewater rates at the September 2, 2026 Town Council meeting. Town Council approved the Notice of Intention to increase wastewater rates and fees and start the 60-day public process. On October 21, staff presented an further details of the wastewater cost-of-service rate adjustments. Wastewater rates for commercial users last increased in 2015. Since then, the wastewater utility experienced a rate reduction in 2019, while the residential rate structure was subsequently modified in 2021 to adjust the residential cap resulting in customer savings.

Wastewater delivery services are accounted for by an Enterprise Fund. Enterprise Funds operate similarly to a private business, where the costs of providing the service to the customer are recovered through user charges and fees. In accordance with the Town's Financial Policies, Enterprise fees shall be set to fully recover their respective operating costs.

The final recommendation by Town staff and Stantec is based on the consultant's Report which documents the utility's revenue requirements, cost allocation among customer classes, and demonstrate that the proposed rates, fees, and charges are reasonable and rationally related to the cost of providing service. The rate studies and cost-of-service analysis presented to the public demonstrate the rates, fees, and charges are sufficient to keep the Town's utilities self-supporting and bear a reasonable relationship to the value of the service.

In order to increase wastewater rates, the Town must follow a two-step process as required by A.R.S. § 9-511.01. Step one, is a requirement to provide a written public notice of intent to increase rates, setting the public hearing date, and including data that supports the proposed rates. Attached is a report prepared by Stantec, the Town's rates and fees consultant, supporting the proposed cost-of-service rate adjustments. The notice was approved at the September 16, 2026, Town Council meeting, a copy of the notice was published on the Town's webpage, related material was posted on the Town's website, and information was published in the newspaper.

Step two is a requirement to conduct a public hearing to increase the fee at today's meeting. The first date the new fees would be applied would be January 27, 2027 with the first bill dated March 9, 2027.

In addition to completing the required statutory processes, Town staff conducted numerous public outreach meetings with customers, Homeowners Associations (HOAs), stakeholders, boards and commissions, and other community groups. These meetings provided opportunities to present the proposed wastewater rates and other utility fee changes, listen to customer and stakeholder feedback, and identify areas of concern. Staff incorporated this feedback into subsequent presentations, brought key concerns forward for Council consideration, and adjusted presentation materials and other aspects of the proposed fees as appropriate.

The Town also utilized multiple communication channels to inform customers and provide access to relevant information, including social media, the Town's website, direct email communications, and utility bill notifications.

Public outreach and customer communications will continue following the November 18, 2026, Council action to support customer understanding, address questions, and provide ongoing information regarding implementation of the approved fees.

Fiscal Impact:

The proposed wastewater rate adjustments are designed to better align the cost of service with the customer classes using the system. Single-family residential customers will not experience a change to their wastewater bills due to the proposed rate structure modifications.

The proposed structure establishes a new distinct multifamily classification, aligns multifamily volumetric rates with residential rates while applying 75% of the fixed monthly service charge per unit, and scales commercial monthly base charges by meter size in accordance with industry best-practices. Commercial and multifamily customers may experience changes based primarily on adjustments to fixed monthly charges.

The wastewater utility is operated as an Enterprise fund, with customer rates and fees supporting the operating, capital, and debt service requirements of the system. The recommended rate structure changes generate approximately 4% in additional annualized rate revenue, or approximately $150,000 during FY 2027 due to the partial-year implementation. The study projects this additional revenue will be sufficient to meet FY 2027 cash flow requirements. The study recommends a 12-month operating expense reserve target, with a minimum reserve level of six months to provide financial flexibility for rate stabilization, emergency repairs and replacements, and future asset needs.

These changes improve the proportional recovery of system costs while generating the revenue needed to support current operations and capital requirements. Staff will continue to monitor system costs, revenues, capital needs, and reserve levels and evaluate future rate adjustments as updated information becomes available.

Alternatives:

Wastewater delivery services are accounted for in an Enterprise Fund. The intent of the Enterprise Fund is to recover all expenses through rates and fees. As such, if this rate increase is not implemented, a gap between expenses and revenues could create a deficit in future years and will result in a higher rate increase at some point in the future.

Attachment(s):

1. Report: Wastewater Rates and Fees Rate Study Report, Stantec
2. Ordinance 902-26: Wastewater Cost-of-Service Adjustments

TOWN OF QUEEN CREEK ARIZONA

Wastewater Rates and Fees - Report
Town of Queen Creek, Arizona

2026 Rate Study Report

Stantec

Prepared for:	Scott McCarty Town of Queen Creek Deputy Town Manager/CFO	Prepared by:	Andrew Burnham Stantec Vice President

1.0 INTRODUCTION AND PURPOSE

The Town of Queen Creek, Arizona (Town) contracted Stantec Consulting Services Inc (Stantec) to conduct a comprehensive utility rate study (Study) for its Wastewater utility (Utility). The Study included an analysis of the wastewater fund's (Fund) cash flow projections and financial position to project annual revenue requirements over a five-year period, as well as the performance of a cost of service and rate structure analysis. The analysis presented in this report is provided to assist the Town in complying with the requirements of Arizona Revised Statutes (A.R.S.) Title 9, § 9-511.01 governing adjustments to municipal water and wastewater rates, fees, and service charges. The statute requires municipalities engaged in the domestic water or wastewater business to prepare a written report or supporting data demonstrating the need for a proposed rate adjustment and to develop cash flow projections identifying anticipated revenues from customers and the overall expenses associated with providing utility service. This report presents the data, assumptions, and analyses supporting the proposed rate modifications and provides multi-year cash flow schedules demonstrating the sufficiency of projected revenues from the adjusted fees. Values may be rounded throughout this report for presentation purposes.

The Town Council received a presentation regarding the need for and basis of proposed adjustments to wastewater rates, fees, and charges as part of its regular meeting on September 2, 2026. Subsequent to that, on September 16, 2026, the Town Council approved a notice of intention to adopt rate adjustments for wastewater. At that time, an initial version of this report was offered as part of the supporting materials for the consideration of the notice. Since that time, the Town has engaged in public discussions regarding the proposed rate adjustments to provide the opportunity for the community to ask questions, request information, and provide feedback relative to the proposed rate adjustments. It is important to note that there have been no changes to the rate adjustment recommendations contained in the initial report, and this report reflects only minor adjustments intended to enhance the accuracy and understanding of the results and analysis conducted in support of the proposed rate adjustments.

2.0 BACKGROUND

The Town operates a wastewater utility system serving the Town and surrounding community comprised of an existing customer base of approximately 25,000 equivalent residential units (ERU).[1] The costs associated with providing wastewater services are accounted for in an enterprise fund and are funded through the rates and fees paid by customers for services rendered. The Town periodically conducts rate studies to evaluate the adequacy of revenues to recover the cost of providing services and to maintain rates and fees that conform to current industry practices and reflect a proportional distribution of costs.

The principal components of the Study included:

- **Revenue Sufficiency Analysis** – Conduct a revenue sufficiency analysis (RSA) by developing and populating a multi-year forecasting model for the Town's Wastewater fund to determine the

[1] ERUs were calculated by converting all meters by size to the number of equivalent 3/4" meters they represent based on their respective flow capacity as compared to that of a 3/4" meter, which is the most common meter size for residential customers.

annual revenue required to satisfy the Fund's projected annual operating, capital, and debt requirements, as well as to maintain a reserve fund balance at or above a minimum target level.

- **Cost of Service Analysis** – Complete a cost allocation process following industry guidelines and utilizing available local data to determine the appropriate distribution of wastewater system costs to different customer types. The cost of service analysis (COSA) allocates costs to system functions and then distributes functional costs to customer classes to allow for a comparison of current revenue collection by customer class to class-specific cost of service to enable the appropriate recovery of system costs from each customer class. In this Study, the Town decided to create a distinct multifamily customer classification to recover proportionate costs from each type of customer. Prior to this Study, multifamily customers were billed as commercial customers.

- **Rate Design** – Review the Town's existing wastewater rate structure and develop modifications, as appropriate, to enhance conformance with accepted industry practices and reflect the current distribution of system costs. In addition to the creation of a distinct multifamily customer classification, which helped to align rates with the cost to serve each customer type, a key recommendation coming from this Study was the implementation of scaled fixed charges by meter size for non-residential customers consistent with common industry practice.

- **Rate Benchmarking** – Complete a survey of wastewater rates and fees for regional peers providing wastewater services to compile a comparative bill calculation for a typical customer.

3.0 ANALYTICAL APPROACH

The revenue sufficiency analysis evaluated the adequacy of the Utility's revenues to meet its current and projected financial requirements over a five-year projection period. This analysis determined the level of revenue increases necessary in each year of the projection period to provide sufficient revenues to fund the revenue requirements for the wastewater system. The process included an evaluation of alternative scenarios of annual rate revenue increases, and capital spending and funding.

Through this process, a financial management plan and associated recommendations for FY 2027 wastewater rate adjustments were developed to address the financial requirements of the system. Moreover, Stantec worked with the Town to develop a sustainable multi-year financial management plan for the wastewater systems that utilized available cash balances above the minimum reserve fund balance target for capital funding over a multi-year period, while avoiding future rate increase "spikes" that would otherwise be caused by an accelerated draw-down or use of existing reserve fund balances.

To initialize the Study, Stantec obtained the Town's historical and budgeted financial information regarding the operation of its Wastewater fund, financial policies, capital improvement program, as well as historical customer data. Stantec also consulted with the Town regarding other assumptions and policies that would affect the performance of the Fund, such as escalation rates for operating costs, projected customer growth, capital funding sources, and minimum reserve levels. Key data inputs include:

- FY 2026 ending fund balances
- FY 2026 adopted revenue and expense budget and estimated actual results
- FY 2027 adopted revenue and expense budget
- Multi-year capital improvement program by project and operational impacts

Stantec worked with the Town to create modules to determine appropriate reserve targets, forecasts of annual capital and operating expenses related to the Greenfield Water Reclamation Plant (GWRP) and distribute shared customer service department expenses for utility billing and customer service. These modules and inputs will be discussed further in the below sections.

This information was entered into Stantec's proprietary Financial Analysis and Management System (FAMS) interactive modeling system. FAMS produced a 5-year projection of the sufficiency of the revenue

provided by the existing fees of the fund to meet current and projected financial requirements. These projections further determined the overall level of user fee revenue increases necessary in each year of the projection period to satisfy the Fund's annual financial requirements.

Ultimately, the level of increase in system revenue needed for FY 2027 would be accomplished through specific rate structure changes that are consistent with industry practices and intended to better align the revenue recovery by customer type with the cost of service results identified as part of this Study. The rate structure changes identified herein would be implemented January 27, 2027, with updated bills reflecting the new rates and fees going out to customers March 9, 2027. It is important to note that any future rate adjustments identified by the Study are for projection purposes and subject to change based on future conditions.

4.0 SOURCE DATA & ASSUMPTIONS

The following section details key source data and assumptions that informed the 5-year financial forecast.

4.1 BEGINNING BALANCES

Ending FY 2026 fund balances established the beginning fund balance for FY 2027. The beginning fund balance is comprised of available cash and investments for operations of the Fund. Schedule 2 of appendix A presents the starting balance for FY 2027.

4.2 CUSTOMER GROWTH

The Town provided estimates from Elliot Pollack & Company for growth within the service area. The Town anticipates adding approximately 1,200 new ERUs in FY 2027 and an average of about 1,100 ERUs per year over the 5-year projection period. Schedule 1 of Appendix A presents the annual growth schedule.

4.3 REVENUES

The revenue data utilized in the analysis reflects an evaluation of multiple years of historical results and estimated results for FY 2026. Revenues consist of user fees and interest income. User fee revenue is based on FY 2026 estimated revenues, adjusted annually based on assumed user fee adjustments, as well as customer growth. Interest income is calculated annually based on projected average fund balances and assumed interest rate of 3.5%. Schedule 4 of Appendix A presents the revenue projections.

4.4 OPERATING EXPENDITURES

The Fund's operating expenditures include all operating and maintenance (O&M) line-item expenses, which are primarily driven by costs associated with GWRP. The Town conveys wastewater to GWRP, a shared water reclamation plant between Gilbert, Mesa, and the Town. The Town's share of operating expense for this plant is estimated at $3.5M for FY 2027, constituting ~45% of the total operating budget. Stantec and the Town reviewed anticipated flows and loadings, treatment cost escalations, capital outlay contributions, and projected rental rate adjustments at GWRP to create a discrete annual cost estimate, which was included in the revenue requirements for the Fund. This cost estimate accounts for the fact that the Town currently utilizes over the 4 MGD capacity it is allotted. The GWRP plant expansion will alleviate the annual rental rate utilization costs that the Town is currently incurring from GWRP for exceeding its reserved capacity allocation. Annual operating expenses for the forecast period associated with GWRP were calculated based on projected annual flows to the plant, contractually binding not-to-exceed rates per MGD for FY 2026, constituent unit costs, and rental rates based on allocated capacity and current utilization of the plant.

In summary, the analysis projected individual expense categories and expense amounts from the amounts contained in the FY 2026 and FY 2027 budgets. The expenses, with the exception of GWRP,

were adjusted annually based on assumed cost escalation factors that were reviewed with the Town. Schedule 5 of Appendix A presents the annual operating expenses projected in the Study.

4.5 CAPITAL IMPROVEMENT PROGRAM

The Town provided a multi-year capital improvement program that provided the basis for annual capital funding requirements. All growth-related capacity costs were excluded from the Study, as those projects are assumed to be funded with capacity fee revenues. More than 80% of anticipated capital costs from FY 2027 to FY 2031 are related to the GWRP plant expansion, which will increase the Town's share of GWRP capacity from 4 MGD to 6 MGD. Both the timing and cost of the GWRP plant expansion are uncertain at the time of this Study, as is the final allocation of costs to growth in new customers versus existing rate payers. The results discussed herein rely on the assumption that construction will begin in FY 2027 and go through FY 2031, costing an estimated $90 million dollars, with approximately 80% of the project paid by capacity fees and 20% funded through rate revenues. The Town currently utilizes more than its allotted 4 MGD in plant capacity and expects to utilize the full 6 MGD of capacity upon completion of the project. Schedule 7 of Appendix A presents the five-year capital improvement program

4.6 DEBT

There is an outstanding Excise Tax and State Shared Revenue Refunding Obligations, Series 2025 loan with an average annual payment through FY 2029 of $1.3M at which point the loan will be paid off. The financial model projects the Town borrowing for a portion of the GWRP plant expansion capital project in FY 2029 and FY 2030. The terms and resulting new annual debt service that would be repaid by revenue from wastewater rates are presented in Schedule 9 of Appendix A.

4.7 MINIMUM RESERVE BALANCES AND POLICY

Reserve balances for utilities are funds set aside to meet specific cash flow requirements, mitigate risks, address financial, project, task needs, or fulfill legal covenants. These balances are maintained to meet short- to medium-term cash flow requirements and minimize the risk associated with fulfilling financial obligations and ongoing operational and capital needs under adverse conditions. The level of reserves maintained by a Fund is a critical component and a key consideration in a Fund's multi-year financial management plan.

Many utilities, industry organizations, and municipal rating agencies place a significant emphasis on having sufficient reserves available for potentially adverse conditions. The rationale related to the maintenance of adequate reserves is twofold. First, it helps to ensure that a Fund will have adequate funds available to meet its financial obligations during unusual periods, such as when revenues are unusually low and/or expenditures are unusually high. Second, it provides funds that can be used for emergency asset repairs or replacements, which may be necessary due to unforeseen events.

The Fund currently maintains a minimum reserve target of 6 months of O&M expenses, but 12 months of O&M represents the minimum target reserve level for the Fund recommended from the Study. Stantec created a framework to calculate a minimum target reserve level, considering issues like rate stabilization, emergency repairs and replacements for GWRP and the rest of the system, future asset replacement equal to 3% of net capital assets, and pension needs. Stantec estimated the magnitude for each of the aforementioned items and determined the total annual minimum target reserve level is approximately equivalent to 12 months of operating expenses.

5.0 CASH FLOW PROJECTIONS

As part of the Study, Stantec developed a multi-year financial forecasting model that includes cash flow projections based on current data and assumptions provided by and discussed with the Town. The

following table summarizes the revenue, operating expenses, debt service, cash funded capital, and transfers for FY 2027. Due to increases in operating expenditures primarily related to GWRP and an update to utility billing and customer service cost allocations, a cash flow deficit of $0.2 million is expected based on the Town's current wastewater rates and fees. Table 1 summarizes the Town's cash flows in FY 2027 if rates are not changed. The FY 2027 cashflow deficit would result in the utility drawing down existing fund balances to satisfy its cash flow requirements. Moreover, the operations and maintenance costs to the wastewater fund are expected to increase by approximately 5% from FY 2027 to FY 2028, primarily due to increased costs associated with the GWRP. At existing rates and fees, the Town's wastewater fund would continue to experience increasing cash flow deficits into the future based on current projections.

Table 1: Summary of Wastewater Fund Cash Flow Projections (Millions of Dollars)

Wastewater Fund	Fiscal Year 2027
User Fee Revenues	$11.6
Interest Earnings	$0.3
Total Revenues	***$11.9***
Operating Expenses	($7.7)
Debt Service	($1.5)
Cash Funded Capital	($2.4)
Total Expenses	***($11.6)***
Net Transfers	($0.5)
Cash Flow	$(0.2)

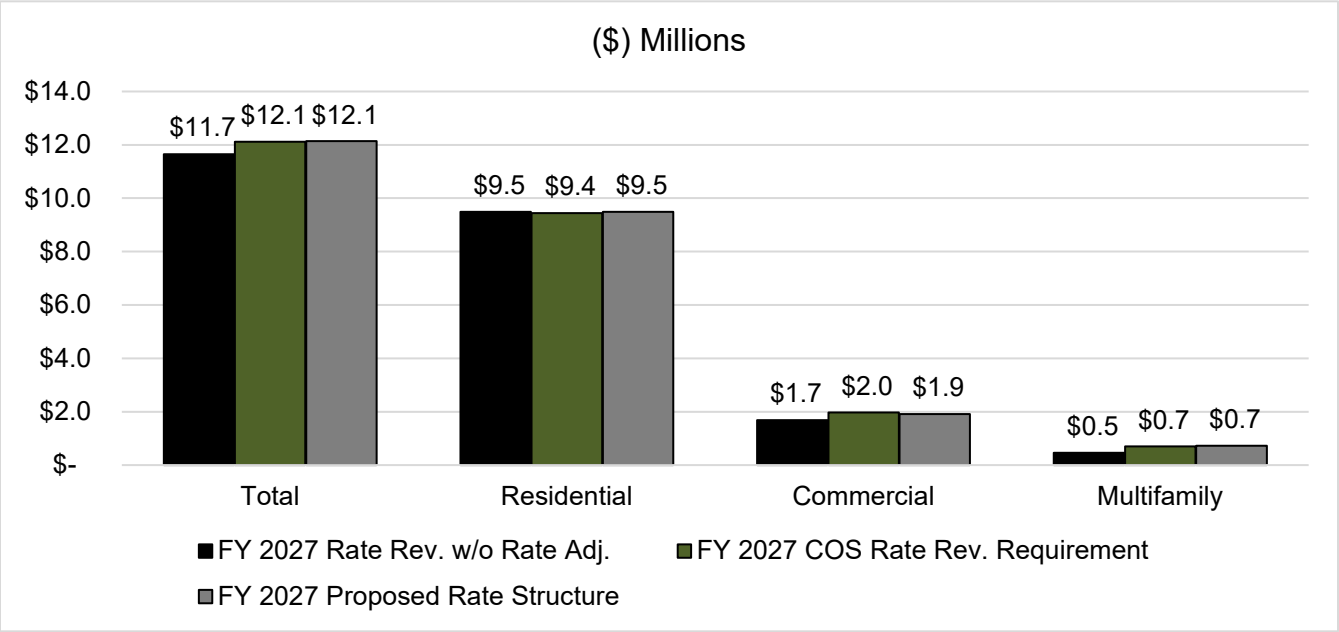
6.0 RESULTS AND RECOMMENDATIONS

Given the cash flow shortfall, it is recommended that the Town increase wastewater rate revenues by 4% on an annualized basis in FY 2027 through rate structure changes resulting from the Study's cost allocation analysis. The proposed rate adjustments would take effect with services provided starting on January 27, 2027, with the first bills reflecting the updated rates and fees anticipated to begin on March 9, 2027. As the proposed rates and fees will only be in effect for part of the fiscal year, the overall revenue increase realized during FY 2027 from the 4% rate increase is projected to be about $150,000. This increase should be sufficient to satisfy the FY 2027 cash flow requirements. It is important to note that the Study has identified future increases of 3% per year starting in FY 2028 may be required to meet projected system requirements. However, the amount and timing of those annual increases should be reviewed at a future date that will consider updated data and conditions at that time.

As indicated, a cost of service analysis was performed to identify the cost of serving different customer types using industry accepted approaches and local data. Specifically, the costs of the wastewater system were allocated between treatment, collection, and customer-related functions, and the costs of those functions were then proportionally allocated to each customer type based upon their respective units of service. A summary of current revenues, revenue requirements, and projected revenues by customer type is included in the following chart, while Appendix B includes schedules with supporting

information and allocation results. As can be seen, current multifamily and commercial rates are recovering revenue below the calculated cost of service allocation.

Chart 1: Cost of Service and Resulting Rate Structure[2]



Rate structure modifications were then identified that enhanced conformance with industry practices and better align revenue recovery with the cost of service by customer type. Specifically, the Town is proposing to align multifamily rates with residential volumetric rates and apply 75% of the fixed monthly service charge per unit. Additionally, it is proposed to scale or increase commercial base rates by meter size based on the flow rates of the specific types of meters being installed by the Town, consistent with common industry practice. These specific rate structure changes better align Multifamily and Commercial customers with their calculated cost of service and are sufficient to generate 4% in additional revenues on an annualized basis for the Town's wastewater fund. Notably, there are no recommended adjustments to single-family residential rates. Single family accounts will continue to pay $10.25 per month plus $4.82 per 1,000 gallons for 70% of their winter average consumption. The specific schedules of rates are included in the following tables.

[2] Chart presents the annualized revenue requirement of $12.1M for the full FY 2027. Due to mid-year rate structure implementation, actual cash revenue received from the proposed rates will be lower in FY 2027

Table 2: Current and Recommended Wastewater Monthly Service Charges

Meter Size	Current Monthly Service Charge (Residential)	Current Monthly Service Charge (Commercial/MF)	FY 2027 Proposed Residential	FY 2027 Proposed Commercial	FY 2027 Proposed Multifamily per Unit
3/4"	$10.25 per Single-Family Home	$11.96	$10.25 per Single-Family Home	$10.25	$7.69 per Dwelling Unit
1”		$11.96		$17.08	
1.5”		$11.96		$34.17	
2”		$11.96		$54.67	
3”		$11.96		$170.83	
4”		$11.96		$427.08	
6”		$11.96		$854.17	
8”		$11.96		$1,366.67	
10”		$11.96		$2,220.83	
12”		$11.96		$2,733.33	

Table 3: Current and Recommended Wastewater Volumetric Rates

Customer Type	Current Rate ($/1,000 gallons)	FY 2027 Proposed ($/1,000 Gallons)
Residential	$4.82	$4.82
Multifamily	$5.61	$4.82
Commercial	$5.61	$5.61

Wastewater Operating Cash Flows

The following table demonstrates that the proposed rates recover the Fund's operating and capital costs.

Table 4: Summary of Wastewater Retail Rate Operating Fund Cash Flows ($M)[3]

Wastewater Fund	Fiscal Year 2027
User Fee Revenues	$11.8
Interest Earnings	$0.3
Total Revenues	***$12.1***
Operating Expenses	($7.7)
Debt Service	($1.5)
Cash Funded Capital	($2.4)
Total Expenses	***($11.6)***
Net Transfers	($0.5)
Cash Flow	$0.0

Appendix A of this report includes a Pro Forma summary, including all anticipated revenues from customers reflecting the recommended 4% revenue increase resulting from the rate adjustments presented herein and subsequent future rate increase projections. Appendix A also includes a summary of operating and non-operating expenditures, net transfers, and fiscal year beginning and ending balance projections for FY 2027 – FY 2031 with the projected future rate adjustments included.

7.0 CUSTOMER BILL IMPACTS

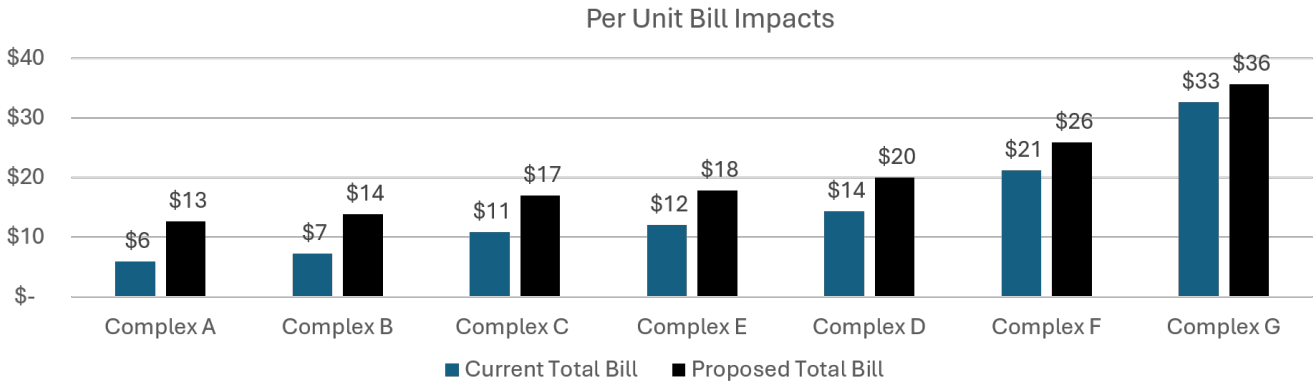
Single family users will not see any impact to their wastewater bill as a result of the proposed structure changes. Commercial users and multi-family users may see modest impacts because of fixed structure changes. Table 5 below presents sample Commercial bill impacts by meter size while Chart 2 compares bill impacts for multi-family units at a sample of complexes served by the Town.

[3] Rate effective on bills issued on March 9, 2027

Table 5: Example Commercial Bill Impacts

Meter Size	Number of Accounts	Typical Customer Monthly Use	Current Monthly Bill	Proposed Monthly Bill	Monthly Bill Impact
3/4 inch	44	15	$96.11	$94.40	-$1.71 (-2%)
1 inch	78	25	$152.21	$157.33	$5.12 (3%)
1.5 inch	120	75	$432.71	$454.92	$22.21 (5%)
2 inch	198	135	$769.31	$812.02	$42.71 (6%)
3 inch	16	205	$1,162.01	$1,320.88	$158.87 (14%)
4 inch	8	495	$2,788.91	$3,204.03	$415.12 (15%)

Chart 2: Example Multi-Family Unit Bill Impacts



8.0 FUTURE CONSIDERATIONS

During the course of this Study, Stantec identified items that should be considered in future updates to wastewater rates beyond FY 2027:

- The Town should consider conducting a sampling and return flow study in the future to better understand the wastewater strength and return flow of different customer types.
- Future rate studies should consider indexing adjustments or pass-through mechanisms to account for changes in Greenfield Water Reclamation Plant (GWRP) costs given their magnitude.
- Future updates to the anticipated GWRP expansion capital cost, splits between growth and existing customers, funding sources, and timing may impact future projections of rate increases.
- The amount and timing of projected future borrowing for other capital projects identified in this Study will be dependent on the timing of capital needs and availability of resources to support the capital program and should be reassessed in the future.

APPENDIX A – PRO FORMA & SUPPORTING SCHEDULES

Assumptions — Schedule 1

	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Rate Increase Adoption Date	3/1/2027	1/1/2028	1/1/2029	1/1/2030	1/1/2031
Annual Growth					
Wastewater					
Ending # of ERUs	24,838	25,924	26,592	27,404	29,116
ERU Growth	1,223	1,086	667	812	1,712
% Change in ERUs	*5.18%*	*4.37%*	*2.57%*	*3.05%*	*6.25%*
Rate-Funded Capital Spending					
Annual Spend Operating Funded Capital (Future Year Dollars)*	$ 854,865	$ 773,541	$ 4,515,675	$ 11,970,814	$ 5,030,592
Annual Percent Executed	100%	100%	100%	100%	100%
Average Annual Interest Earnings Rate					
On Fund Balances	3.50%	3.50%	3.50%	3.50%	3.50%
Operating Budget Reserve					
Minimum Reserve (Number of Months of Reserve)	6.0	6.0	6.0	6.0	6.0
Target Reserve (Number of Months of Reserve)	12.0	12.0	12.0	12.0	12.0
Operating Budget Execution Percentage					
Personnel Services	100%	100%	100%	100%	100%
Variable Operations & Maintenance (GWRP)	100%	100%	100%	100%	100%
Fixed Operations and Maintenance	100%	100%	100%	100%	100%
Capital Outlay	100%	100%	100%	100%	100%

*Excludes all growth-funded capital

FY 2027 Beginning Balances

Schedule 2

Stantec Grouping of Funds in Model		Revenue Fund
Available Cash and Investments		9,858,469
Available Fund Balance	**$**	**9,858,469**

Reserve Targets

Schedule 3

Reserve Type	Amount	Basis	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
General Contingency[1]	2%	Percentage of Operating Expenses	$ 153,322	$ 161,479	$ 186,358	$ 203,554	$ 227,670
Liquidity[2]	60	Days of Operating Expense & Debt Service	1,511,869	1,578,659	1,699,395	1,805,016	2,027,581
Rate Stabilization Reserve[3]	2.5%	% Variations in billed volume (volumetric rate revenue)	442,755	481,331	508,516	539,766	590,692
Emergency R&R Reserve[4]	1,000,000	Estimated cost of unplanned line repair/replacement	1,030,000	1,060,900	1,092,727	1,125,509	1,159,274
Emergency GWRP R&R Reserve[4]	500,000	To withstand fluctuation in annual capital expenses	515,000	530,450	546,364	562,754	579,637
Pension Reserve[5]	750,000	Requirement per staff	750,000	750,000	750,000	750,000	750,000
Asset Replacement Reserve[6]	3.0%	% of Net Capital Assets reserved for asset replacement	3,613,530	3,639,176	3,662,383	3,797,853	4,156,977
Recommended Reserves			**$ 8,016,477**	**$ 8,201,997**	**$ 8,445,742**	**$ 8,784,452**	**$ 9,491,831**
Minimum Reserves			**$ 4,402,946**	**$ 4,562,820**	**$ 4,783,359**	**$ 4,986,599**	**$ 5,334,854**
Recommended Reserves in Months of O&M Expense			13	12	11	10	10
Minimum Reserve in Months of O&M Expense			7	7	6	6	6

Notes:

1. General Contingency reserve based on two percent of annual operating expense as budgeted for FY 2025
2. 60 days of operating and debt service expenses for each forecasted year based on sum of annual projected executed operating expense and debt service expense.
3. Rate stabilization reserve based on the largest single year drop on customer demand in the preceding 5 years.
4. R&R and GWRP R&R Reserves based on estimated cost of unplanned emergency repairs to the Town's collection system and the GWRP treatment plant respectively. These costs should be considered above and beyond typical annual O&M and Capital costs
5. Pension Reserve amount provided by town.
6. Asset Replacement Reserve calculated based on 3% of net depreciable assets.

Projection of Cash Inflows — Schedule 4

		FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	**Rate Revenue Growth Assumptions**					
2	**Wastewater**					
3	% Change in Account Growth	5.2%	4.4%	2.6%	3.1%	6.2%
4	% Change in Billed Flows	5.2%	4.4%	2.6%	3.1%	6.2%
5	**Assumed Rate Revenue Increases**					
6	Assumed Wastewater Rate Increase	4.00%	3.00%	3.00%	3.00%	3.00%
7	**Wastewater Rate Revenue**					
8	Base Rate Revenue	$ 2,951,701	$ 3,208,876	$ 3,390,105	$ 3,598,439	$ 3,937,944
9	Usage Rate Revenue	8,855,103	9,626,629	10,170,314	10,795,317	11,813,833
10	**Total Wastewater Rate Revenue**	**$ 11,806,804**	**$ 12,835,505**	**$ 13,560,418**	**$ 14,393,756**	**$ 15,751,777**
11	**Interest Income**					
12	Unrestricted	$ 344,624	$ 348,003	$ 373,035	$ 380,154	$ 313,487
13	**Total Interest Income**	**$ 344,624**	**$ 348,003**	**$ 373,035**	**$ 380,154**	**$ 313,487**
14	**Total Cash Inflows**	**$ 12,151,429**	**$ 13,183,507**	**$ 13,933,454**	**$ 14,773,910**	**$ 16,065,264**

Projection of Cash Outflows

Schedule 5

	Account Code	Expense Line Item	Escalation Factor	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	OMF	400015 - Bad Debt Expense	Default Inflation Factor	$ 10,300	$ 10,609	$ 10,927	$ 11,255	$ 11,593
2	OMF	400120 - Dept Support Costs-It	Default Inflation Factor	60,219	62,026	63,887	65,803	67,777
3	OMF	400121 - Dept Support Costs-Hr	Default Inflation Factor	7,690	7,920	8,158	8,403	8,655
4	OMF	400122 - Dept Support Costs-Finance	Default Inflation Factor	83,737	86,250	88,837	91,502	94,247
5	OMF	400126 - Dept Support Costs-Budget	Default Inflation Factor	20,317	20,927	21,555	22,201	22,867
6	OMF	400125-Dept Support Costs - Legal	Default Inflation Factor	54,672	-	-	-	-
7	OMF	400131 - Dept Support Costs-Facilities	Default Inflation Factor	55,891	57,567	59,294	61,073	62,905
8	OMF	400200 - Utility Franchise Fee	Default Inflation Factor	636,679	655,779	675,453	695,716	716,588
9	OMF	400300 - In Lieu Property Tax	Default Inflation Factor	519,000	534,570	550,607	567,125	584,139
10	PS	401000 - Permanent Salaries	Salaries & Wages	1,158,707	1,196,944	1,235,246	1,274,774	1,315,567
11	PS	401250 - Call Out	Salaries & Wages	498	515	531	548	566
12	PS	401251 - Stand By	Salaries & Wages	24,469	25,276	26,085	26,920	27,781
13	PS	401300 - Over Time Pay	Salaries & Wages	931	961	992	1,024	1,057
14	PS	401400 - Vacation Pay Out	Salaries & Wages	13,138	13,572	14,006	14,454	14,917
15	PS	401500 - Cell Phone Stipend	Salaries & Wages	4,293	4,435	4,577	4,723	4,874
16	PS	401900 - Mileage Stipend	Salaries & Wages	2,699	2,788	2,877	2,969	3,064
17	PS	402101 - Medical Opt Out Stipend	Health Insurance	383	408	435	463	493
18	PS	402111 - Medical Premiums	Health Insurance	148,817	158,490	168,792	179,763	191,448
19	PS	402112 - Hsa Contributions	Health Insurance	14,910	15,879	16,911	18,011	19,181
20	PS	402120 - Dental Premiums	Health Insurance	8,132	8,661	9,224	9,823	10,462
21	PS	402130 - Vision Premiums	Health Insurance	1,477	1,573	1,675	1,784	1,900
22	PS	402150 - Disability & Life Premiums	Health Insurance	2,075	2,209	2,353	2,506	2,669
23	PS	402153 - Commuter Insurance	Health Insurance	103	110	117	125	133
24	PS	402200 - Fica Er Contributions	Health Insurance	73,847	78,647	83,759	89,204	95,002
25	PS	402210 - Medicare Er Contributions	Health Insurance	20,875	22,232	23,677	25,216	26,855
26	PS	402300 - Az St Retirement Er Contrib	Retirement	143,447	148,181	152,922	157,816	162,866
27	PS	402350 - Er Deferred Compensation	Salaries & Wages	4,414	4,560	4,706	4,856	5,012
28	PS	402500 - State Unemployment Tax	Salaries & Wages	1,527	1,578	1,628	1,680	1,734
29	PS	402600 - Workman'S Compensation	Salaries & Wages	19,820	20,474	21,129	21,805	22,503
30	OMF	403005 - Professional And Technical Ser	Default Inflation Factor	180,250	185,658	191,227	196,964	202,873
31	PS	403031 - General Services	Default Inflation Factor	45,320	46,680	48,080	49,522	51,008
32	PS	403100 - Travel/Conference/Seminars/Tra	Default Inflation Factor	7,210	7,426	7,649	7,879	8,115
33	PS	403220 - License/Fees	Default Inflation Factor	13,648	14,057	14,479	14,913	15,360
34	OMF	403240 - Bank Fees	Default Inflation Factor	20,600	21,218	21,855	22,510	23,185
35	OMF	403241 - Credit Card Fees	Default Inflation Factor	159,650	164,440	169,373	174,454	179,687
36	OMF	403370 - Employee Uniforms	Default Inflation Factor	10,661	10,980	11,310	11,649	11,998
37	OMF	404120 - Electricity	Energy/Utilities	25,000	26,380	27,954	29,363	30,800
38	OMF	404155 - Cellular Telephone	Energy/Utilities	5,680	5,993	6,351	6,671	6,998
39	OMF	404160 - Waste (Trash)	Energy/Utilities	2,084	2,199	2,331	2,448	2,568
40	OMF	404250 - Pest Control Services	Default Inflation Factor	258	265	273	281	290

Projection of Cash Outflows

Schedule 5

	Account Code	Expense Line Item	Escalation Factor	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
41	OMV	404255 - Operations & Maintenance-GWRP[1]	GWRP	3,454,059	3,783,030	4,888,073	5,603,498	6,660,219
42	OMF	404310 - Vehicle Maint/Repair	Repair & Maintenance	30,600	31,273	31,961	32,696	33,448
43	OMF	404317 - Sewer Maintenance	Repair & Maintenance	158,100	161,578	165,133	168,931	172,816
44	OMF	404340 - Sewer Repair	Repair & Maintenance	67,830	69,322	70,847	72,477	74,144
45	OMF	405200 - Liability Insurance	Default Inflation Factor	12,181	12,546	12,923	13,310	13,710
46	OMF	406015 - Shop Supplies	Default Inflation Factor	10,300	10,609	10,927	11,255	11,593
47	OMF	406020 - Office Supplies	Default Inflation Factor	515	530	546	563	580
48	OMF	406075 - Safety Supplies	Default Inflation Factor	10,300	10,609	10,927	11,255	11,593
49	OMF	406150 - Postage	Default Inflation Factor	52	53	55	56	58
50	OMF	406210 - Chemicals	Chemicals	111,010	116,093	123,161	131,046	138,836
51	OMF	406260 - Gasoline (Vehicle Usage)	Default Inflation Factor	41,200	42,436	43,709	45,020	46,371
52	CO	407400 - Major Equipment >10000	Default Inflation Factor	25,750	26,523	27,318	28,138	28,982
53	CO	407430 - Furniture & Fixtures	Default Inflation Factor	5,150	5,305	5,464	5,628	5,796
54	CO	407435 - Capital Maintenance	Default Inflation Factor	463,500	477,405	491,727	506,479	521,673
55	CO	407435 - Capital Maintenance	Default Inflation Factor	154,500	159,135	163,909	168,826	173,891
56	CO	407435 - Capital Maintenance	Default Inflation Factor	154,500	159,135	163,909	168,826	173,891
57	CO	407435 - Capital Maintenance	Default Inflation Factor	124,081	138,900	-	-	-
58	CO	407435 - Capital Maintenance	Default Inflation Factor	631,509	1,020,445	805,614	134,269	138,297
59	OMF	407500 - Equipment <5000	Default Inflation Factor	30,900	31,827	32,782	33,765	34,778
60	OMF	403000 - MAINLINE AGREEMENTS	No Escalation	175,625	175,625	175,625	175,625	175,625
61		**Total Other Operating Expenses**		**$ 9,225,089**	**$ 10,060,816**	**$ 10,975,853**	**$ 11,189,863**	**$ 12,426,039**
62		**Total Expenses by Category**						
63	PS	Personnel Services		$ 1,710,739	$ 1,775,655	$ 1,841,850	$ 1,910,778	$ 1,982,566
64	OMV	Variable Operations & Maintenance (GWRP)		3,454,059	3,783,030	4,888,073	5,603,498	6,660,219
65	OMF	Fixed Operations & Maintenance		2,501,300	2,515,284	2,587,988	2,663,420	2,740,723
66	CO	Capital Outlay		1,558,990	1,986,847	1,657,941	1,012,166	1,042,531
67		**Total Expenses**		**$ 9,225,089**	**$ 10,060,816**	**$ 10,975,853**	**$ 11,189,863**	**$ 12,426,039**
68		**Expense Execution Factors**						
69		Personnel Services		100%	100%	100%	100%	100%
70		Variable Operations & Maintenance (GWRP)		100%	100%	100%	100%	100%
71		Fixed Operations & Maintenance		100%	100%	100%	100%	100%
72		Capital Outlay		100%	100%	100%	100%	100%
73		**Total Expenses at Execution**						
74		Personnel Services		$ 1,710,739	$ 1,775,655	$ 1,841,850	$ 1,910,778	$ 1,982,566
75		Variable Operations & Maintenance (GWRP)		3,454,059	3,783,030	4,888,073	5,603,498	6,660,219
76		Fixed Operations & Maintenance		2,501,300	2,515,284	2,587,988	2,663,420	2,740,723
77		Capital Outlay		1,558,990	1,986,847	1,657,941	1,012,166	1,042,531
78		**Total Expenses at Execution**		**$ 9,225,089**	**$ 10,060,816**	**$ 10,975,853**	**$ 11,189,863**	**$ 12,426,039**
79		**Transfers Out**						
80		403280 - Utility Billing Fee Expense[2]		$ 564,480	$ 602,469	$ 579,444	$ 621,054	$ 660,620
81		**Total Transfers Out**		**$ 564,480**	**$ 602,469**	**$ 579,444**	**$ 621,054**	**$ 660,620**
82		**Operating Fund Related Debt Service**						
83		Excise Tax and State Shared Revenue Refunding Obligations, Series 2025		$ 1,531,104	$ 1,529,542	$ 781,212	$ -	$ -
84		GWRP Facility Debt		-	-	238,861	802,818	950,940
85		**Total Debt Service**		**$ 1,531,104**	**$ 1,529,542**	**$ 1,020,073**	**$ 802,818**	**$ 950,940**

Projection of Cash Outflows

Schedule 5

	Account Code	Expense Line Item	Escalation Factor	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
86		**Cash-Funded Capital**						
87		Projects To Be Funded with Operating Cash		854,865	773,541	144,767	2,966,743	5,030,592
88		**Total Cash-Funded Capital**		**$ 854,865**	**$ 773,541**	**$ 144,767**	**$ 2,966,743**	**$ 5,030,592**
89		**Total Cash Outflows**		**$ 12,175,538**	**$ 12,966,368**	**$ 12,720,136**	**$ 15,580,479**	**$ 19,068,192**

1. GWRP O&M Expense calculated based on TOQC flows and loadings less EPCOR, plus rental rates until plant expansion complete
2. Fee allocation modification phased-in beginning FY 2027

Cost Escalation Factors

Schedule 6

Category	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Salaries & Wages	3.40%	3.30%	3.20%	3.20%	3.20%
Health Insurance	6.50%	6.50%	6.50%	6.50%	6.50%
Retirement	3.40%	3.30%	3.20%	3.20%	3.20%
Repair & Maintenance	2.00%	2.20%	2.20%	2.30%	2.30%
Energy/Utilities	4.22%	5.52%	5.97%	5.04%	4.89%
Chemicals	5.72%	4.58%	6.09%	6.40%	5.94%
No Escalation	0.00%	0.00%	0.00%	0.00%	0.00%
GWRP	9.33%	9.52%	29.21%	14.64%	18.86%
Default Inflation Factor	3.00%	3.00%	3.00%	3.00%	3.00%

Capital Improvement Program (CIP)

Schedule 7

	Projects	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total Cost
1	**Operating**						
2	Future Reconstruction Projects	125,877	129,137	132,482	135,913	139,433	$ 662,842
3	GWRP Facility	500,000	600,000	-	-	4,100,000	$ 5,200,000
4	Sewer Dosing Sites	204,089	-	-	-	100,000	$ 304,089
5	ASLD Infr Imp	-	-	-	2,500,000	-	$ 2,500,000
6	WWT20 GWRP Plant Exp (Financed)	-	-	4,000,000	8,000,000	-	$ 12,000,000
7	**Total CIP Budget (in current dollars)**	**$ 829,966**	**$ 729,137**	**$ 4,132,482**	**$ 10,635,913**	**$ 4,339,433**	**$ 20,666,931**
8	Cumulative Projected Cost Escalation[1]	3.0%	6.1%	9.3%	12.6%	15.9%	
9	**Resulting CIP Funding Level**	**$ 854,865**	**$ 773,541**	**$ 4,515,675**	**$ 11,970,814**	**$ 5,030,592**	**$ 23,145,487**
10	Annual CIP Execution Percentage	100%	100%	100%	100%	100%	
11	**Rate-Funded CIP**	**$ 854,865**	**$ 773,541**	**$ 4,515,675**	**$ 11,970,814**	**$ 5,030,592**	**$ 23,145,487**

1. CIP Escalation factors are consistent with the Engineering News Record Construction Cost Index.
2. All growth related CIP costs excluded and assumed to be paid out of capacity fee fund.

Pro Forma **Schedule 8**

		FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
	Rate Adoption Effective Date	**3/1/2027**	**1/1/2028**	**1/1/2029**	**1/1/2030**	**1/1/2031**
1	Wastewater, Rate Revenue	$ 11,077,519	$ 11,806,804	$ 12,835,505	$ 13,560,418	$ 14,393,756
	Add: Revenue Impacts from Prior Year Rate Adjustment[1]		$ 310,269	$ 190,739	$ 202,072	$ 214,490
	Total Existing Rate Revenue[1]	$ 11,077,519	$ 12,117,073	$ 13,026,244	$ 13,762,490	$ 14,608,246
2	Change in Revenue From Growth	573,513	529,766	335,397	420,273	912,631
3	Subtotal	$ 11,651,031	$ 12,646,839	$ 13,361,641	$ 14,182,763	$ 15,520,877
4	*Wastewater User Fee Increase*	*4.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*
5	Additional Rate Revenue From Current Year Rate Increase[2]	155,773	188,666	198,777	210,993	230,900
6	Total Rate Revenue	$ 11,806,804	$ 12,835,505	$ 13,560,418	$ 14,393,756	$ 15,751,777
7	**Equals: Total Operating Revenue**	**$ 11,806,804**	**$ 12,835,505**	**$ 13,560,418**	**$ 14,393,756**	**$ 15,751,777**
8	**Less: Operating Expenses**					
9	Personnel Services	$ (1,710,739)	$ (1,775,655)	$ (1,841,850)	$ (1,910,778)	$ (1,982,566)
10	Variable Operations & Maintenance Costs	(3,454,059)	(3,783,030)	(4,888,073)	(5,603,498)	(6,660,219)
11	Operations & Maintenance Costs	(2,501,300)	(2,515,284)	(2,587,988)	(2,663,420)	(2,740,723)
12	**Equals: Net Operating Income**	**$ 4,140,705**	**$ 4,761,536**	**$ 4,242,507**	**$ 4,216,059**	**$ 4,368,269**
13	**Plus: Non-Operating Income/(Expense)**					
14	Interest Income	$ 344,624	$ 348,003	$ 373,035	$ 380,154	$ 313,487
15	**Equals: Net Income**	**$ 4,485,330**	**$ 5,109,539**	**$ 4,615,542**	**$ 4,596,213**	**$ 4,681,756**
16	**Debt Service Coverage**					
17	Net Operating Income Available for Debt Service	$ 4,140,705	$ 4,761,536	$ 4,242,507	$ 4,216,059	$ 4,368,269
18	Total Debt Service	1,531,104	1,529,542	1,020,073	802,818	950,940
19	**Total Annual Debt Service Coverage**	**2.70**	**3.11**	**4.16**	**5.25**	**4.59**
20	**Cash Flow Test**					
21	Net Income Available For Debt Service	$ 4,485,330	$ 5,109,539	$ 4,615,542	$ 4,596,213	$ 4,681,756
22	**Less: Non-Operating Expenditures**					
23	Utility Billing Fee Interfund Transfer	(564,480)	(602,469)	(579,444)	(621,054)	(660,620)
24	Net Debt Service Payment	(1,531,104)	(1,529,542)	(1,020,073)	(802,818)	(950,940)
25	Capital Outlay[3]	(1,558,990)	(1,986,847)	(1,657,941)	(1,012,166)	(1,042,531)
26	**Net Cash Flow**	**$ 830,755**	**$ 990,680**	**$ 1,358,084**	**$ 2,160,174**	**$ 2,027,665**
27	**Unrestricted Reserve Fund Test**					
28	Balance At Beginning Of Fiscal Year	$ 9,858,469	$ 9,834,359	$ 10,051,498	$ 11,264,815	$ 10,458,247
29	Cash Flow Surplus/(Deficit)	830,755	990,680	1,358,084	2,160,174	2,027,665
30	Projects Paid With Cash	(854,865)	(773,541)	(144,767)	(2,966,743)	(5,030,592)
31	**Balance At End Of Fiscal Year**	**$ 9,834,359**	**$ 10,051,498**	**$ 11,264,815**	**$ 10,458,247**	**$ 7,455,319**
32	Minimum Working Capital Reserve Target[4]	3,833,049	4,036,984	4,658,956	5,088,848	5,691,754
33	**Excess/(Deficiency) Of Working Capital To Target**	**$ 6,001,310**	**$ 6,014,514**	**$ 6,605,860**	**$ 5,369,398**	**$ 1,763,565**

[1] Represents full basis of rate revenue adjusted for rate effective date

[2] Adjusted for rate effective date, January 1 of respective fiscal year

[3] Capital Outlay includes Town capital maintenance line items, GWRP capital maintenance line items, and major equipment expenses

[4] Minimum Reserve Target of 6 months of O&M expenses implemented as a new policy for the Town during the Study. Reserve target includes general contingency, liquidity, volumetric variation, emergency R&R, and pension components

Senior Lien Borrowing Projections — Schedule 9

			FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Term (Years)			30	30	30	30	30
Interest Rate			5.00%	5.00%	5.00%	5.00%	5.00%
Sources of Funds							
Par Amount			$ -	$ -	$ 4,777,217	$ 9,841,067	$ -
Uses of Funds							
Proceeds			$ -	$ -	$ 4,370,908	$ 9,004,070	$ -
Cost of Issuance	2.00%	of Par	-	-	95,544	196,821	-
Underwriter's Discount	-	per $1,000	-	-	-	-	-
Bond Insurance	0	times total Debt Service	-	-	-	-	-
Capitalized Interest	0	Years Interest	-	-	-	-	-
Debt Service Surety	0.00%	of Debt Service	-	-	-	-	-
Debt Service Reserve	1	Year(s) of Debt Service	-	-	310,765	640,176	-
Other Costs			-	-	-	-	-
Total Uses			$ -	$ -	$ 4,777,217	$ 9,841,067	$ -
1 Year Interest			-	-	238,861	492,053	-
Annual Debt Service			$ -	$ -	$ 310,765	$ 640,176	$ -
Total Debt Service			-	-	9,322,945	19,205,266	-
Cumulative New Annual Senior Lien Debt Service[1]			**$ -**	**$ -**	**$ 238,861**	**$ 802,818**	**$ 950,940**

[1]Reflects interest-only payment due in year of issuance.

APPENDIX B – COST OF SERVICE SUPPORTING SCHEDULES

Sewer System Operating & Debt Service Expense Allocation to Functions

Schedule 1

	Department	FY 2027 COS Expense	Allocation Basis/Factor	Customer % Allocation	Collection % Allocation	Treatment % Allocation	Total % Allocation	Customer $ Allocation	Collection $ Allocation	Treatment $ Allocation
400015 - BAD DEBT EXPENSE	2000 - SEWER/WASTE WATER OPERATING	10,300	Indirect	8.50%	59.06%	32.44%	100.00%	876	6,083	3,341
400100 - UTILITY ROI EXPENSE	2000 - SEWER/WASTE WATER OPERATING	-	Indirect	8.50%	59.06%	32.44%	100.00%	-	-	-
400120 - DEPT SUPPORT COSTS-IT	2000 - SEWER/WASTE WATER OPERATING	60,219	Customer/Admin	100.00%	0.00%	0.00%	100.00%	60,219	-	-
400121 - DEPT SUPPORT COSTS-HR	2000 - SEWER/WASTE WATER OPERATING	7,690	Customer/Admin	100.00%	0.00%	0.00%	100.00%	7,690	-	-
400122 - DEPT SUPPORT COSTS-FINANCE	2000 - SEWER/WASTE WATER OPERATING	83,737	Customer/Admin	100.00%	0.00%	0.00%	100.00%	83,737	-	-
400126 - DEPT SUPPORT COSTS-BUDGET	2000 - SEWER/WASTE WATER OPERATING	20,317	Customer/Admin	100.00%	0.00%	0.00%	100.00%	20,317	-	-
400129 - FLEET R&M (INTERNAL)	2000 - SEWER/WASTE WATER OPERATING	-	5 Year CIP Projects	0.00%	68.31%	31.69%	100.00%	-	-	-
400125-DEPT SUPPORT COSTS - LEGAL	2000 - SEWER/WASTE WATER OPERATING	54,672	Customer/Admin	100.00%	0.00%	0.00%	100.00%	54,672	-	-
400131 - DEPT SUPPORT COSTS-FACILITIES	2000 - SEWER/WASTE WATER OPERATING	55,891	Customer/Admin	100.00%	0.00%	0.00%	100.00%	55,891	-	-
400133 - DEPT SUPPORT COSTS-TOWN MGR	2000 - SEWER/WASTE WATER OPERATING	-	Customer/Admin	100.00%	0.00%	0.00%	100.00%	-	-	-
400134 - DEPT. SUPPORT COSTS-SPACE RENT	2000 - SEWER/WASTE WATER OPERATING	-	Customer/Admin	100.00%	0.00%	0.00%	100.00%	-	-	-
400137 - DEPT SUPPORT COSTS-CLERK	2000 - SEWER/WASTE WATER OPERATING	-	Indirect	8.50%	59.06%	32.44%	100.00%	-	-	-
400200 - UTILITY FRANCHISE FEE	2000 - SEWER/WASTE WATER OPERATING	636,679	Collection System	0.00%	100.00%	0.00%	100.00%	-	636,679	-
400300 - IN LIEU PROPERTY TAX	2000 - SEWER/WASTE WATER OPERATING	519,000	Collection System	0.00%	100.00%	0.00%	100.00%	-	519,000	-
401000 - PERMANENT SALARIES	2000 - SEWER/WASTE WATER OPERATING	1,158,707	Collection System	0.00%	100.00%	0.00%	100.00%	-	1,158,707	-
401250 - CALL OUT	2000 - SEWER/WASTE WATER OPERATING	498	Collection System	0.00%	100.00%	0.00%	100.00%	-	498	-
401251 - STAND BY	2000 - SEWER/WASTE WATER OPERATING	24,469	Collection System	0.00%	100.00%	0.00%	100.00%	-	24,469	-
401300 - OVER TIME PAY	2000 - SEWER/WASTE WATER OPERATING	931	Collection System	0.00%	100.00%	0.00%	100.00%	-	931	-
401400 - VACATION PAY OUT	2000 - SEWER/WASTE WATER OPERATING	13,138	Collection System	0.00%	100.00%	0.00%	100.00%	-	13,138	-
401500 - CELL PHONE STIPEND	2000 - SEWER/WASTE WATER OPERATING	4,293	Collection System	0.00%	100.00%	0.00%	100.00%	-	4,293	-
401505 - UNIFORM STIPEND	2000 - SEWER/WASTE WATER OPERATING	-	Collection System	0.00%	100.00%	0.00%	100.00%	-	-	-
401900 - MILEAGE STIPEND	2000 - SEWER/WASTE WATER OPERATING	2,699	Collection System	0.00%	100.00%	0.00%	100.00%	-	2,699	-
402101 - MEDICAL OPT OUT STIPEND	2000 - SEWER/WASTE WATER OPERATING	383	Collection System	0.00%	100.00%	0.00%	100.00%	-	383	-
402111 - MEDICAL PREMIUMS	2000 - SEWER/WASTE WATER OPERATING	148,817	Collection System	0.00%	100.00%	0.00%		-	148,817	-
402112 - HSA CONTRIBUTIONS	2000 - SEWER/WASTE WATER OPERATING	14,910	Collection System	0.00%	100.00%	0.00%	100.00%	-	14,910	-
402120 - DENTAL PREMIUMS	2000 - SEWER/WASTE WATER OPERATING	8,132	Collection System	0.00%	100.00%	0.00%	100.00%	-	8,132	-
402130 - VISION PREMIUMS	2000 - SEWER/WASTE WATER OPERATING	1,477	Collection System	0.00%	100.00%	0.00%	100.00%	-	1,477	-
402150 - DISABILITY & LIFE PREMIUMS	2000 - SEWER/WASTE WATER OPERATING	2,075	Collection System	0.00%	100.00%	0.00%	100.00%	-	2,075	-
402153 - COMMUTER INSURANCE	2000 - SEWER/WASTE WATER OPERATING	103	Collection System	0.00%	100.00%	0.00%	100.00%	-	103	-
402200 - FICA ER CONTRIBUTIONS	2000 - SEWER/WASTE WATER OPERATING	73,847	Collection System	0.00%	100.00%	0.00%	100.00%	-	73,847	-
402210 - MEDICARE ER CONTRIBUTIONS	2000 - SEWER/WASTE WATER OPERATING	20,875	Collection System	0.00%	100.00%	0.00%	100.00%	-	20,875	-
402300 - AZ ST RETIREMENT ER CONTRIB	2000 - SEWER/WASTE WATER OPERATING	143,447	Collection System	0.00%	100.00%	0.00%	100.00%	-	143,447	-
402350 - ER DEFERRED COMPENSATION	2000 - SEWER/WASTE WATER OPERATING	4,414	Collection System	0.00%	100.00%	0.00%	100.00%	-	4,414	-
402500 - STATE UNEMPLOYMENT TAX	2000 - SEWER/WASTE WATER OPERATING	1,527	Collection System	0.00%	100.00%	0.00%	100.00%	-	1,527	-
402600 - WORKMAN'S COMPENSATION	2000 - SEWER/WASTE WATER OPERATING	19,820	Indirect	8.50%	59.06%	32.44%	100.00%	1,685	11,705	6,429
403005 - PROFESSIONAL AND TECHNICAL SER	2000 - SEWER/WASTE WATER OPERATING	180,250	Indirect	8.50%	59.06%	32.44%	100.00%	15,323	106,454	58,473
403005 - PROFESSIONAL AND TECHNICAL SER	2000 - SEWER/WASTE WATER OPERATING	-	Indirect	8.50%	59.06%	32.44%	100.00%	-	-	-
403010 - LEGAL SERVICES	2000 - SEWER/WASTE WATER OPERATING	-	Indirect	8.50%	59.06%	32.44%	100.00%	-	-	-
403031 - GENERAL SERVICES	2000 - SEWER/WASTE WATER OPERATING	45,320	Indirect	8.50%	59.06%	32.44%	100.00%	3,853	26,766	14,702
403100 - TRAVEL/CONFERENCE/SEMINARS/TRA	2000 - SEWER/WASTE WATER OPERATING	7,210	Indirect	8.50%	59.06%	32.44%	100.00%	613	4,258	2,339
403200 - DUES/MEMBERSHIP FEES	2000 - SEWER/WASTE WATER OPERATING	-	Indirect	8.50%	59.06%	32.44%	100.00%	-	-	-
403220 - LICENSE/FEES	2000 - SEWER/WASTE WATER OPERATING	13,648	Indirect	8.50%	59.06%	32.44%	100.00%	1,160	8,060	4,427
403240 - BANK FEES	2000 - SEWER/WASTE WATER OPERATING	20,600	Indirect	8.50%	59.06%	32.44%	100.00%	1,751	12,166	6,683
403241 - CREDIT CARD FEES	2000 - SEWER/WASTE WATER OPERATING	159,650	Customer/Admin	100.00%	0.00%	0.00%	100.00%	159,650	-	-
403280 - UTILITY BILLING FEE EXPENSE	2000 - SEWER/WASTE WATER OPERATING	-	Collection System	0.00%	100.00%	0.00%	100.00%	-	-	-
403370 - EMPLOYEE UNIFORMS	2000 - SEWER/WASTE WATER OPERATING	10,661	Collection System	0.00%	100.00%	0.00%	100.00%	-	10,661	-
403998 - OTHER EXPENSE AFTER CUTOFF	2000 - SEWER/WASTE WATER OPERATING	-	Collection System	0.00%	100.00%	0.00%	100.00%	-	-	-
404110 - WATER	2000 - SEWER/WASTE WATER OPERATING	-	Collection System	0.00%	100.00%	0.00%	100.00%	-	-	-
404120 - ELECTRICITY	2000 - SEWER/WASTE WATER OPERATING	25,000	Collection System	0.00%	100.00%	0.00%	100.00%	-	25,000	-
404155 - CELLULAR TELEPHONE	2000 - SEWER/WASTE WATER OPERATING	5,680	Collection System	0.00%	100.00%	0.00%	100.00%	-	5,680	-
404160 - WASTE (TRASH)	2000 - SEWER/WASTE WATER OPERATING	2,084	Collection System	0.00%	100.00%	0.00%	100.00%	-	2,084	-
404250 - PEST CONTROL SERVICES	2000 - SEWER/WASTE WATER OPERATING	258	Collection System	0.00%	100.00%	0.00%	100.00%	-	258	-
404255 - OPERATIONS & MAINTENANCE-GWRP	2000 - SEWER/WASTE WATER OPERATING	3,454,059	Treatment	0.00%	0.00%	100.00%	100.00%	-	-	3,454,059
404310 - VEHICLE MAINT/REPAIR	2000 - SEWER/WASTE WATER OPERATING	30,600	Collection System	0.00%	100.00%	0.00%	100.00%	-	30,600	-
404317 - SEWER MAINTENANCE	2000 - SEWER/WASTE WATER OPERATING	158,100	Collection System	0.00%	100.00%	0.00%	100.00%	-	158,100	-
404319 - ODALOG MAINTENANCE	2000 - SEWER/WASTE WATER OPERATING	-	Collection System	0.00%	100.00%	0.00%	100.00%	-	-	-
404340 - SEWER REPAIR	2000 - SEWER/WASTE WATER OPERATING	67,830	Collection System	0.00%	100.00%	0.00%	100.00%	-	67,830	-
405200 - LIABILITY INSURANCE	2000 - SEWER/WASTE WATER OPERATING	12,181	Indirect	8.50%	59.06%	32.44%	100.00%	1,035	7,194	3,951
405500 - PRINTING (EXTERIOR & INTERIOR)	2000 - SEWER/WASTE WATER OPERATING	-	Indirect	8.50%	59.06%	32.44%	100.00%	-	-	-
405900 - MILEAGE	2000 - SEWER/WASTE WATER OPERATING	-	Collection System	0.00%	100.00%	0.00%	100.00%	-	-	-

Sewer System Operating & Debt Service Expense Allocation to Functions

Schedule 1

	Department		FY 2027 COS Expense	Allocation Basis/Factor	Customer % Allocation	Collection % Allocation	Treatment % Allocation	Total % Allocation	Customer $ Allocation	Collection $ Allocation	Treatment $ Allocation
400015 - BAD DEBT EXPENSE	2000 - SEWER/WASTE WATER OPERATING		10,300	Indirect	8.50%	59.06%	32.44%	100.00%	876	6,083	3,341
406015 - SHOP SUPPLIES	2000 - SEWER/WASTE WATER OPERATING		10,300	Collection System	0.00%	100.00%	0.00%	100.00%	-	10,300	-
406020 - OFFICE SUPPLIES	2000 - SEWER/WASTE WATER OPERATING		515	Indirect	8.50%	59.06%	32.44%	100.00%	44	304	167
406070 - JANITORIAL SUPPLIES	2000 - SEWER/WASTE WATER OPERATING		-	Collection System	0.00%	100.00%	0.00%	100.00%	-	-	-
406075 - SAFETY SUPPLIES	2000 - SEWER/WASTE WATER OPERATING		10,300	Collection System	0.00%	100.00%	0.00%	100.00%	-	10,300	-
406150 - POSTAGE	2000 - SEWER/WASTE WATER OPERATING		52	Collection System	0.00%	100.00%	0.00%	100.00%	-	52	-
406210 - CHEMICALS	2000 - SEWER/WASTE WATER OPERATING		111,010	Collection System	0.00%	100.00%	0.00%	100.00%	-	111,010	-
406260 - GASOLINE (VEHICLE USAGE)	2000 - SEWER/WASTE WATER OPERATING		41,200	Collection System	0.00%	100.00%	0.00%	100.00%	-	41,200	-
407400 - MAJOR EQUIPMENT >10000	2000 - SEWER/WASTE WATER OPERATING		25,750	Collection System	0.00%	100.00%	0.00%	100.00%	-	25,750	-
407400 - MAJOR EQUIPMENT >10000	2000 - SEWER/WASTE WATER OPERATING		-	Collection System	0.00%	100.00%	0.00%	100.00%	-	-	-
407400 - MAJOR EQUIPMENT >10000	2000 - SEWER/WASTE WATER OPERATING		-	Collection System	0.00%	100.00%	0.00%	100.00%	-	-	-
407420 - VEHICLES	2000 - SEWER/WASTE WATER OPERATING		-	Collection System	0.00%	100.00%	0.00%	100.00%	-	-	-
407420 - VEHICLES	2000 - SEWER/WASTE WATER OPERATING		-	Indirect	8.50%	59.06%	32.44%	100.00%	-	-	-
407429 - DISPOSAL OF ASSET EXPENSE	2000 - SEWER/WASTE WATER OPERATING		-	Collection System	0.00%	100.00%	0.00%	100.00%	-	-	-
407430 - FURNITURE & FIXTURES	2000 - SEWER/WASTE WATER OPERATING		5,150	Collection System	0.00%	100.00%	0.00%	100.00%	-	5,150	-
407435 - CAPITAL MAINTENANCE	2000 - SEWER/WASTE WATER OPERATING		-	Collection System	0.00%	100.00%	0.00%	100.00%	-	-	-
407435 - CAPITAL MAINTENANCE	2000 - SEWER/WASTE WATER OPERATING		-	Collection System	0.00%	100.00%	0.00%	100.00%	-	-	-
407435 - CAPITAL MAINTENANCE	2000 - SEWER/WASTE WATER OPERATING		463,500	Collection System	0.00%	100.00%	0.00%	100.00%	-	463,500	-
407435 - CAPITAL MAINTENANCE	2000 - SEWER/WASTE WATER OPERATING		154,500	Collection System	0.00%	100.00%	0.00%	100.00%	-	154,500	-
407435 - CAPITAL MAINTENANCE	2000 - SEWER/WASTE WATER OPERATING		154,500	Collection System	0.00%	100.00%	0.00%	100.00%	-	154,500	-
407435 - CAPITAL MAINTENANCE	2000 - SEWER/WASTE WATER OPERATING		-	Treatment	0.00%	0.00%	100.00%	100.00%	-	-	-
407435 - CAPITAL MAINTENANCE	2000 - SEWER/WASTE WATER OPERATING		124,081	Treatment	0.00%	0.00%	100.00%	100.00%	-	-	124,081
407435 - CAPITAL MAINTENANCE	2000 - SEWER/WASTE WATER OPERATING		-	Treatment	0.00%	0.00%	100.00%	100.00%	-	-	-
407435 - CAPITAL MAINTENANCE	2000 - SEWER/WASTE WATER OPERATING		631,509	Collection System	0.00%	100.00%	0.00%	100.00%	-	631,509	-
407500 - EQUIPMENT <5000	2000 - SEWER/WASTE WATER OPERATING		30,900	Collection System	0.00%	100.00%	0.00%	100.00%	-	30,900	-
407550 - SOFTWARE	2000 - SEWER/WASTE WATER OPERATING		-	Collection System	0.00%	100.00%	0.00%	100.00%	-	-	-
408000 - MISCELLANEOUS EXPENSE	2000 - SEWER/WASTE WATER OPERATING		-	Collection System	0.00%	100.00%	0.00%	100.00%	-	-	-
408001 - CONSTRUCTION SERVICES	2000 - SEWER/WASTE WATER OPERATING		-	Collection System	0.00%	100.00%	0.00%	100.00%	-	-	-
495000 - CONTINGENCY	2000 - SEWER/WASTE WATER OPERATING		-	Collection System	0.00%	100.00%	0.00%	100.00%	-	-	-
495010 - CONTINGENCY-GWRP	2000 - SEWER/WASTE WATER OPERATING		-	Collection System	0.00%	100.00%	0.00%	100.00%	-	-	-
404160 - WASTE (TRASH)	2000 - SEWER/WASTE WATER OPERATING		-	Collection System	0.00%	100.00%	0.00%	100.00%	-	-	-
404310 - VEHICLE MAINT/REPAIR	2000 - SEWER/WASTE WATER OPERATING		-	Collection System	0.00%	100.00%	0.00%	100.00%	-	-	-
404120 - ELECTRICITY	2000 - SEWER/WASTE WATER OPERATING		-	Collection System	0.00%	100.00%	0.00%	100.00%	-	-	-
404160 - WASTE (TRASH)	2000 - SEWER/WASTE WATER OPERATING		-	Collection System	0.00%	100.00%	0.00%	100.00%	-	-	-
403000 - MAINLINE AGREEMENTS	EPCOR		175,625	Collection System	0.00%	100.00%	0.00%	100.00%	-	175,625	-
Transfers		-	-		0.00%	0.00%	0.00%	0.00%	-	-	-
Transfer In		-	-	Collection System	0.00%	100.00%	0.00%	100.00%	-	-	-
Transfer Out		-	564,480	Customer/Admin	100.00%	0.00%	0.00%	100.00%	564,480	-	-
		-	-		0.00%	0.00%	0.00%	0.00%	-	-	-
Debt Service		-	-		0.00%	0.00%	0.00%	0.00%	-	-	-
Senior Debt		-	1,531,104	Collection System	0.00%	100.00%	0.00%	100.00%	-	1,531,104	-
		-	-		0.00%	0.00%	0.00%	0.00%	-	-	-
		-	-		0.00%	0.00%	0.00%	0.00%	-	-	-
Capital		-	-		0.00%	0.00%	0.00%	0.00%	-	-	-
Projects Funded with Cash		-	854,865	5 Year CIP Projects	0.00%	68.31%	31.69%	100.00%	-	583,970	270,895
TOTAL EXPENDITURES		-	**12,175,538**						**1,032,997**	**7,192,994**	**3,949,548**
% Allocation									8.48%	59.08%	32.44%
Contribution to /(Use of) Reserves			(24,110)	5 Year CIP Projects	0.00%	68.31%	31.69%	100.00%	-	(16,470)	(7,640)
Total Rev Req			**12,151,429**						**1,032,997**	**7,176,524**	**3,941,908**

Sewer Cost Allocation Functions & Flow Data — Schedule 2

Function	Volume	COD	TSS	Customer
Customer/Admin				X
Collection System	X			
Treatment	X	X	X	
% to Each Component				
Customer/Admin				100.0%
Collection System	100.0%			
Treatment	41%	39%	20%	

Summary of Sewer Units of Service

Schedule 3

Sewer Unit of Service	Test Year Projected Billed Use 1,000 gallons	Percentage of Contributed Wastewater Flow	Current Return Flow Factor	Contributed Volume 1,000 gallons	Strength (Concentration) COD (mg/L)	Strength (Concentration) TSS (mg/L)	Strength (Loadings) COD (lbs)	Strength (Loadings) TSS (lbs)	Customer Units Number of Accounts*	Customer Units Number of Bills
Residential	2,003,746	78.47%	70%	1,402,622	700	250	8,193,419	2,926,221	22,228	266,735
Commercial	289,549	16.20%	100%	289,549	900	400	2,174,657	966,514	465	5,580.0
Multifamily	95,202	5.33%	100%	95,202	700	250	556,121	198,615	25	35,316
Total	**2,388,497**	**100.00%**		**1,787,373**			**10,924,197**	**4,091,350**	**22,718**	**307,631**

* Multifamily accounts represented by number of existing master metered complexes, number of bills represented by number of annual multifamily unit (apartment) bills

Summary of Sewer Revenue Requirement Allocations — Schedule 4

Revenue Requirements	Total	Residential	Commercial	Multifamily
Operations and Maintenance	$9,765,459	$7,648,352	$1,540,188	$576,919
Debt Service	$1,531,104	$1,201,518	$248,034	$81,552
Rate Funded Capital	$854,865	$663,465	$146,368	$45,032
Total Revenue Requirements	**$12,151,429**	**$9,513,336**	**$1,934,590**	**$703,503**
Adjustments				
Less: Other Revenue	-$505,016	-$445,168	-$44,748	-$15,100
Plus: Billing Unit & Other Adjustments	$471,161	$389,338	$61,179	$20,644
Rate Requirement	**$12,117,573**	**$9,457,506**	**$1,951,020**	**$709,047**
FY 2027 Rate Rev. w/o Rate Adj.	$11,651,031	$9,495,590	$1,689,399	$466,041
FY 2027 COS Rate Rev. Requirement	$12,117,573	$9,457,506	$1,951,020	$709,047
FY 2027 Proposed Rate Structure	$12,133,951	$9,494,681	$1,908,909	$730,362
$ Adjustment Needed	$466,542	-$38,085	$261,621	$243,006
% Change Needed	**4.0%**	0.0%	15.0%	52.0%

Disclaimer

This document was produced by Stantec Consulting Services, Inc. ("Stantec") for Queen Creek, Arizona ("Town") and is based on a specific scope agreed upon by both parties. Stantec's scope of work and services do not include serving as a "municipal advisor" for purposes of the registration requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act (2010) or the municipal advisor registration rules issued by the Securities and Exchange Commission. Stantec is not advising the Town, or any municipal entity or other person or entity, regarding municipal financial products or the issuance of municipal securities, including advice with respect to the structure, terms, or other similar matters concerning such products or issuances.

In preparing this report, Stantec utilized information and data obtained from the Town or public and/or industry sources. Stantec has relied on the information and data without independent verification, except only to the extent such verification is expressly described in this document. Any projections of future conditions presented in the document are not intended as predictions, as there may be differences between forecasted and actual results, and those differences may be material.

Additionally, the purpose of this document is to summarize Stantec's analysis and findings related to this project, and it is not intended to address all aspects that may surround the subject area. Therefore, this document may have limitations, assumptions, or reliance on data that are not readily apparent on the face of it. Moreover, the reader should understand that Stantec was called on to provide judgments on a variety of critical factors which are incapable of precise measurement. As such, the use of this document and its findings by the Town should only occur after consultation with Stantec, and any use of this document and findings by any other person is done so entirely at their own risk.

ORDINANCE NO. XXX-26

AN ORDINANCE OF THE COMMON COUNCIL OF THE TOWN OF QUEEN CREEK, ARIZONA, INCREASING WASTEWATER RETAIL RATES IN COMPLIANCE WITH STATE LAW.

WHEREAS, Arizona's enabling legislation for water and wastewater rates and changes, A.R.S. § 9-511.01 (the "Utility Statute") requires the Town of Queen Creek (the "Town") to prepare a written report providing schedules of the proposed increases to the existing wastewater retail rates, and the analysis supporting the increased rates and changes (including cash flow projections); and

WHEREAS, Stantec, the Town's consultant, has prepared, on behalf of the Town, a written report providing schedules of the increases to the existing wastewater retail rates, and the analysis supporting the increased rates and changes (including cash flow projections) titled "Wastewater Rates and Fees 2026 Rate Study Report, Queen Creek, Arizona," (the "Report"); and

WHEREAS, the Utility Statute also requires the Common Council of the Town (the "Town Council") to (i) adopt a Notice of Intention to adopt the fees, (ii) file the written report with the Town Clerk, and (iii) post the written report on the Town's website at least 60 days prior to holding a public hearing on the proposed rates and changes; and

WHEREAS, on September 16, 2026, the Town Council (i) adopted the Notice of Intention that confirmed the filing and posting of the Report as required by the Utility Statute and (ii) set a public hearing to consider the proposed new or increased rates and changes at its regularly scheduled meeting on November 18, 2026; and

WHEREAS, the Town published the Notice of Intention in the newspaper and through electronic communication tools and posted required materials on the Town website; and

WHEREAS, the Town Council held the public hearing on November 18, 2026, and now desires to conclude the adoption process by approving an increase to the existing wastewater retail rates and changes as set forth in the Report;

NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE TOWN OF QUEEN CREEK, ARIZONA, AS FOLLOWS:

Section 1: The recitals above are hereby incorporated as if fully set forth herein.

Section 2: The Report is hereby adopted in substantially the form and substance attached hereto as Exhibit A and incorporated herein by reference.

Section 3: The wastewater monthly service charges as set forth in Table 2 of the Report, and the wastewater volumetric rates as set forth in Table 3 of the Report, are hereby approved.

Section 4: The Town Code, Article 16-3 (Sanitary Sewer Regulations), Section 16-3-8 (Sewer Service Fees), subsection F, is hereby amended to delete the tables therein in their entirety and to replace them with new tables containing the rates and classes set forth in Table 2 and Table 3 of the Report.

Section 5: The Town Manager, the Town Clerk and the Town Attorney are hereby authorized and directed to take such steps and execute such documents as necessary to implement this Ordinance.

Section 6: The fees and charges adopted herein shall: (i) be placed in a separate fund designated for uses as set forth in the Report; and (ii) not be used for unrelated purposes.

Section 7: If any section, subsection, clause, phrase or portion of this Ordinance or any part of these amendments to the Town Code is for any reason held invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

Section 8: At least one paper copy and one electronic copy of this Ordinance and Exhibit(s) are to be filed with and will be located at the office of the Town Clerk.

PASSED AND ADOPTED by the Common Council of the Town of Queen Creek, Arizona, this 18th day of November, 2026.

FOR THE TOWN OF QUEEN CREEK:	ATTESTED TO:
Julia Wheatley, Mayor	Maria Gonzalez, Town Clerk
REVIEWED BY:	APPROVED AS TO FORM:
Bruce Gardner, Town Manager	Clifford Mattice, Town Attorney

EXHIBITS ON FILE AND LOCATED AT THE TOWN CLERK'S OFFICE.

EXHIBIT A

TO

ORDINANCE XXX-26

[Report]

See following pages.

TOWN OF QUEEN CREEK ARIZONA

TO: **HONORABLE MAYOR AND TOWN COUNCIL**

THROUGH: **BRUCE GARDNER, TOWN MANAGER**

FROM: **SCOTT MCCARTY, DEPUTY TOWN MANAGER/CHIEF FINANCIAL OFFICER**

RE: **PUBLIC HEARING AND POSSIBLE APPROVAL OF ORDINANCE NO. 901-26 ADOPTING NEW DEVELOPMENT WATER CAPACITY FEES.**

DATE: **November 18, 2026**

Suggested Action:

Motion to approve Ordinance No. 901-26 adopting new development water capacity fees.

Relevant Council Goal(s):

Effective Government: KRA Financial Management, Internal Services & Sustainability

Discussion:

New development water capacity fees are one-time fees charged to new construction intended to offset the cost of new water delivery infrastructure built related to growth. The accurate assessment of this fee is critical to the Town's financial sustainability by ensuring these costs are fairly paid by new residents and businesses. Existing residents and businesses do not pay capacity fees.

Town staff, in partnership with DTA, the Town's capacity fee consultant, evaluated two approaches to establishing the new development water capacity fee. The first approach identified the cost of future utility facilities and infrastructure expansion attributable to projected 10-year growth. The second approach used a buy-in methodology to determine the proportional cost of the existing water system that should be recovered from new development. The final recommendation from staff and DTA is the first approach that identifies the cost of future utility facilities and infrastructure attributable to growth.

The final recommendation by Town staff and DTA is based on the consultant's Report which documents the utility's revenue requirements, cost allocation among customer classes, and demonstrate that the proposed rates, fees, and charges are reasonable and rationally related to the cost of providing service. The rate studies and cost-of-service analysis presented to the public demonstrate the rates, fees, and charges are sufficient to keep the Town's utilities self-supporting, and bear a reasonable relationship to the value of the service.

In order to increase water capacity rates and fees, the Town must follow a two-step process as required by A.R.S. § 9-511.01. Step one, is a requirement to provide a written public notice of intent to increase rates, setting the public hearing date and including data that supports the proposed fee. Attached is a report prepared by Stantec, the Town's rates and fees consultant, supporting the proposed cost-of-service rate adjustments. The notice was approved at the September 16, 2026, Town Council meeting, a copy of the notice was published on the Town's webpage, related material was posted on the Town's website, and information was published in the newspaper.

Step two is a requirement to conduct a public hearing to increase the fee at today's meeting.

In addition to completing the required statutory processes, Town staff conducted numerous public outreach meetings with customers, Homeowners Associations (HOAs), stakeholders, boards and commissions, and other community groups. These meetings provided opportunities to present the proposed water resource capacity fee and other utility fee changes, listen to customer and stakeholder feedback, and identify areas of concern. Staff incorporated this feedback into subsequent presentations, brought key concerns forward for Council consideration, and adjusted presentation materials and other aspects of the proposed fees as appropriate. The Town also utilized multiple communication channels to inform customers and provide access to relevant information, including social media, the Town's website, direct email communications, and utility bill notifications.

Public outreach and customer communications will continue following the November 18, 2026, Council action to support customer understanding, address questions, and provide ongoing information regarding implementation of the approved fees.

Finally, and very important to the Town Council, is the involvement of our stakeholders in this process. As has been the Town's standing practice, staff engaged a "Stakeholder Focus Group" to participate in the fee update process. This group is made of representatives from the development community including, but not limited to, the Home Builders Association of Central Arizona, landowners, other homebuilders, and zoning attorneys. Their input and feedback has been critical and we thank them for their participation in this process.

Fiscal Impact:

The proposed New Development Water Capacity Fee applies to new development connecting to the Town's water system and is intended to balance the cost of accommodating continued growth with the Town's responsibility to maintain a financially sustainable water utility. By allocating eligible growth-related infrastructure costs to new development in proportion to its anticipated demand, the fee helps fund the infrastructure needed to expand water system capacity without assigning costs that benefit existing development to future connections.

The proposed fee for an Equivalent Residential Unit (ERU) increases from $2,382 to $4,591, an increase of $2,209 or 93%. Multifamily development would be assessed $1,148 per dwelling unit, or 25% that of an ERU as multifamily water generally uses 25% of a single family residential unit. Non-residential development fees are based on meter capacity, with the proposed fees scaling according to the meter size. For connections with meters two inches or larger, the fee will be based on the greater of the meter-capacity calculation or a project-specific flow calculation. Consequently, the financial impact will vary by development type, dwelling-unit count, meter size, and projected water demand.

The proposed fee structure is intended to provide funding for the water infrastructure needed to accommodate projected growth while limiting recovery to the portion of eligible costs attributable to new development. The Town's Capital Improvement Plan includes 46 projects with total estimated costs of approximately $186.2 million. The proposed fee allocates $95.1 million in net growth-related costs to development projected over the 10-year fee period, including the applicable share of capital costs, program administration, and financing costs, less the existing New Development Water Capacity Fee Fund balance. The Town is expected to collect approximately $95.1 million in New Development Water Capacity Fee revenue over the 10-year period, based on staff and consultant development projections. Infrastructure construction will occur before all corresponding fees are collected, therefore, staff anticipate approximately $69.1 million in new debt to support the planned construction schedule. Actual revenue will depend on the timing and amount of development and connections.

Alternatives:

The proposed fee meets the "fair and reasonable" standard established under state law. If new

development water capacity fees were not increased, the monthly water delivery fee would have to bear the burden of future infrastructure costs.

Attachment(s):

1. Report: Water Capacity Fee Study, Town of Queen Creek, DTA
2. Ordinance 901-26

www.FinanceDTA.com

WATER CAPACITY FEE STUDY

TOWN OF QUEEN CREEK

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TOWN OF QUEEN CREEK

WATER CAPACITY FEE STUDY

Prepared for:

Town of Queen Creek

22358 S. Ellsworth Road

Queen Creek, AZ 85142

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APPENDICES

APPENDIX A	FEE DERIVATION WORKSHEETS
APPENDIX B	WATER FACILITIES MAP

ADDENDUM: CHANGES FROM THE STUDY SUBMITTED SEPTEMBER 14, 2026

This Study amends and restates the Town of Queen Creek Water Capacity Fee Study submitted to the Town on September 14, 2026. The amendments arise from three (3) sources: the Town's direction of October 2, 2026 on the Capital Improvement Plan ("CIP"); direction from the Town on the treatment of four items carried in the Water Capacity Fee Fund; and the Town's election of the Plan-Based Methodology as the basis of the fee. The updated fee is $4,591 per equivalent residential unit, compared to $5,748 in the Study as submitted on September 14, 2026. This Addendum identifies each change and is not itself part of the fee derivation.

- The CIP: The Study as originally submitted showed a total of $206,208,235 in uninflated costs, of which $181,696,411, or 88.1%, was growth-related. The program the Town directed totals $186,242,733 across 46 projects, of which $166,673,508, or 89.5%, is growth-related. The allocation to 10-year growth is unchanged at 45.0% and utilizes the same demand figures of 17.54 million gallons per day of maximum day growth over the 10-year period against 39.0 million gallons per day from the 2020 base year to build-out. Capital allocated to the 10-year period is $76,049,833, compared to $82,805,282 in the September 14, 2026 Study.
- The cash balance credited against the fee: The Study as originally submitted credited $14,650,540, the Water Capacity Fee Fund balance as of April 30, 2026. This Study credits $16,112,647, the balance the Town reports as of June 30, 2026, which is the opening balance of the first year of the projection.
- The Water Capacity Fee Payback: The Study as originally submitted presented $17,487,535 as a preliminary figure from the Town's fund statement as of June 25, 2026. The Town confirmed the amount of $20,201,717, attributed project by project. The payback is a claim on the fund and not a cost in the fee basis.
- The financing component: Principal issued falls from $108,600,000 to $69,050,000, and the financing cost recovered through the fee falls from $47,213,238 to $31,468,095. Two changes account for this: the decrease in the CIP and the Town's direction that facilities scheduled beyond the fifth year of the program not be financed within the 10-year period. The share of interest attributable to 10-year growth is unchanged at 45.7%.
- Meter capacity ratios at 3 inches and above: The Study as originally submitted applied the American Water Works Association ("AWWA") Manual M1 compound meter schedule at every size. This Study applies the AWWA Manual M1 ratios through 2 inches and, at 3 inches and above, the ratios of the ultrasonic meters the Town now installs at those sizes, on the meter equivalency schedule, per the Town's direction. The 3-inch ratio becomes 16.67 compared to 10.00, and the 4-inch ratio becomes 41.67 compared to 16.67. The schedule is extended through a 12-inch meter size. The calculated fee per equivalent residential unit is not affected.

- Assessment of meters 2 inches and larger: The Study as originally submitted implied that the fee would be assessed on measured or projected flow, with the meter capacity ratio applied only where no flow figure was available. A clarification was added that the proposed approach would be the greater of the meter capacity ratio or the project-specific flow calculation, on the basis set out in Section IV. This conforms the Water Capacity Fee to the basis on which the Town assesses its Wastewater Capacity Fee.
- Scope: The Study as submitted presented two scenarios, the Plan-Based Methodology and the Existing Service Standard. At the Town's direction, this Study presents the Plan-Based Methodology alone.

Table A-1 below sets out the effect of these changes on the fee derivation.

Table A-1: Reconciliation to the Study Submitted September 14, 2026

Description	As Submitted	As Amended
Total CIP	$206,208,235	$186,242,733
Growth-Related Share	$181,696,411	$166,673,508
Growth-Related Share (%)	88.1%	89.5%
Allocation to 10-Year Growth	45.0%	45.0%
Capital Allocated to 10-Year Growth	$82,805,282	$76,049,833
Program Administration	$3,720,531	$3,720,531
Financing Cost, 10-Year Growth Share	$47,213,238	$31,468,095
Less: Cash Balance	($14,650,540)	($16,112,647)
Net Growth-Related Cost	**$119,088,511**	**$95,125,811**
Equivalent Residential Units	20,719	20,719
Calculated Fee per ERU	$5,748	$4,591
Increase over the Current Fee	$3,366	$2,209
Increase over the Current Fee (%)	141%	93%
Principal Issued	$108,600,000	$69,050,000
Water Capacity Fee Payback	$17,487,535	$20,201,717
Multi-Family Fee per Dwelling Unit	$1,437	$1,148

I EXECUTIVE SUMMARY

DTA Public Finance, Inc. ("DTA") was retained by the Town of Queen Creek, Arizona (the "Town"), to prepare an updated Water Capacity Fee Study (the "Study") to adequately plan for new residential and non-residential development and to identify the public facilities and costs to the Town associated with providing necessary public infrastructure to new development. This Study updates elements of the report prepared in 2019 by Willdan Financial Services and is intended to comply with Arizona Revised Statutes ("A.R.S.") §9-511.01.

The Town's current Water Capacity Fee is $2,382 per equivalent residential unit ("ERU"), adopted following the 2019 study. Since that time the Town has adopted the 2022 Comprehensive Utility Master Plan (the "Master Plan") and has obtained updated residential and non-residential development forecasts prepared by Elliott D. Pollack & Company in August 2026. This Study reflects each of those sources.

At the Town's direction, DTA has calculated the Water Capacity Fee under the Plan-Based Methodology, which is described below and explained in greater detail in Section III.

- Plan-Based Methodology. The fee recovers new development's proportionate share of the cost of constructing the growth-related facilities identified in the Town's CIP. The plan totals $186,242,733, of which $166,673,508 is growth-related. Of the growth-related amount, 45.0% is allocated to the growth occurring in the 10-year period, or $76,049,833 of capital. Additionally, program administration of $3,720,531 and a financing cost of $31,468,095 are added, and the Water Capacity Fee Fund cash balance of $16,112,647 is credited, leaving a net growth-related cost of $95,125,811.

Table 1 below summarizes the calculated fee against the current fee.

Table 1: Summary of Calculated Water Capacity Fees

Description	Plan-Based Methodology
What the Fee Recovers	Growth share of the CIP
Cost Basis in the Fee Calculation	$95,125,811
10-Year Fee Revenue	$95,125,811
Equivalent Residential Units (10-Year Growth)	20,719
Calculated Fee per ERU	**$4,591**
Current Fee per ERU	$2,382
Increase	$2,209
Increase (%)	93%

Principal findings of the Study are as follows:

- Maximum day demand in the Town's Water Service Area is projected to increase by 17.54 million gallons per day over the 10-year period, against a total increase of 39.0 million gallons per day from the 2020 base year through system build-out, taken from Table 4.12 of the Master Plan. The 10-year increase is built from the land use and demand projections set out in Appendix A. The 10-year period accounts for 45.0% of the capacity the Town must add.
- The Town commissioned residential and non-residential forecasts from Elliott D. Pollack & Company, and this Study applies demand factors calibrated to the Master Plan to each land use category. The forecast comprises 14,679 single-family dwelling units, 4,363 multi-family dwelling units and 5,421,100 square feet of non-residential floor area, each converted to ERUs on its own demand factor. The resulting 20,719 ERUs is built from the development forecast rather than from a population growth rate.
- The capital program is concentrated in the early years of the 10-year period, while capacity fees are collected as connections occur. The Town will need to issue approximately $69,050,000 of debt to construct the facilities on schedule. Interest over the term of that debt is $65,704,048, of which 45.7%, or $30,040,273, is attributable to the growth occurring in the 10-year period. With the interest the fund is charged on its own negative balances, set out at Table 4, the financing component recovered through the fee is $31,468,095.[1]
- A.R.S. §9-511.01(F) prohibits a municipality from assessing a fee on new water service connections to recover the cost of acquiring the plant of a public service corporation or another municipality. The Town's fixed asset schedule includes $62,568,937 of net book value attributable to system acquisitions. No part of that cost is recovered in the fee calculated in this Study. The cost basis is the Town's CIP, which comprises facilities that have yet to be constructed.
- Single-family units with a 1-inch meter or smaller, and all multi-family units, will be assessed on a per dwelling unit basis rather than by meter size. Multi-family units are assessed at 0.25 ERUs per dwelling unit, a factor provided by the Town. Non-residential connections continue to be assessed by meter size, on the Town's meter equivalency schedule, which follows AWWA Manual M1 through 2 inches.
- Projected revenue over the 10-year period is $95,125,811, which equals the net growth-related cost carried into the fee. The projection applies the calculated fee to the connections forecast in each year of the period.[2]

[1] The 45.7% is 10-year growth's share of the capital the debt funds, $60,682,034 of $132,723,670. Principal is not recovered a second time; it is already within the capital cost basis referenced in Table 3. The derivation is at Section IV and Appendix A.
[2] The proportionality required by A.R.S. §9-511.01 rests on how the cost basis is built, the exclusion of the 10.5 percent of the

A Organization of the Study

This Study is organized as follows:

- Section I – Executive Summary
- Section II – Introduction
- Section III – Methodologies Used for Calculating Capacity Fees
- Section IV – Summary of Water Capacity Fees
- Appendix A – Fee Derivation Worksheets
- Appendix B – Water Facilities Map

B Definition of Terms

The following terms are used throughout this Study:

- Capital Improvement Plan ("CIP"): A plan that identifies the capital costs (growth and non-growth) required to provide services. This can also be found in Appendix A.
- Equivalent Residential Units ("ERUs"): One ERU is one single-family residential dwelling unit. An ERU metric is assigned to each land use type as a reflection of the level of use, or benefit, that land use type receives from these facilities, and is the basis on which the Water Capacity Fees in this Study are developed. One ERU is represented by a ¾-inch meter.
- Buy-In Methodology: An approach under which new development pays its proportionate share of the value of facilities already constructed, on the basis that it connects to and draws capacity from the existing system.
- Existing Service Standard: The standard of water service the existing system delivers, measured as the value of the system in service divided by the ERUs that system presently serves. New development is assessed the cost of receiving that same standard.
- Plan-Based Methodology: An approach under which new development pays its proportionate share of the cost of a defined set of future facilities, typically identified in a CIP or master plan.
- Maximum Day Demand: The highest single day of water demand in a year, expressed in millions of gallons per day. Water systems are sized to meet maximum day demand rather than average day demand, and capacity in this Study is measured on that basis.

program attributable to existing development, the allocation of 45.0 percent of the remainder to growth in the fee period, and the corresponding allocation of financing cost.

- Net Book Value: The original cost of an asset less accumulated depreciation, as recorded on the Town's fixed asset schedule.

II INTRODUCTION

The Town of Queen Creek currently assesses both Water and Wastewater Capacity Fees to new development to help offset the increased demand on water and wastewater facilities and associated costs generated by new development. This Study solely addresses the Water Capacity Fee.

DTA has analyzed the cost of providing water capacity to new development by examining both the Town's existing water assets and the planned facilities in the Town's CIP that are required to serve new development. Working with Town staff, and at the Town's direction, DTA has developed the fee under a plan-based approach, under which the fee is based on a finite set of planned facilities. Under that methodology, the cost of future facilities is allocated between existing and future development, because fees imposed on future development cannot recover the cost of correcting existing deficiencies that benefit current customers.

A capacity ratio is used to convert the residential equivalent fee for a ¾-inch meter into a proportionate fee for larger meter sizes. For example, the calculated single-family residential fee for a ¾-inch meter is $4,591. Capacity fees for meter sizes 1 inch and larger are determined by applying the meter capacity ratio for that size to the single-family fee. Ratios through 2 inches are those of the displacement meters in service at those sizes and are the ratios published by the AWWA in Manual M1. At 3 inches and above, the ratios are those of the ultrasonic meters the Town installs at those sizes, each taken as that meter's maximum flow divided by the 30 gallons per minute ("gpm") of a ¾-inch meter, on the meter equivalency schedule, per the Town's direction. That schedule states 500, 1,250, 2,500, 4,000, 6,500 and 8,000 gpm at 3, 4, 6, 8, 10 and 12-inch meters, respectively. Table 2 summarizes the calculated fee for each meter size.

Table 2: Proposed Water Capacity Fee by Meter Size

Meter Size	Capacity Ratio	Calculated Fee
¾-Inch: Single-Family, per Dwelling Unit	1.00	$4,591
¾-Inch: Multi-Family, per Dwelling Unit	0.25	$1,148
1-Inch	1.67	$7,652
1½-Inch	3.33	$15,304
2-Inch	5.33	$24,486
3-Inch	16.67	$76,520
4-Inch	41.67	$191,299
6-Inch	83.33	$382,598
8-Inch	133.33	$612,157
10-Inch	216.67	$994,756
12-Inch	266.67	$1,224,315

1. Note: Capacity ratios are rounded to two decimal places. Each ratio is the maximum flow of the meter the Town installs at that size divided by that of a ¾-inch meter, on the meter equivalency schedule, per the Town's direction. Ratios through 2 inches are the same as those published by AWWA in Manual M1. A single-family dwelling served by a meter of 1 inch or smaller is assessed the per dwelling unit fee shown in Table 6, not the fee for its meter size.

III METHODOLOGIES USED FOR CALCULATING CAPACITY FEES

Capacity fees are one-time charges assessed against new development that reflect the costs of mitigating the direct and cumulative impacts of that development's need for additional utility capacity. This Study addresses the Water Capacity Fee only. The Town's Wastewater Capacity Fee is not within its scope, and the Town's Water Resource Fee is being prepared separately by another consultant.

The distinction between the two water fees is one of facilities versus supply. This Study recovers the cost of the physical plant required to produce, store, treat and convey water: wells, tanks, booster stations, transmission and distribution mains and their appurtenances. The Water Resource Fee addresses the cost of the water supply itself, including such items as water rights, allocations and recharge credits. The CIP underlying this Study contains no water resource acquisition costs, and the two fees therefore recover different costs and may be adopted together without duplication.

The proposed Water Capacity Fees recommended in this Study will be implemented according to the impact each new development has on the existing infrastructure. The proposed fees have been developed in accordance with A.R.S. §9-511.01.

Similar to development impact fees, in order to impose capacity fees a reasonable connection between the amount of the fee and the cost of serving new development, that is, new development's fair share of the infrastructure costs, must be demonstrated. Arizona law provides that "[a]ny proposed water or wastewater rate or rate component, fee or service charge adjustment or increase shall be just and reasonable" (A.R.S. §9-511.01(D)), and further that "rates and charges demanded or received by municipalities for water and wastewater service shall be just and reasonable. Every unjust or unreasonable rate or charge demanded or received by a municipality is prohibited and unlawful" (A.R.S. §9-511.01(E)).

A.R.S. §9-511.01(A) also prescribes the procedure by which an increase may be adopted, and the Town must follow each step. The governing body must adopt a notice of intention by motion at a regular council meeting, setting the hearing not less than sixty days thereafter, and must publish notice of the hearing at least twenty days in advance. At least thirty days before the hearing the Town must prepare a written report or supporting data for the proposed increase, including cash flow projections indicating all anticipated revenues from residential and nonresidential customers and the overall expenses of providing water service, and must make it available both by filing a copy in the office of the Town Clerk and by posting the report and the cash flow projections on the Town's website. Following the hearing the governing body may adopt the proposed increase, or any lesser increase, by ordinance or resolution, and under subsection (C) the increase becomes effective thirty days after that adoption. This Study, together with the cash flow projection at Appendix A, is intended to serve as the written report supporting the proposed Water Capacity Fee.

The Town adopted its Notice of Intention by motion at the regular meeting of the Town Council on September 16, 2026, which is 63 days before the Public Hearing set for November 18, 2026, and satisfies the 60-day requirement. This Study and its supporting data will be filed with the Town Clerk and posted on the Town's website on October 19, 2026, which is 30 days before that hearing.

Subsection (A)(1) requires that the report or supporting data include cash flow projections indicating all anticipated revenues from residential and nonresidential customers and the overall expenses for providing water or wastewater service. The revenue element is provided: Appendix A projects the Water Capacity Fee Fund year by year and states the residential and non-residential split of that revenue, specifically $79,616,365 and $15,509,446 respectively over the 10-year period. That projection carries eleven fiscal year columns, of which the first is the year before the fee period opens and carries no capacity fee revenue, so the totals stated in this Study are 10-year totals. On the expense element, DTA reads the requirement as directed to the cost of the service being charged for. A capacity fee recovers the cost of the infrastructure required to provide capacity, which is the information prepared and included in Appendix A; the operating expenses of the water enterprise are recovered through rates and are neither recovered by this fee nor used to measure it.

Two provisions bear on the fee beyond A.R.S. §9-511.01: A.R.S. §9-499.15, which sets notice requirements for a new or increased fee assessed on a business, and A.R.S. §9-511.01(F), which governs the treatment of acquisition cost.

The infrastructure included in capacity fees comprises large, system-level components and does not include onsite or site-specific improvements. Water system capacity for the purposes of this Study includes the facilities used to produce, transport, treat and distribute water, together with any appurtenances to those facilities. It does not include the cost of acquiring the water supply itself.

The additional capacity required for new growth can be achieved by "buying into" existing capacity, if there is any remaining, or the completion of utility projects to provide additional capacity. As documented in this Study, the proposed Water Capacity Fees are just and reasonable and represent new development's proportionate share of costs for growth-related water projects from which it will receive a direct benefit.

The Town is the water service provider for the entire Water Service Area, which extends beyond the Town's municipal boundaries. The facilities identified in this Study serve the whole of that service area, and demand from development outside those boundaries is included in the demand projections on the same basis as development within them. The Water Capacity Fee calculated in this Study is therefore a single fee applied uniformly to all connections in the Water Service Area, whether in-town or out-of-town. Approximately one third of the ERUs projected over the 10-year period lie outside those boundaries.

Projected water flows assume 846.43 gallons of maximum day demand per ERU. This

figure is derived from the Master Plan: 153.2 gallons per capita per day of average day demand (Section 4.4.2.9), multiplied by 3.25 persons per household (per the U.S. Census), multiplied by a maximum day to average day peaking factor of 1.70 (Section 2.3.2). The current capacity fees are calculated on a single-family equivalent (a ¾-inch meter), with fees for larger meters calculated as the product of the capacity cost for a ¾-inch meter and the respective AWWA meter capacity ratio. The proposed fees maintain that structure at 1 inch and larger for non-residential connections, with the ratios at 3 inches and above taken from the meters the Town now installs rather than from the AWWA compound schedule. Single-family residential units with a 1-inch meter or smaller are assessed per dwelling unit, and multi-family units at 0.25 ERUs per dwelling unit. Meters of 2 inches or larger are subject to an additional flow calculation, described in Section IV.

A Methodologies Utilized in this Study

There are a number of apportionment methodologies, each of which allows for variations in the types of criteria and metrics utilized to best reflect the benefits provided by specific types of capital facilities and best measure the demand created by new development for each component of the capacity fees. The methodologies are described below:

A.1 Service Standards-Based Methodology

The first method of assessing capacity fees is based on "service standards," where costs are based on units of demand. This method establishes a generic unit cost for capacity, which is then applied to development per unit of demand. Once the standard has been established, it is multiplied by a typical cost for providing that standard to develop a fee level. The standard may be measured from the system a community has already built: the value of that system in service, divided by the units of demand it presently serves, is the investment standing behind each connection, and new development is asked to contribute on the same basis. This method has several advantages, in that a fee can be calculated and implemented without knowing the cost or size of a specific future facility that will actually be acquired and/or constructed to serve future development.

A.2 Buy-In Methodology

The second methodology is used when a municipality asks future development to buy into facilities it has already built, particularly where those facilities were oversized at some point in the past. Under these circumstances the municipality or prior developers may have paid directly for the oversizing, and would be reimbursed for the share of the oversized facilities used by future development. In other cases a municipality may have issued debt and be making debt service payments, and fees from future development may be applied toward their fair share of that debt. A buy-in is a purchase of an interest in existing capacity. It therefore requires that uncommitted capacity exist to be purchased, and that the amount recovered be reduced by any principal still outstanding on the assets being sold.

The distinction between the first two methods matters, because both are measured from the existing system and the calculations can look similar. Neither is applied in this Study. The Town's water system has no uncommitted capacity to sell, so the capacity new development requires must be constructed, and the cost of constructing it is what this Study recovers. A buy-in sells a share of capacity that already exists, is measured across the capacity the system was designed to serve, and is a reimbursement of prior investment. A service standard prices the standard of service the system delivers, is measured across the connections it actually serves, and is funded forward: the revenue pays for the capacity that extends the standard to new development.

A.3 Plan-Based Methodology (Incremental)

The third method of assessing capacity fees is based on a "Plan," such as a CIP or master plan of facilities, which identifies a finite set of facilities. Within many such plans, facilities costs are known or can be estimated, and these costs can be assigned to all land use categories planned for the future. Plan-based fees typically take the form of a per-unit assessment, in terms of per dwelling unit or per square foot of commercial/office/industrial floorspace. Facilities costs are allocated in proportion to the level of demand generated by each type of land use for specific facilities. This method can only be utilized when an up-to-date facilities plan has already been prepared, but it is particularly useful when it is difficult to assign a service standard that applies uniformly to each land use type.

A.4 Combined Methodology

The fourth approach utilizes a combination of the buy-in and plan-based methodologies mentioned previously. This might occur when the overall system has excess capacity in some events, but insufficient capacity in other elements. This methodology is usually suited for communities that have substantially built out their systems but are in the process of building additional capacity. The combined method recognizes that new users benefit from both existing infrastructure and planned improvements and therefore the new fee is calculated to reflect this.

For purposes of this Study, DTA has developed the Water Capacity Fee under the Plan-Based Methodology, the third of the four approaches described above. The fee recovers new development's proportionate share of the cost of the growth-related facilities identified in the Town's CIP, allocated to the growth occurring within the 10-year period. That methodology is appropriate where additional capacity must be constructed to serve growth, which is the case for the Town's water system.

IV SUMMARY OF WATER CAPACITY FEES

A Fee Calculation – Plan-Based Methodology

A.1 Projected Capital Needs

The Town's CIP for the water system totals $186,242,733 in uninflated project costs across 46 projects, as identified in Appendix A. An exhibit illustrating the location of these planned facilities can be found in Appendix B.

The Town's water facilities make up a single Town-wide system and include components related to production, transmission, and storage that are part of one network built in phases. During any given fee update, due to the timing and phasing of each project relative to where growth is occurring, only a portion of the planned projects may be included in the growth-related capital costs financed by capacity fees; but over the full lifespan of building out the system, the entire network will be constructed and residents in every area of the Town will benefit.

A.2 Cost Summary

Table 3 below summarizes the demand factors taken from the Master Plan, the allocation of growth-related capital to the 10-year fee period, and the resulting cost per ERU. The allocation compares the increase in maximum day demand over the 10-year period with the total increase in maximum day demand from the 2020 base year through system build-out, so that new development in the fee period pays only for the share of capacity it consumes. The build-out increase of 39.0 million gallons per day is taken from Table 4.12 of the Comprehensive Utility Master Plan.

The allocation is measured from a 2020 base year because that is the base year of the Master Plan. The facilities the Master Plan identifies, and the share of the cost it attributes to growth, are both measured from 2020, so the 45.0% allocation this Study applies to the 10-year period can only be taken from the Master Plan on that same base year. Because 2020 precedes the fee period, $33,949,838 of growth-related capital has been expended since 2020 on facilities now in service, and $15,367,799 of that amount is allocated to the fee period on the same basis as the forward program and is included in the cost basis.

Table 3: Water Capacity Fee Calculation[1,2,3]

Description	Units	Cost/Fee
Total CIP	-	$186,242,733
Growth-Related Share of the CIP	89.5%	$166,673,508
10-Year Demand Growth, Maximum Day (mgd) (a)	17.54	-
Demand Growth to Build-Out, Maximum Day (mgd) (b)	39.0	-
Allocation to 10-Year Growth (c = a / b)	45.0%	-
Capital Allocated to 10-Year Growth	-	$76,049,833
Add: Program Administration	-	$3,720,531
Add: Financing Cost, 10-Year Growth Share	-	$31,468,095
Less: Cash Balance[2]	-	($16,112,647)
Net Growth-Related Cost (d)	-	**$95,125,811**
Gallons per Capita per Day	153.2	-
Persons per Household	3.25	-
Maximum Day to Average Day Peaking Factor	1.70	-
Maximum Day Demand per ERU (gallons)	846.43	-
Equivalent Residential Units, 10-Year Growth (e)	20,719	-
Calculated Water Capacity Fee per ERU (f = d / e)	**-**	**$4,591**

Notes:

1. The values in the table have been rounded to the nearest $1.00.
2. Cash balance is the cash balance of the Water Capacity Fee Fund as of June 30, 2026, supplied by the Town's Finance Department. It is the actual close of FY 2025-26, the year before the 10-year fee period opens, and is therefore the starting balance of the projection in Appendix A.
3. Capital allocated to 10-year growth is built project by project. The 45.0% allocation is applied to each project's growth-related cost, with one exception: the fleet and utilities support project of $1,999,999 is allocated in full to the fee period, because the equipment is acquired and consumed within the period rather than serving demand through build-out. The allocation therefore exceeds 45.0% of the growth-related program by $1,100,647.

The Town's current fee per ERU is $2,382. The new calculated fee of $4,591 per ERU represents an increase of $2,209, or 93% over the current fee. Of the calculated fee, $3,072 is attributable to capital and program administration and $1,519 to the financing cost described in the following subsection.

A.3 Financing Component

Capacity fee revenue is not received at the same time the facilities are built. The capital program is concentrated in the early years of the 10-year period, while fees are collected as connections occur across the full period. The Town will therefore need to issue debt to construct facilities on schedule, and the interest on that debt is a cost of serving new development in the same way the construction cost is.

DTA has modeled the capacity fee fund on the same basis the Town uses in its own fund balance projection dated June 25, 2026, adopting the Town's construction schedule and its existing obligations. The projection is a statement of the cash the Town will actually move through the Water Capacity Fee Fund, and it therefore carries every growth-related dollar of the capital program the Town will expend within the 10-year period, $132,723,670, together with debt service on the 2025 Utility Interim Loan and the 2022 WIFA loan, the capacity fee payback obligation, and program management expenses. It is not limited to the share of that cost the fee recovers. Debt is sized to the funding gap, wherein each year the Town issues the amount required to hold the fund at a minimum closing balance of zero, rounded up to the nearest $25,000, and capped at the unissued balance of the financed program. At the Town's direction the financed program is the capital scheduled in the first five years, for which the Town holds a construction schedule; facilities scheduled beyond the fifth year are not financed. On this basis the Town issues $69,050,000 of debt at an assumed rate of 5% over a 30-year term. Table 4 summarizes the derivation of the financing component of the fee, and Table 5 the fund's projected sources and uses over the period.

The fund carries $132,723,670 of growth-related capital expended within the 10-year period. Of that amount, $60,682,034 is the share attributable to the growth occurring in that period, which together with capital already expended is the amount recovered in Table 3. The remainder is capacity constructed ahead of demand for growth beyond the 10-year period and is not recovered from the fee calculated in this Study.

Notably, principal is not recovered twice. The capital allocated to 10-year growth in Table 3 already includes the facilities the debt funds, so only interest is added, and only the share of it attributable to 10-year growth.

Interest is allocated on the same basis as the principal. As clarification, the allocation of project costs to growth, at 45.0%, differs slightly from the allocation of interest to growth, at 45.7%. The reason for this variance is that individual projects carry their own growth percentages and their own construction timeline, so the dollar-weighted share is not the system-wide demand share. The 45.0% referenced in Table 3 is a demand ratio, specifically 17.54 million gallons per day of 10-year growth against 39.0 million gallons per day from the 2020 base year to build-out, and it apportions facility costs to the fee period. The 45.7% is a ratio of capital dollars, specifically $60,682,034 allocated to 10-year growth against $132,723,670 of growth-related capital the fund carries.[3]

[3] The $76,049,833 of capital allocated to 10-year growth in Table 3 includes $15,367,799 already expended, funded through cash and capacity fees already collected, and that expenditure is excluded from both sides of the ratio.

Table 4: Financing Component

Description	Units	Amount
Growth-Related Capital Carried by the Fund	-	$132,723,670
Allocated to 10-Year Growth	-	$60,682,034
Add: Growth-Related Cost Already Expended	-	$15,367,799
Capital Allocated to 10-Year Growth	-	$76,049,833
Capacity for Growth Beyond the 10-Year Period	-	$72,041,636
Total Principal Issued	-	$69,050,000
Assumed Interest Rate	5.00%	-
Assumed Term (Years)	30	-
Annual Level Debt Service on the Issues	-	$4,491,802
Total Debt Service Over the Term	-	$134,754,048
Less: Principal, Recovered in the Capital Cost	-	($69,050,000)
Total Interest Over the Term	**-**	**$65,704,048**
Share Attributable to 10-Year Growth	45.7%	-
Interest Recovered Through the Fee	-	$30,040,273
Add: Interest on Negative Fund Balances[4]	-	$1,427,822
Financing Cost, 10-Year Growth Share	**-**	**$31,468,095**
Equivalent Residential Units, 10-Year Growth	20,719	-
Financing Component per ERU	**-**	**$1,519**

Note: Total Principal Issued is not derived from the capital amounts above it. It is the sum of the annual issues required for the Town to meet its construction timeline, as described above and set out year by year in Appendix A.

[4] No borrowing is assumed against the facilities scheduled in years six to ten of the program, because no construction schedule has been set for them. Under that assumption the Water Capacity Fee Fund meets their cost from fee revenue as it is spent, and runs a negative balance in the later years of the period. Interest accrues on that balance at the 5% borrowing rate assumed in this Study.

Table 5: Capacity Fee Fund: Projected Sources and Uses[5]

Capacity Fee Fund (Fund 222)	10-Year Total
Beginning Fund Balance, July 1, 2026	**$16,112,647**
Revenues and Sources	
Water Capacity Fee Revenue	$95,129,794[6]
Bond Proceeds	$69,050,000
2022 WIFA Loan Proceeds	$7,108,524
Interest Income	$548,692
Total Revenues and Sources	**$171,837,010**
Expenditures and Uses	
Water Projects, Growth-Related	$132,723,670
Water Capacity Fee Payback	$20,201,717
2025 Utility Interim Loan: Debt Service	$10,119,146
2022 WIFA Loan: Debt Service	$3,574,873
Debt Service on New Bonds	$34,483,766
Program Management Expenses	$3,720,531
Interest on Negative Fund Balances	$1,427,822
Total Expenditures and Uses	**$206,251,525**

The 10-year totals shown in Table 5 above are derived from the year-by-year cash flow projection required by A.R.S. §9-511.01(A)(1), included as Appendix A. The Water Capacity Fee Payback of $20,201,717 in FY 2026-27 is carried from the Town's project-level detail. It is not part of the fee's capital cost basis, but because it is a claim on the fund it increases the amount the Town must borrow and therefore the financing component.[7]

The debt sized in this Study is capped at the unissued balance of the five-year financed program. No borrowing is assumed against the facilities scheduled in years six to ten, so from FY 2031-32 the fund meets their cost from fee revenue as it is spent, and that cost, together with debt service on the issues already made, exceeds the revenue

[5] The projection closes FY 2035-36 at a negative $18,301,868. At the Town's direction the financed program is the capital scheduled in the first five years, for which the Town holds a construction schedule. No schedule has been set for the facilities beyond that point, so no borrowing is assumed against them — but they serve growth beyond the 10-year period as well as within it, and the fund meets their cost as it is spent. When a construction schedule is set for those facilities, the Town intends to update this Study and bring their financing into the fee at that time.

[6] This figure exceeds the cost basis in Table 3 by $3,983. The fee, the revenue it collects and the borrowing that revenue supports are solved together to a tolerance of one dollar per equivalent residential unit, and the $3,983 is what remains at that tolerance, or 19 cents per unit. The cost basis carried into the fee is the amount in Table 3.

[7] The Water Capacity Fee Payback comprises prior-year capital paid by the Water Revenue Fund — wells, third-party funded and ASLD costs, transmission and transfer mains, tanks, boosters and sites, and fleet and utilities support — which the Water Capacity Fee Fund repays. It is a claim on the fund and is not part of the capital cost basis in Table 3.

collected in the year. The closing position described in the note to Table 5 is not a shortfall in the fee. The fee recovers the cost allocated to the growth occurring within the 10-year period; the fund in addition carries $72,041,636 of capacity constructed ahead of demand for growth beyond that period, which is recovered from the capacity fees that growth pays as it connects after FY 2035-36, together with obligations the fee is not calculated to recover. The Town may address the position by phasing the facilities that serve post-2036 growth, by funding them from another source, or by carrying the balance against the fees later growth will pay. None of those courses changes the fee calculated in this Study.

The debt is sized to the minimum that keeps the Water Capacity Fee Fund from closing a year in deficit within the five-year financed program, and no working reserve is assumed.

On that basis the required issue is $69,050,000, and debt service on that principal is paid from capacity fee revenue and only partially recovered through the fee calculated in this Study. This Study assumes that the same debt service is not also recovered through water rates; no offsetting revenue credit has been applied.

Finally, interest is recovered at its nominal amount over the full term of the debt, at the Town's direction, and on that basis, the financing component is $1,519 per ERU.

A.4 Cost Escalation

The CIP is stated in current, uninflated dollars. No escalation has been applied to the spending schedule, and the fee calculated in this Study recovers the program at that cost level.

A.5 Calculated Water Capacity Fees

A capacity ratio is used to convert the single-family residential equivalent fee for a ¾-inch meter into a proportionate fee for larger meter sizes. The ratio is the maximum flow of the meter the Town installs at that size, divided by the 30 gpm of a ¾-inch meter, and is applied on that basis at every size. A ratio is published for every meter size the Town sets, so no size falls outside the schedule. Connections at 2 inches and larger are additionally subject to the assessment described below.

The Town's water rate study states equivalency factors for the same meters. The two schedules use the same method and align at every meter size through 2 inches. They are applied to different charges: a rate study scales recurring charges for service, trued up periodically, while this Study scales a one-time charge recovering the cost of capacity. Where the two differ, the figures in this Study govern the Water Capacity Fee.

For example, a ¾-inch meter has a calculated fee of $4,591. A 1-inch meter has a maximum flow of 50 gpm against the 30 gpm of a ¾-inch meter, so its capacity ratio is 1.67 and its capacity fee is correspondingly 1.67 times greater. Ratios through 2 inches are those of the displacement meters in service at those sizes and are the same ratios

published by the AWWA in Manual M1. At 3 inches and above, the ratios are those of the ultrasonic meters the Town installs at those sizes, each taken as that meter's maximum flow divided by the 30 gallons per minute of a ¾-inch meter, on the meter equivalency schedule, per the Town's direction. That schedule states 500, 1,250, 2,500, 4,000, 6,500 and 8,000 gpm at 3, 4, 6, 8, 10 and 12-inch meters, respectively. The 3-inch ratio is accordingly 16.67 and the 4-inch is 41.67, compared to 10.00 and 16.67 on the AWWA compound schedule.

Multi-family residential units are assessed at 0.25 ERUs per dwelling unit, a factor provided by the Town. The factor is drawn from the Town's analysis of actual metered use at multi-family accounts. The demand build-up underlying this Study weights a multi-family unit at 0.62 ERUs.[8]

The ¾-inch versus 1-inch capacity fee differential is maintained for non-residential connections. For meters that are 2 inches or larger, the Town proposes that the fee be the greater of the meter capacity ratio for that size or a project-specific calculation of measured or projected flow converted to a single-family equivalent. The two measure different quantities, not one quantity twice. The meter capacity ratio measures the capacity a connection can draw at any moment, which the Town must build and hold available whether or not it is used. The project-specific calculation measures the volume actually consumed. Charging the greater of the two charges each connection for the greater burden it imposes on the system, which is what the fee must be proportionate to. The Town's analysis of its own accounts supports this approach. Of the 716 two-inch accounts in the Town's billing records, 325 use more water than the capacity ratio for their meter size would suggest. This is the basis on which the Town assesses its Wastewater Capacity Fee.

Single-family residential units with a 1-inch meter or smaller, and all multi-family units, are assessed per dwelling unit rather than by meter size. As shown in Table 6, the calculated water fee is $4,591 per ERU, or the net growth-related cost of $95,125,811 divided by the 20,719 incremental ERUs of demand projected over the 10-year period.

[8] The demand build-up weights a multi-family dwelling unit at 0.62 ERUs, applying 306 gallons per day against 497 for a single-family unit. The 306 is derived from Master Plan Table 4.7 and the 497 from the Table 2.9 calibration. The Town directs that multi-family development be assessed at 0.25 ERUs per dwelling unit. The service units projected in this Study are built on the Master Plan weighting: of the 20,719 equivalent residential units of 10-year growth, 2,685 are the 4,363 multi-family units at the Master Plan factor, against the 1,091 those units are assessed at 0.25. The projected revenue in this Study is struck at the calculated fee on the projected service units, so on the Town's directed factor the Town would collect approximately $7,318,000 less over the 10-year period than the projection shows. No connection is assessed more than the demand attributed to it.

Table 6: Water Capacity Fee by Meter Size – Residential[1,2,3]

Meter Size	ERUs per Meter Size	Proposed Fee	Current Fee	Difference ($)	Difference (%)
Single-Family – per Dwelling Unit	1.00	$4,591	$2,382	$2,209	93%
Multi-Family – per Dwelling Unit	0.25	$1,148	-	-	-

Notes:

1. Figures may not sum due to rounding. Capacity ratios are rounded to two decimal places.
2. Residential units are currently charged based on meter size. The proposed fee would assess a per unit fee to residential development, with multi-family dwelling units assessed a pro-rated fee that is 25% of the single-family fee.
3. Single-family units with a meter larger than 1 inch will be assessed based on the non-residential rates in Table 7.

Table 7: Water Capacity Fee by Meter Size – Non-Residential[1,2,3]

Meter Size	ERUs per Meter Size	Proposed Fee	Current Fee	Difference ($)	Difference (%)
1-Inch	1.67	$7,652	$3,978	$3,674	92%
1 ½-Inch	3.33	$15,304	$7,933	$7,371	93%
2-Inch	5.33	$24,486	$12,697	$11,789	93%
3-Inch	16.67	$76,520	$23,822	$52,698	221%
4-Inch	41.67	$191,299	$39,711	$151,588	382%
6-Inch	83.33	$382,598	-	-	-
8-Inch	133.33	$612,157	-	-	-
10-Inch	216.67	$994,756	-	-	-
12-Inch	266.67	$1,224,315	-	-	-

Notes:

1. Figures may not sum due to rounding. Capacity ratios are rounded to two decimal places.
2. Meter sizes and associated fees under the current fee schedule are those adopted in 2019. Proposed fees at 2 inches and larger are subject to the assessment described in Section IV.
3. The Town's current fee schedule, adopted in 2019, stops at 4 inches. No current fee or increase is therefore shown at 6 inches and above.

A.6 Projected Revenues

Table 8 provides a summary of projected Water Capacity Fee revenue, assuming the new fees are effective FY 2026-27. Projected connections are taken from the Elliott D. Pollack & Company residential and non-residential forecasts prepared for the Town in August 2026, converted to ERUs on the demand factors shown in Table 3. The CIP and the fund projection are in Appendix A.

Table 8: Projected Revenue

Fiscal Year	ERUs Added	Revenue
2026-27	2,234	$10,256,103
2027-28	2,006	$9,207,832
2028-29	1,345	$6,174,712
2029-30	1,590	$7,299,681
2030-31	2,502	$11,486,143
2031-32	2,616	$12,009,954
2032-33	2,243	$10,298,010
2033-34	2,222	$10,200,024
2034-35	2,021	$9,277,879
2035-36	1,942	$8,915,472
Total	**20,719**	**$95,125,811**

Note: Annual revenue is the equivalent residential units added in the year at the calculated fee. Unit counts are shown rounded to the nearest whole unit and may not sum to the total. The projection is struck at the calculated fee on the service units in Table 3; the multi-family factor the Town directs produces less than this projection, as set out in Section IV.

Projected revenue over the 10-year period equals the net growth-related cost identified in Table 3; the fee is that cost divided by the ERUs to be served.

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APPENDIX A

Town of Queen Creek
Water Capacity Fee Study

FEE DERIVATION WORKSHEETS

The fee derivation worksheets are provided as an attachment to this Study. The attachment comprises seven worksheets: the fee derivation and the proposed fee schedule by meter size; the land use and demand build-up, including the residential and non-residential split of the projected revenue; the growth projected by year; the CIP and the project list; and the year-by-year projection of the Water Capacity Fee Fund required by A.R.S. §9-511.01(A)(1), which carries the derivation of the financing component.

Water Capacity Fee — Fee Derivation

	Plan-Based Methodology
Method	
What the fee recovers	Cost of expansion attributable to 10-year growth
Cost basis	Future facilities CIP
Cost basis	
Gross basis	$186,242,733
Growth-related share	$166,673,508
Allocation to ten-year growth	45.0%
Capital and program administration allocated	$79,770,364
Add: financing cost	$31,468,095
Less: capacity fee fund balance applied	-$16,112,647
Cost basis carried into the fee	**$95,125,811**
Ten-year fee revenue at the calculated fee	$95,125,811
Service units	
Demand condition	maximum day
Peaking factor applied	1.70
Gallons per day per ERU	846.43
Ten-year demand growth, average day (mgd)	10.32
Ten-year demand growth, basis in use (mgd)	17.54
Growth from base year to build-out, basis in use (mgd)	39.00
Allocation ratio	45.0%
Numerator for the ERU count (gallons per day)	17,537,390
Service units (ERUs)	**20,719**
Fee per equivalent residential unit	
FEE PER ERU	**$4,591**
of which: capital and administration	$3,072
of which: financing	$1,519
Current adopted fee	$2,382
Increase over the current fee	**93%**

Proposed Water Capacity Fee Schedule

Fee by meter size		
Meter size	**Capacity ratio**	**Calculated fee per connection**
3/4-inch — single family (1 ERU)	1.0000	**$4,591.18**
3/4-inch — multifamily, per unit	0.2500	$1,147.80
1-inch	1.6667	$7,652.12
1 1/2-inch	3.3333	$15,303.79
2-inch	5.3333	$24,486.15
3-inch	16.6667	$76,519.85
4-inch	41.6667	$191,299.39
6-inch	83.3333	$382,598.31
8-inch	133.3333	$612,157.39
10-inch	216.6667	$994,756.16
12-inch	266.6667	$1,224,315.24

For reference	
Current adopted fee, 3/4-inch	**$2,382.00**
Increase over the current fee	**93%**
Equivalent residential units over the ten years	**20,719.24**

The fee shown for a 3/4-inch meter is the calculated water capacity fee for one equivalent residential unit, or one single-family dwelling. Every other meter size is that fee multiplied by the capacity ratio shown. Each ratio is the maximum flow of the meter the Town installs at that size divided by the 30 gallons per minute of a three-quarter-inch meter, on the meter equivalency schedule, per the Town's direction. Ratios through 2 inches are the same as those published by AWWA in Manual M1.

Multifamily dwellings are assessed per unit at the ratio shown rather than by meter size. Single-family dwellings served by a meter larger than one inch are assessed at the non-residential rate for that meter size.

Ten-Year Demand Growth — Land Use Build-Up

Demand factors calibrated to Master Plan Table 2.9 (2026)				
Land use	**2026 demand (mgd)**	**2026 quantity**	**Demand factor**	**Unit**
Single family	21.95	44,153	497.13	gpd / DU
Multifamily	0.47	4,030	306.38	gpd / unit
Retail and office	1.27	5,793,276	219.22	gpd / 1,000 sf
Industrial	0.05	1,164,000	42.96	gpd / 1,000 sf
Institutional and other	2.09			
Total 2026 demand	**25.83**			

Growth quantities, 2027 to 2036				
		In-town	**Out-of-town**	**Total**
Single-family dwelling units		8,978	5,701	14,679
Multifamily units		3,741	622	4,363
Retail square feet		2,079,600	300,000	2,379,600
Office and other square feet		652,100	200,000	852,100
Industrial square feet		2,089,400	100,000	2,189,400
Population added		42,828	21,182	64,010

2036 water demand build-up				
Land use	**2026 demand (mgd)**	**Growth quantity**	**Demand factor**	**Demand added (mgd)**
Single family	21.95	14,679	497.13	7.30
Multifamily	0.47	4,363	306.38	1.34
Retail	1.27	2,379,600	219.22	0.52
Office and other	(incl. above)	852,100	219.22	0.19
Industrial	0.05	2,189,400	42.96	0.09
Institutional and other	2.09			0.88
Total incremental demand, 2026 to 2036				**10.32**
2036 total water demand				36.12

Allocation of facility cost to ten-year growth	
Ten-year demand growth, basis in use (mgd)	17.54
Growth from base year to buildout, basis in use (mgd)	39.00
Allocation to ten-year growth	**45.0%**

How the ten-year growth converts to equivalent residential units					
Land use	**Growth quantity**	**Demand factor**	**Average-day demand added (mgd)**	**ERUs**	**% of total**
Single family	14,679	497.13	7.30	14,656	71%
Multifamily	4,363	306.38	1.34	2,685	13%
Retail	2,379,600	219.22	0.52	1,048	5%
Office and other	852,100	219.22	0.19	375	2%
Industrial	2,189,400	42.96	0.09	189	1%
Institutional and other			0.88	1,766	9%
TOTAL — ten-year growth			**10.32**	**20,719**	**100%**

Grouped		
Residential	17,341	84%
Non-residential (retail, office, industrial)	1,612	8%
Institutional and other	1,766	9%
Total	**20,719**	**100%**

Cross-check against the physical unit count	
Single-family dwelling units added	14,679
Single-family ERUs from the demand build-up	14,656
Implied ERUs per single-family unit	**0.998**

The same ERUs, split in-town and out-of-town					
Land use		**In-town ERUs**	**Out-of-town ERUs**	**Total ERUs**	**% out-of-town**
Single family		8,964	5,692	14,656	38.8%
Multifamily		2,302	383	2,685	14.3%
Retail		916	132	1,048	12.6%
Office and other		287	88	375	23.5%
Industrial		180	9	189	4.6%
Institutional and other		1,182	585	1,766	33.1%
TOTAL — ten-year growth		**13,831**	**6,888**	**20,719**	**33.2%**

Ten-year fee revenue at the calculated fee	
Residential	$79,616,365
Non-residential, including institutional and other	$15,509,446
Total — ten-year fee revenue	**$95,125,811**

Growth by Year — Land Use Projections, 2027 to 2036

Growth quantities — in-town and out-of-town combined

Land use	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
Single-family dwelling units	1,511	1,090	968	1,080	1,975	1,958	1,681	1,577	1,503	1,336	**14,679**
Multifamily units	538	894	301	460	295	450	288	436	279	422	**4,363**
Retail square feet	284,500	264,500	119,700	136,100	156,700	286,900	313,200	289,100	271,100	257,800	**2,379,600**
Office and other square feet	67,900	72,100	59,800	64,600	70,300	91,400	100,800	104,100	108,100	113,000	**852,100**
Industrial square feet	123,000	112,000	89,100	123,400	1,290,900	92,800	94,700	96,700	98,700	68,100	**2,189,400**
Population added	8,276	7,583	3,858	4,694	4,964	7,589	7,136	7,151	6,268	6,491	**64,010**

Equivalent residential units generated each year

Land use	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
Single family	1,508.7	1,088.3	966.5	1,078.3	1,972.0	1,955.0	1,678.4	1,574.6	1,500.7	1,333.9	**14,656**
Multifamily	331.0	550.1	185.2	283.1	181.5	276.9	177.2	268.3	171.7	259.7	**2,685**
Retail	125.3	116.5	52.7	59.9	69.0	126.3	137.9	127.3	119.4	113.5	**1,048**
Office and other	29.9	31.7	26.3	28.4	31.0	40.2	44.4	45.8	47.6	49.8	**375**
Industrial	10.6	9.7	7.7	10.6	111.4	8.0	8.2	8.3	8.5	5.9	**189**
Institutional and other	228.4	209.2	106.5	129.5	137.0	209.4	196.9	197.3	173.0	179.1	**1,766**
TOTAL ERUs added in the year	**2,233.9**	**2,005.5**	**1,344.9**	**1,589.9**	**2,501.8**	**2,615.9**	**2,243.0**	**2,221.7**	**2,020.8**	**1,941.9**	**20,719**
Cumulative ERUs	**2,234**	**4,239**	**5,584**	**7,174**	**9,676**	**12,292**	**14,535**	**16,757**	**18,777**	**20,719**	
Share of the ten-year total	10.8%	9.7%	6.5%	7.7%	12.1%	12.6%	10.8%	10.7%	9.8%	9.4%	

In-town ERUs generated each year

Land use	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
Single family	604.1	267.6	367.4	492.2	1,270.0	1,428.8	1,290.0	1,186.2	1,112.3	945.5	**8,964**
Multifamily	331.0	550.1	185.2	183.4	181.5	179.1	177.2	174.1	171.7	168.6	**2,302**
Retail	112.1	103.2	39.5	46.7	55.8	113.1	124.7	114.1	106.2	100.3	**916**
Office and other	21.1	22.9	17.5	19.6	22.1	31.4	35.6	37.0	38.8	40.9	**287**
Industrial	9.7	8.8	6.8	9.8	110.5	7.1	7.3	7.5	7.7	5.0	**180**
Institutional and other	144.6	133.3	51.0	60.3	72.0	146.0	160.9	147.2	137.0	129.5	**1,182**
TOTAL — in-town	**1,222.6**	**1,085.9**	**667.5**	**812.0**	**1,712.0**	**1,905.6**	**1,795.7**	**1,666.1**	**1,573.6**	**1,389.9**	**13,831**

Out-of-town ERUs generated each year

Land use	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
Single family	904.6	820.7	599.1	586.1	701.9	526.2	388.4	388.4	388.4	388.4	**5,692**
Multifamily	0.0	0.0	0.0	99.7	0.0	97.8	0.0	94.1	0.0	91.1	**383**
Retail	13.2	13.2	13.2	13.2	13.2	13.2	13.2	13.2	13.2	13.2	**132**
Office and other	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8	**88**
Industrial	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	**9**
Institutional and other	83.7	76.0	55.5	69.2	65.0	63.4	36.0	50.1	36.0	49.6	**585**
TOTAL — out-of-town	**1,011.2**	**919.6**	**677.4**	**777.9**	**789.8**	**710.3**	**447.3**	**555.5**	**447.2**	**552.0**	**6,888**

Combined, and the out-of-town share

	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
Total ERUs added in the year	**2,233.9**	**2,005.5**	**1,344.9**	**1,589.9**	**2,501.8**	**2,615.9**	**2,243.0**	**2,221.7**	**2,020.8**	**1,941.9**	**20,719**
Out-of-town share of the year	45.3%	45.9%	50.4%	48.9%	31.6%	27.2%	19.9%	25.0%	22.1%	28.4%	**33.2%**

Water Capacity Fee — Capital Improvement Program

Project	Proj #	Category	Total cost	Growth-related share of cost	Growth-related cost	Ten-year takedown	Allocated to ten-year growth
Sossaman Site, Tank & Booster	WA028	Construction & Storage	$17,250,000	80%	$13,800,000	45%	$6,205,538
Hashknife: Schnepf to Granada Ln	T20	Construction & Storage	$13,062,500	100%	$13,062,500	45%	$5,873,901
ASLD Infrastructure Improvements (State Lands)	AR100	Third-Party Funded	$19,553,248	50%	$9,776,624	45%	$4,396,320
Pima Well Redrill, Tank & Booster	WA221	Construction & Storage	$9,000,000	100%	$9,000,000	45%	$4,047,090
Hash Knife Draw: Kenworthy to Ironwood	C29	Construction & Storage	$7,718,750	100%	$7,718,750	45%	$3,470,942
Box Canyon Phase 2 - 4 Upper Tank (also WA122)	WA018	Construction & Storage	$7,600,000	100%	$7,600,000	45%	$3,417,543
Germann Rd: Schnepf to WTP	C40	Construction & Storage	$6,555,000	100%	$6,555,000	45%	$2,947,630
Sossaman Rd: Via Del Jardine to Empire Transmission Ph2	WA065B	Construction & Storage	$7,435,710	80%	$5,948,568	45%	$2,674,932
Harvest Tank, Boosters, & Site Phase 3	WA209	Construction & Storage	$5,408,403	100%	$5,408,403	45%	$2,432,033
Diversified Well 4 (Well 0)	WA029	Construction & Storage	$5,383,750	100%	$5,383,750	45%	$2,420,947
Box Canyon Ph 1 16" WL Lime Drive: Riggs to Hunt Hwy	WA308	Construction & Storage	$5,241,400	100%	$5,241,400	45%	$2,356,935
Sierra Vista: Combs to Rolling Ridge (Transfer)	WA298	Construction & Storage	$4,838,750	100%	$4,838,750	45%	$2,175,873
Rolling Ridge Rd: Schnepf to Sierra Vista (Transfer)	WA024	Construction & Storage	$4,593,995	100%	$4,593,995	45%	$2,065,812
FOF Fleet Expansion - Water Utilities Portion	MF026	Construction & Storage	$2,000,000	100%	$2,000,000	100%	$2,000,000
Combs Rd: Sierra Vista to Schnepf (Transfer)	C106	Construction & Storage	$4,438,750	100%	$4,438,750	45%	$1,996,002
Kenworthy Pit 1MG Tank and Booster	WA032	Construction & Storage	$4,000,000	100%	$4,000,000	45%	$1,798,707
Sierra Vista Well	WA212	Construction & Storage	$4,000,000	100%	$4,000,000	45%	$1,798,707
Hunt Highway: Lime Dr to Booster Pump Station	WA224	Construction & Storage	$3,622,080	100%	$3,622,080	45%	$1,628,765
Harvest Tank, Boosters, & Site Phase 2	WA208	Construction & Storage	$3,335,939	100%	$3,335,939	45%	$1,500,094
Ware Farms 2 Well	WA025	Construction & Storage	$3,334,192	100%	$3,334,192	45%	$1,499,308
Silver Creek to Via del Jardine & west to Sossaman Tank	WA026	Construction & Storage	$3,246,429	100%	$3,246,429	45%	$1,459,843
Diversified Well #1 Tank & Pump Station	WA012	Construction & Storage	$3,150,000	100%	$3,150,000	45%	$1,416,481
Ranchettes Water Line	WA215	Construction & Storage	$3,100,000	100%	$3,100,000	45%	$1,393,998
Ware Farms 1 Well	WA014	Construction & Storage	$3,090,001	100%	$3,090,001	45%	$1,389,501
Schnepf: Combs to Rolling Ridge (Transfer)	WA270	Construction & Storage	$2,958,108	100%	$2,958,108	45%	$1,330,192
Cloud: Sossaman to Power Reconstruction	WA222	Construction & Storage	$2,956,800	100%	$2,956,800	45%	$1,329,604
Ware Farms Developer Waterline Reimbursement	WA013	Construction & Storage	$2,450,000	100%	$2,450,000	45%	$1,101,708
Harvest Tank, Boosters, & Site Phase 4	WA211	Construction & Storage	$2,392,020	100%	$2,392,020	45%	$1,075,636
Pima Well (Church Farm Well)	WA214	Construction & Storage	$2,060,000	100%	$2,060,000	45%	$926,334
Home Place Well & Transmission Line	WA291	Construction & Storage	$1,819,136	100%	$1,819,136	45%	$818,023
Schnepf: Hashknife to Skyline	WA271	Construction & Storage	$1,629,397	100%	$1,629,397	45%	$732,702
Stagecoach Pass Ave: Schnepf Rd to Kenworthy Rd (Transmission/Transfer)	WA006	Construction & Storage	$1,592,500	100%	$1,592,500	45%	$716,110
Box Canyon Phase 1: 16" WL Hunt Hwy to Tank Site in Subdivision Rdwys	WA216	Construction & Storage	$1,500,000	100%	$1,500,000	45%	$674,515
Sossaman Rd: Via Del Jardine to Empire Transmission (A0602, A0903, WA167)	WA065	Construction & Storage	$1,629,290	80%	$1,303,432	45%	$586,123
Hawes: Jude to Rittenhouse	WA130	Construction & Storage	$1,226,260	100%	$1,226,260	45%	$551,420
Rolling Ridge: Quail Run to Sierra Vista (Quail Ranch)	WA296	Construction & Storage	$1,204,370	100%	$1,204,370	45%	$541,577
Box Canyon Phase 2: 12" WL Sundance Road: Sossaman Road to Wild Horse Dr	WA217	Construction & Storage	$1,200,000	100%	$1,200,000	45%	$539,612
Pima Rd: Meridian to Ironwood with 12" Domestic and 12" Transmission Line	WA022	Construction & Storage	$1,032,529	100%	$1,032,529	45%	$464,304
Chuckawala Booster	WA218	Construction & Storage	$1,000,000	100%	$1,000,000	45%	$449,677
Ellsworth Ranch Well	WA213	Construction & Storage	$1,060,000	80%	$848,000	45%	$381,326
Sossaman RR Crossing @Germann (Road A0904) (No developer yet)	A0904	Construction & Storage	$873,100	80%	$698,480	45%	$314,090
Box Canyon Ph 1 Booster Station	WA309	Construction & Storage	$680,000	100%	$680,000	45%	$305,780
Chandler Heights: Hawes to Ellsworth	WA306	Construction & Storage	$2,744,000	20%	$548,800	45%	$246,783
Chandler Heights Rd: Sossaman to Hawes (PWP) (A0602)	WA167	Construction & Storage	$2,434,726	20%	$486,945	45%	$218,968
Box Canyon Ph 1 12" WL Sundance Road: Tank Site to Sossaman	WA310	Construction & Storage	$430,000	100%	$430,000	45%	$193,361
Crismon Southeast Park Water Improvements (Near FS#6)	WA219	Construction & Storage	$411,600	100%	$411,600	45%	$185,087
TOTAL — 46 projects			**$186,242,733**	**89%**	**$166,673,508**	**46%**	**$76,049,833**

Water Capacity Fee — Improvement Backup

Project	Proj #	Bucket	Total cost	% growth	10-yr override	Growth-weighted	Effective 10-yr factor	Allocated to 10-yr growth	Prior yr	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	Beyond 5	Unscheduled	Town cost share	Schedule over cost
Rolling Ridge Rd: Schnepf to Sierra Vista (Transfer)	WA024	Construction & Storage	$4,593,995	100.0%		$4,593,995	45.0%	$2,065,812	1,122	0	0	0	0	0	0	4,592,873	0	100.0%	0
Hash Knife Draw: Kenworthy to Ironwood	C29	Construction & Storage	$7,718,750	100.0%		$7,718,750	45.0%	$3,470,942	0	0	0	0	0	0	7,718,750	0	0	100.0%	0
Hashknife: Schnepf to Granada Ln	T20	Construction & Storage	$13,062,500	100.0%		$13,062,500	45.0%	$5,873,901	0	0	0	0	0	0	0	13,062,500	0	100.0%	0
Combs Rd: Sierra Vista to Schnepf (Transfer)	C106	Construction & Storage	$4,438,750	100.0%		$4,438,750	45.0%	$1,996,002	0	0	0	0	0	0	0	4,438,750	0	100.0%	0
Germann Rd: Schnepf to WTP	C40	Construction & Storage	$6,555,000	100.0%		$6,555,000	45.0%	$2,947,630	0	0	0	0	0	0	0	6,555,000	0	100.0%	0
Stagecoach Pass Ave: Schnepf Rd to Kenworthy Rd (Transmission/Transfer)	WA006	Construction & Storage	$1,592,500	100.0%		$1,592,500	45.0%	$716,110	1,592,500	0	0	0	0	0	0	0	0	100.0%	0
Pima Rd: Meridian to Ironwood with 12" Domestic and 12" Transmission Line	WA022	Construction & Storage	$1,032,529	100.0%		$1,032,529	45.0%	$464,304	329,941	0	0	0	0	0	0	702,588	0	100.0%	0
Kenworthy Plt 1MG Tank and Booster	WA032	Construction & Storage	$4,000,000	100.0%		$4,000,000	45.0%	$1,798,707	0	0	700,000	0	0	0	0	3,300,000	0	100.0%	0
Sossaman Rd: Via Del Jardine to Empire Transmission (A0602, A0903, WA167)	WA065	Construction & Storage	$1,629,290	80.0%		$1,303,432	36.0%	$586,123	122,140	0	1,507,150	0	0	0	0	0	0	100.0%	0
Sossaman Rd: Via Del Jardine to Empire Transmission Ph2	WA065B	Construction & Storage	$7,435,710	80.0%		$5,948,568	36.0%	$2,674,932	0	0	0	0	0	7,435,710	0	0	0	100.0%	0
Chandler Heights Rd: Sossaman to Hawes (PWP) (A0602)	WA167	Construction & Storage	$2,434,726	20.0%		$486,945	9.0%	$218,968	68,966	0	2,365,760	0	0	0	0	0	0	100.0%	0
Harvest Tank, Boosters, & Site Phase 2	WA208	Construction & Storage	$3,335,939	100.0%		$3,335,939	45.0%	$1,500,094	3,335,939	0	0	0	0	0	0	0	0	100.0%	0
Harvest Tank, Boosters, & Site Phase 3	WA209	Construction & Storage	$5,408,403	100.0%		$5,408,403	45.0%	$2,432,033	5,408,403	0	0	0	0	0	0	0	0	100.0%	0
Harvest Tank, Boosters, & Site Phase 4	WA211	Construction & Storage	$2,392,020	100.0%		$2,392,020	45.0%	$1,075,636	2,341,699	0	50,321	0	0	0	0	0	0	100.0%	0
Sierra Vista Well	WA212	Construction & Storage	$4,000,000	100.0%		$4,000,000	45.0%	$1,798,707	2,172,930	0	1,827,070	0	0	0	0	0	0	100.0%	0
Schnepf: Combs to Rolling Ridge (Transfer)	WA270	Construction & Storage	$2,958,108	100.0%		$2,958,108	45.0%	$1,330,192	2,235,945	0	722,163	0	0	0	0	0	0	100.0%	0
Schnepf: Hashknife to Skyline	WA271	Construction & Storage	$1,629,397	100.0%		$1,629,397	45.0%	$732,702	43,269	0	0	0	0	0	0	1,586,128	0	100.0%	0
Home Place Well & Transmission Line	WA291	Construction & Storage	$1,819,136	100.0%		$1,819,136	45.0%	$818,023	1,027,531	0	791,605	0	0	0	0	0	0	100.0%	0
Rolling Ridge: Quail Run to Sierra Vista (Quail Ranch)	WA296	Construction & Storage	$1,204,370	100.0%		$1,204,370	45.0%	$541,577	4,370	0	1,200,000	0	0	0	0	0	0	100.0%	0
Sierra Vista: Combs to Rolling Ridge (Transfer)	WA298	Construction & Storage	$4,838,750	100.0%		$4,838,750	45.0%	$2,175,873	322,603	0	4,516,147	0	0	0	0	0	0	100.0%	0
Chandler Heights: Hawes to Ellsworth	WA306	Construction & Storage	$2,744,000	20.0%		$548,800	9.0%	$246,783	0	0	137,200	2,606,800	0	0	0	0	0	100.0%	0
Chuckawala Booster	WA218	Construction & Storage	$1,000,000	100.0%		$1,000,000	45.0%	$449,677	0	0	1,000,000	0	0	0	0	0	0	100.0%	0
Crismon Southeast Park Water Improvements (Near FS#6)	WA219	Construction & Storage	$411,600	100.0%		$411,600	45.0%	$185,087	0	0	0	411,600	0	0	0	0	0	100.0%	0
Sossaman RR Crossing @Germann (Road A0904) (No developer yet)	A0904	Construction & Storage	$873,100	80.0%		$698,480	36.0%	$314,090	23,100	0	0	850,000	0	0	0	0	0	100.0%	0
Pima Well (Church Farm Well)	WA214	Construction & Storage	$2,060,000	100.0%		$2,060,000	45.0%	$926,334	81,059	0	1,978,942	0	0	0	0	0	0	100.0%	0
Pima Well Redrill, Tank & Booster	WA221	Construction & Storage	$9,000,000	100.0%		$9,000,000	45.0%	$4,047,090	0	0	3,500,000	5,500,000	0	0	0	0	0	100.0%	0
Ellsworth Ranch Well	WA213	Construction & Storage	$1,060,000	80.0%		$848,000	36.0%	$381,326	82,541	0	977,459	0	0	0	0	0	0	100.0%	0
FOF Fleet Expansion - Water Utilities Portion	MF026	Construction & Storage	$2,000,000	100.0%	100.0%	$2,000,000	100.0%	$2,000,000	184,163	0	1,815,837	0	0	0	0	0	0	100.0%	0
Box Canyon Phase 2 - 4 Upper Tank (also WA122)	WA018	Construction & Storage	$7,600,000	100.0%		$7,600,000	45.0%	$3,417,543	0	0	1,140,000	6,460,000	0	0	0	0	0	100.0%	0
Box Canyon Ph 1 16" WL Lime Drive: Riggs to Hunt Hwy	WA308	Construction & Storage	$5,241,400	100.0%		$5,241,400	45.0%	$2,356,935	145,914	0	5,095,486	0	0	0	0	0	0	100.0%	0
Box Canyon Ph 1 Booster Station	WA309	Construction & Storage	$680,000	100.0%		$680,000	45.0%	$305,780	0	0	680,000	0	0	0	0	0	0	100.0%	0
Box Canyon Ph 1 12" WL Sundance Road: Tank Site to Sossaman	WA310	Construction & Storage	$430,000	100.0%		$430,000	45.0%	$193,361	61,561	0	368,439	0	0	0	0	0	0	100.0%	0
Box Canyon Phase 1: 16" WL Hunt Hwy to Tank Site in Subdivision Rdwys	WA216	Construction & Storage	$1,500,000	100.0%		$1,500,000	45.0%	$674,515	0	0	225,000	1,275,000	0	0	0	0	0	100.0%	0
Box Canyon Phase 2: 12" WL Sundance Road: Sossaman Road to Wild Horse Dr	WA217	Construction & Storage	$1,200,000	100.0%		$1,200,000	45.0%	$539,612	0	0	180,000	1,020,000	0	0	0	0	0	100.0%	0
Cloud: Sossaman to Power Reconstruction	WA222	Construction & Storage	$2,956,800	100.0%		$2,956,800	45.0%	$1,329,604	55,000	0	2,901,800	0	0	0	0	0	0	100.0%	0
Silver Creek to Via del Jardine & west to Sossaman Tank	WA026	Construction & Storage	$3,246,429	100.0%		$3,246,429	45.0%	$1,459,843	0	0	950,000	0	0	2,296,429	0	0	0	100.0%	0
Sossaman Site, Tank & Booster	WA028	Construction & Storage	$17,250,000	80.0%		$13,800,000	36.0%	$6,205,538	0	0	0	0	0	17,250,000	0	0	0	100.0%	0
Ware Farms 2 Well	WA025	Construction & Storage	$3,334,192	100.0%		$3,334,192	45.0%	$1,499,308	3,152,829	0	181,363	0	0	0	0	0	0	100.0%	0
Ware Farms 1 Well	WA014	Construction & Storage	$3,090,001	100.0%		$3,090,001	45.0%	$1,389,501	2,345,611	0	744,390	0	0	0	0	0	0	100.0%	0
Diversified Well 4 (Well 0)	WA029	Construction & Storage	$5,383,750	100.0%		$5,383,750	45.0%	$2,420,947	0	0	0	0	0	0	0	5,383,750	0	100.0%	0
Diversified Well #1 Tank & Pump Station	WA012	Construction & Storage	$3,150,000	100.0%		$3,150,000	45.0%	$1,416,481	842,049	0	2,307,951	0	0	0	0	0	0	100.0%	0
Ware Farms Developer Waterline Reimbursement	WA013	Construction & Storage	$2,450,000	100.0%		$2,450,000	45.0%	$1,101,708	0	0	2,450,000	0	0	0	0	0	0	100.0%	0
Ranchettes Water Line	WA215	Construction & Storage	$3,100,000	100.0%		$3,100,000	45.0%	$1,393,998	100,000	0	3,000,000	0	0	0	0	0	0	100.0%	0
Hawes: Jude to Rittenhouse	WA130	Construction & Storage	$1,226,260	100.0%		$1,226,260	45.0%	$551,420	0	0	0	1,226,260	0	0	0	0	0	100.0%	0
Hunt Highway: Lime Dr to Booster Pump Station	WA224	Construction & Storage	$3,622,080	100.0%		$3,622,080	45.0%	$1,628,765	0	0	3,622,080	0	0	0	0	0	0	100.0%	0
ASLD Infrastructure Improvements (State Lands)	AR100	Third-Party Funded	$19,553,248	100.0%		$9,776,624	45.0%	$4,396,320	15,938,765	0	0	0	0	0	0	3,614,483	0	50.0%	0
TOTAL — 46 active projects			**$186,242,733**	**89.5%**		**$166,673,508**		**$76,049,833**	**42,019,950**	**0**	**46,936,162**	**19,349,660**	**0**	**26,982,139**	**7,718,750**	**43,236,072**	**0**	**94.8%**	**0**

Water Capacity Fee — Financing Plan

The eligible capital program, and what the fund must carry	
Total capital improvement program	$186,242,733
Less: share attributable to existing customers	-$19,569,225
Growth-related program cost	**$166,673,508**
Less: growth-related cost already spent before FY 2025-26	-$33,949,838
GROWTH-RELATED SPEND CARRIED BY THE FUND, FY 2026-36	**$132,723,670**
of which attributable to the ten-year growth (the fee's cost basis)	$60,682,034
of which capacity for growth beyond FY 2036	$72,041,636

Assumptions	
Borrowing rate	**5.00%**
Term (years)	**30**
Minimum fund balance maintained	**$0**
Water capacity fee per ERU	**$4,591.18**
Service units over the program (ERUs)	**20,719.2**

Water Capacity Fee Fund (222) — projected sources and uses

Fiscal year	Total	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	FY34/35	FY35/36
REVENUES / SOURCES												
Water capacity fee	**$95,129,794**	$0	$10,256,533	$9,208,218	$6,174,970	$7,299,987	$11,486,624	$12,010,457	$10,298,441	$10,200,451	$9,278,267	$8,915,846
Bond proceeds	**$69,050,000**	$0	$31,600,000	$11,225,000	$0	$24,775,000	$1,450,000	$0	$0	$0	$0	$0
2022 WIFA loan proceeds	**$7,108,524**	$0	$7,108,524	$0	$0	$0	$0	$0	$0	$0	$0	$0
Interest income	**$548,692**	$0	$483,379	$363	$465	$63,435	$363	$687	$0	$0	$0	$0
TOTAL SOURCES	**$171,837,010**	**$0**	**$49,448,436**	**$20,433,581**	**$6,175,435**	**$32,138,422**	**$12,936,987**	**$12,011,144**	**$10,298,441**	**$10,200,451**	**$9,278,267**	**$8,915,846**
EXPENDITURES / USES												
Water projects	**$132,723,670**	$0	$44,436,872	$17,094,220	$0	$22,044,997	$7,718,750	$8,285,766	$8,285,766	$8,285,766	$8,285,766	$8,285,766
Water capacity fee payback — wells	**$8,570,293**	$0	$8,570,293	$0	$0	$0	$0	$0	$0	$0	$0	$0
Water capacity fee payback — third-party funded (ASLD)	**$7,969,383**	$0	$7,969,383	$0	$0	$0	$0	$0	$0	$0	$0	$0
Water capacity fee payback — transmission and transfer mains	**$2,137,668**	$0	$2,137,668	$0	$0	$0	$0	$0	$0	$0	$0	$0
Water capacity fee payback — tanks, boosters and sites	**$1,445,750**	$0	$1,445,750	$0	$0	$0	$0	$0	$0	$0	$0	$0
Water capacity fee payback — fleet and utilities support	**$78,624**	$0	$78,624	$0	$0	$0	$0	$0	$0	$0	$0	$0
2025 Utility Interim Loan — debt service	**$10,119,146**	$0	$502,909	$502,681	$502,483	$8,611,073	$0	$0	$0	$0	$0	$0
2022 WIFA loan — debt service	**$3,574,873**	$0	$357,487	$357,487	$357,487	$357,487	$357,487	$357,487	$357,487	$357,487	$357,487	$357,487
Debt service on new bonds	**$34,483,766**	$0	$0	$2,055,625	$2,785,828	$2,785,828	$4,397,477	$4,491,802	$4,491,802	$4,491,802	$4,491,802	$4,491,802
Project management expenses	**$3,720,531**	$0	$50,000	$420,156	$430,660	$441,426	$452,462	$463,774	$475,368	$487,252	$499,433	$0
Interest expense on a negative balance	**$1,427,822**	$0	$0	$0	$0	$0	$0	$0	$78,239	$247,750	$431,230	$670,603
TOTAL USES	**$206,251,525**	**$0**	**$65,548,986**	**$20,430,170**	**$4,076,458**	**$34,240,811**	**$12,926,176**	**$13,598,829**	**$13,688,662**	**$13,870,057**	**$14,065,718**	**$13,805,658**
SOURCES OVER / (UNDER) USES	**-$34,414,515**	$0	##########	$3,411	$2,098,977	-$2,102,389	$10,811	-$1,587,685	-$3,390,221	-$3,669,606	-$4,787,451	-$4,889,812
Beginning fund balance		$16,112,647	$16,112,647	$12,097	$15,508	$2,114,485	$12,096	$22,907	-$1,564,778	-$4,954,999	-$8,624,605	##########
PROJECTED ENDING FUND BALANCE		**$16,112,647**	**$12,097**	**$15,508**	**$2,114,485**	**$12,096**	**$22,907**	**-$1,564,778**	**-$4,954,999**	**-$8,624,605**	##########	##########

The debt, and the financing component of the fee	
Total principal issued	$69,050,000
Annual level debt service once fully issued	$4,491,802
Total debt service over the full term	$134,754,048
Less: principal — already recovered in the capital cost basis	-$69,050,000
Interest over the full term	**$65,704,048**
Share of that interest attributable to ten-year growth	45.7%
Interest recovered through the fee	$30,040,273
Add: interest on negative fund balances	$1,427,822
Financing cost, ten-year growth share	**$31,468,095**
Financing component per ERU	**$1,518.79**

The debt sized in this Study is capped at the unissued balance of the five-year financed program. No borrowing is assumed against the facilities scheduled in years six to ten, so from FY 2031-32 the fund meets their cost from fee revenue as it is spent and the projection closes FY 2035-36 at a negative balance. That position is a timing difference and not a shortfall in the fee: the fund in addition carries $72,041,636 of capacity constructed ahead of demand for growth beyond the ten-year period, which is recovered from the capacity fees that growth pays as it connects after FY 2035-36. It is explained in the note to Table 5 of the Study and in Section IV.

APPENDIX B

Town of Queen Creek
Water Capacity Fee Study

WATER FACILITIES MAP

dta

www.FinanceDTA.com

18201 VON KARMAN AVENUE, SUITE 220
IRVINE, CA 92612
PHONE: (800) 969-4DTA

Public Finance
Public-Private Partnerships
Development Economics
Clean Energy Bonds

ORDINANCE NO. 901-26

AN ORDINANCE OF THE COMMON COUNCIL OF THE TOWN OF QUEEN CREEK, ARIZONA, ADOPTING NEW DEVELOPMENT WATER CAPACITY FEES IN COMPLIANCE WITH STATE LAW.

WHEREAS, Arizona's enabling legislation for water and wastewater capacity fees, ARIZ. REV. STAT. § 9-511.01 (the "Utility Statute") requires the Town of Queen Creek (the "Town") to prepare a written report providing a schedule of the proposed new development water capacity fees and the analysis supporting the proposed increases (including cash flow projections); and

WHEREAS, DTA, the Town's consultant, has prepared, on behalf of the Town, a written report providing a schedule of the proposed new development water capacity fees and the analysis supporting the proposed fees (including cash flow projections) titled "Water Capacity Fee Study, Town of Queen Creek" (the "Report"); and

WHEREAS, the Utility Statute also requires the Common Council of the Town (the "Town Council") to (i) adopt a Notice of Intention to adopt the fees, (ii) file the written report with the Town Clerk, and (iii) post the written report on the Town's website at least 60 days prior to holding a public hearing on the proposed fees; and

WHEREAS, on September 16, 2026, the Town Council (i) adopted the Notice of Intention that confirmed the filing and posting of the Report as required by the Utility Statute and (ii) set a public hearing to consider the proposed new or increased fees at its regularly scheduled meeting on November 18, 2026; and

WHEREAS, the Town published the Notice of Intention in the newspaper and through electronic communication tools and posted required materials on the Town website; and

WHEREAS, the Town Council held the public hearing on November 18, 2026, and now desires to conclude the capacity fee adoption process by approving new development water capacity fees as set forth in the Report.

NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE TOWN OF QUEEN CREEK, ARIZONA, AS FOLLOWS:

Section 1: The recitals above are hereby incorporated as if fully set forth herein.

Section 2: The Report is hereby adopted in substantially the form and substance attached hereto as Exhibit A and incorporated herein by reference.

Section 3: The new development water capacity fees as set forth in Table 6 and Table 7 of the Report are hereby approved.

Section 4: The Town Code, Article 16-9 (Water and Wastewater Capacity Charges Off-Site Improvements), Section 16-9-2 (Water Capacity Charge) is hereby

amended to delete the table titled Water Capacity Charge in its entirety and add in a new table titled "New Development Water Capacity Fee" to include the new development water capacity fees set forth in Table 6 and Table 7 of the Report.

Section 5: The Town Manager, the Town Clerk and the Town Attorney are hereby authorized and directed to take such steps and execute such documents as necessary to implement this Ordinance.

Section 6: The new development water capacity fees adopted herein shall: (i) be placed in a separate fund designated for payment of project costs as set forth in the Report; and (ii) not be used for unrelated purposes.

Section 7: If any section, subsection, clause, phrase or portion of this Ordinance or any part of these amendments to the Town Code is for any reason held invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

Section 8: At least one paper copy and one electronic copy of this Ordinance and Exhibit(s) are to be filed with and will be located at the office of the Town Clerk.

PASSED AND ADOPTED by the Common Council of the Town of Queen Creek, Arizona, this 18th day of November, 2026.

FOR THE TOWN OF QUEEN CREEK:	ATTESTED TO:
Julia Wheatley, Mayor	Maria Gonzalez, Town Clerk
REVIEWED BY:	APPROVED AS TO FORM:
Bruce Gardner, Town Manager	Clifford Mattice, Town Attorney

EXHIBITS ON FILE AND LOCATED AT THE TOWN CLERK'S OFFICE.

EXHIBIT A

TO

ORDINANCE 901-26

[Report]

See following pages.

TOWN OF QUEEN CREEK ARIZONA

TO: **HONORABLE MAYOR AND TOWN COUNCIL**

THROUGH: **BRUCE GARDNER, TOWN MANAGER**

FROM: **SCOTT MCCARTY, DEPUTY TOWN MANAGER/CHIEF FINANCIAL OFFICER**

RE: **PUBLIC HEARING AND POSSIBLE APPROVAL OF RESOLUTION NO. 1691-26 INCREASING SOLID WASTE RATES AND FEES.**

DATE: **November 18, 2026**

Suggested Action:

Motion to approve Resolution 1691-26 increasing solid waste rates and fees.

Relevant Council Goal(s):

Effective Government: KRA Financial Stability

Discussion:

Town staff introduced an increase to solid waste rates and fees at the September 2, 2026 Town Council meeting. Council approved the Notice of Intention to increase solid waste rates and fees and start the 60-day public notice period on September 16, 2026 with the public hearing date set for November 18, 2026. On October 7, 2026, staff presented an overview of the solid waste fund, the reasons for the rate and fee increase (including increasing rates to better align with the contractual costs of providing the service), the impacts on our customers, and how this rate and fee increase should be considered on a biennial (every other year) basis. Solid rates were last increased in 2013. Since the last rate adjustment, contract services for solid waste have increased significantly necessitating solid waste fees to better align with the cost of providing the service.

Solid Waste services are accounted for by an Enterprise Fund. Enterprise Funds operate similarly to a private business, where the costs of providing the service to the customer are recovered through user charges and fees. In accordance with the Town's Financial Policies, Enterprise fees shall be set to fully recover their respective operating costs.

In order to increase solid waste rates and fees, the Town follows the requirements of A.R.S. § 9-499.15. This process and calendar are shown in the schedule below.

Date	Activity
September 16 (completed)	Town Council Discussion and Possible Approval of Notice of Intention
September 17 (completed)	Website Posting of Notice of Intention with Consultant Reports
November 18	Town Council Public Hearing and Possible Adoption of Solid Waste Rates and Fees

December 18 (planned)	Effective Date of New or Increased Rates and Fees (if approved)
January 27 (planned)	First Billing Cycle with New Rates and Fees (if approved)
March 9 (planned)	Bills Prepared with New Rates and Fees (if approved)

In addition to completing the required statutory processes, Town staff conducted numerous public outreach meetings with customers, Homeowners Associations (HOAs), stakeholders, boards and commissions, and other community groups. These meetings provided opportunities to present the proposed solid waste rates and fees and other utility fee changes, listen to customer and stakeholder feedback, and identify areas of concern. Staff incorporated this feedback into subsequent presentations, brought key concerns forward for Council consideration, and adjusted presentation materials and other aspects of the proposed fees as appropriate.

The Town also utilized multiple communication channels to inform customers and provide access to relevant information, including social media, the Town's website, direct email communications, and utility bill notifications.

Public outreach and customer communications will continue following the November 18, 2026, Council action to support customer understanding, address questions, and provide ongoing information regarding implementation of the approved fees.

Fiscal Impact:

The proposed rate adjustments will increase the monthly cost of solid waste services for customers with the standard monthly residential service fee (one trash cart and one recycling cart) increasing from $16.22 to $20.00, an increase of $3.78 per month. Other service rates and fees will also be adjusted, including additional trash carts, manure cart services, extra bulk pickups, and certain administrative fees. The proposed adjustments are anticipated to take effect for services provided beginning January 27, 2027, with the first bills reflecting the new rates expected to be issued March 9, 2027. Following the adjustment, Queen Creek's standard residential solid waste rate is projected to remain among the lowest of the regional communities surveyed.

The proposed adjustments are necessary to maintain the financial sustainability of the Town's Solid Waste enterprise fund and ensure revenues are sufficient to support the cost of providing services. The rate study projects a FY 2027 cash flow deficit of approximately $1.1 million under existing rates, driven primarily by increasing contracted collection costs, scheduled cart replacements, and updated shared utility billing and customer service allocations. The proposed 23.3% rate adjustment is projected to generate approximately $432,000 in additional rate revenue during FY 2027, reflecting the partial-year implementation. The fund is projected to end FY 2027 with approximately $725,000 in unrestricted cash. This compares to a working capital target reserve target of approximately $1.6 million. The proposed adjustment is expected to provide sufficient operating revenue beginning in FY 2028.

Alternatives:

Solid Waste services are accounted for in an Enterprise Fund. The intent of the Enterprise Fund is to recover all expenses through rates and fees. As such, if this rate increase is not implemented, the ongoing imbalance between the cost of service and rates and fees levied will continue and will result in a higher rate increase at some point in the future.

Attachment(s):

1. Report: Trash and Recycling Rates and Fees â€“ 2026 Rate Study Report, Stantec
2. Resolution 1691-26

2. Resolution 1991-20

TOWN OF QUEEN CREEK ARIZONA

Queen Creek, Arizona

Trash and Recycling Service Rates and Fees 2026 Rate Study Report

Stantec

Prepared for: Scott McCarty
Town of Queen Creek
Deputy Town Manager/CFO

Prepared by: Andrew Burnham
Stantec
Vice President

1.0 INTRODUCTION AND PURPOSE

The Town of Queen Creek, Arizona (Town) contracted Stantec Consulting Services Inc. (Stantec) to conduct a utility rate study (Study) for its Solid Waste fund (Utility). The Study included an analysis of the enterprise fund's cash flow projections and financial position to project annual revenue requirements through Fiscal Year (FY) 2031. The analysis described in this report focuses on a multi-year financial model identifying the need for a revenue increase for the Town's Solid Waste enterprise fund in FY 2027. Arizona Revised Statutes Title 9, § 9-499.15 requires a municipality proposing a new tax or fee, or an increase to an existing tax or fee, to prepare supporting documentation, publicly disclose the proposal, and provide advance notice through its website and other communication channels before governing body action. The statute generally requires at least 60 days of public notice for proposed new or increased taxes and fees, along with a supporting report or data justifying the charge. Values may be rounded throughout this report for presentation purposes.

2.0 BACKGROUND

The Town provides residential trash and recycling services to approximately 28,000 customers. The costs associated with providing these services are accounted for in a self-sufficient enterprise fund. These costs are funded through the fees and charges paid by customers for services rendered. The Town periodically conducts rate studies to ensure the fund revenues recover the cost of providing services and that its schedule of rates and fees also conforms to current local and industry practices.

The principal objective of the Study was to conduct a revenue sufficiency analysis by developing and populating a multi-year forecasting model for the Town's Solid Waste fund to determine the level of annual revenue required to satisfy the Fund's projected annual operating cost requirements, as well as to maintain a reserve fund balance at or above a target level. Additionally, the Study included a survey of trash and recycling rates and fees of other communities to prepare a comparative bill calculation.

3.0 ANALYTICAL APPROACH

Stantec reviewed multi-year financial management plans and corresponding solid waste user fee revenue adjustment plans through multiple interactive work sessions with the Town. During these work sessions, Stantec and the Town examined the impact of various inputs or assumptions on key financial indicators via graphical representations summarizing the results of the forecast under assumed conditions. In this way, local information and management input were incorporated into the development of the cash flow projections and resulting trash and recycling fee adjustments presented in this report. The result is a financial plan that utilizes the Town's current and best assumptions and data to meet the Fund's requirements over a multi-year projection period while achieving key financial performance objectives and minimizing fee adjustments to the greatest extent possible.

To initialize the Study, Stantec obtained the Town's historical and budgeted financial information regarding the operation of its Solid Waste Fund, financial policies, as well as historical customer data. Stantec also consulted with the Town regarding other assumptions and policies that would affect the performance of the Fund, such as escalation rates for operating costs, replacement cart schedules, projected customer growth, and minimum reserve levels. Key data inputs include

- FY 2026 preliminary ending fund balances
- FY 2026 adopted revenue and expense budget and estimated actual results
- FY 2027 adopted revenue and expense budget

Stantec worked with the Town to create modules to determine appropriate reserve targets, cart replacements, and distribute shared customer service department expenses for utility billing and customer service. These modules and inputs will be discussed further in the below sections.

This information was entered into Stantec's proprietary Financial Analysis and Management System (FAMS) interactive modeling system. FAMS produced a 5-year projection of the sufficiency of the revenue provided by the existing fees of the fund to meet current and projected financial requirements. These cash flow projections further determined the overall level of user fee revenue increases necessary in each year of the projection period to satisfy the Fund's annual financial requirements

4.0 SOURCE DATA & ASSUMPTIONS

The following section details key source data and analyses which informed the 5-year financial forecast and development of recommended rate and fee adjustments for FY 2027.

4.1 BEGINNING BALANCES

Preliminary ending FY 2026 fund balances established the beginning fund balance for FY 2027. The beginning fund balance is comprised of available cash and investments for operations of the Fund. Schedule 2 of appendix A presents the starting balance for FY 2027.

4.2 CUSTOMER GROWTH

The Town provided estimates from development services for growth within the service area. The Town anticipates adding approximately 1,200 new accounts in FY 2027 and an average of about 1,100 accounts per year over the 5-year projection period. Schedule 1 of Appendix A presents the annual growth schedule by year.

4.3 REVENUES

Annual revenue projections reflect an evaluation of multiple years of historical results and estimated results for FY 2026. Revenues consist of user fees, cart fees, and interest income. User fee revenue is based on FY 2026 estimated revenues, adjusted annually based on assumed user fee adjustments, as well as changes in customer accounts. Cart fees were forecast based on assumed growth and replacement cart schedules and essentially represent a pass through of anticipated cart expenses, while interest income was calculated annually based on projected average fund balances and assumed interest rate. Schedule 4 of Appendix A presents the annual fee and other operating revenues.

4.4 OPERATING EXPENDITURES

Operating expenditures include all operating and maintenance (O&M) expenses, including contractor expenses for collection services. Projections are based on individual expense categories and expense amounts contained in the FY 2026 estimated results and FY 2027 budget. The expenses were adjusted annually thereafter based on assumed cost escalation factors that were reviewed with the Town. The contractor expense is estimated at $5.1M in FY 2027, making up approximately 70% of the total operating costs of the fund. The terms of the current contract state the rate will increase according to a weighted average of US CPI and diesel costs in the region, with an annual cap of 5%. Stantec forecasted the base contract escalation rate at 3.9%, plus the cost of annual customer growth to serve new customers. Cart replacements are approximately 10% of the total operating budget. Alternative schedules of replacements were reviewed with the Town, and the forecast assumes 3,200 carts will be replaced annually. Finally, the Fund pays a portion of shared utility customer service department expenses for billing and customer service as well as a support cost allocation to the General Fund for shared services such as budget and procurement. In total these internal allocations are about 5% of the operating expenditure of the Fund. Schedule 5 of Appendix A presents the complete schedule of forecast annual operating expenditures.

4.5 MINIMUM RESERVE BALANCES AND POLICY

Reserve balances for utilities are funds set aside to meet specific cash flow requirements, mitigate risks, address financial, project, task needs, or fulfill legal covenants. These balances are maintained to meet short- to medium-term cash flow requirements and minimize the risk associated with fulfilling financial obligations and ongoing operational and capital needs under adverse conditions. The level of reserves maintained by a Fund is a critical component and a key consideration in a Fund's multi-year financial management plan.

Many utilities, industry organizations, and municipal rating agencies place a significant emphasis on having sufficient reserves available for potentially adverse conditions. The rationale related to the maintenance of adequate reserves is twofold. First, it helps to ensure that a Fund will have adequate funds available to meet its financial obligations during unusual periods, such as when revenues are unusually low and/or expenditures are unusually high. Second, it provides funds that can be used for emergency cart repairs or replacements, which may be necessary due to unforeseen events.

The financial management plan presented in this report assumes that the Fund will achieve and maintain a minimum reserve balance equal to 90 days of total operating expenses. Stantec analyzed the primary needs for reserves for the Fund and calculated an aggregate reserve target of 90 days based upon the cost for a year of cart replacements, 2.0% of operating expenses, and an additional 60 days of cash for liquidity. Schedule 3 of Appendix A presents the annual minimum reserve target calculation.

5.0 CASH FLOW PROJECTIONS

Stantec developed a multi-year financial forecasting model that includes cash flow projections based on current data and assumptions provided by and discussed with the Town as presented herein. Table 1 summarizes the revenue, expenses, and transfers for FY 2027 under the Town's current rates and fees. Increases in expenditures are driven primarily based on increases to contractor services, planned cart replacements, and an updated utility billing cost allocation transfer beginning in FY 2027.

A cash flow deficit is projected in FY 2027 based on the Town's current rates and fees as shown in Table 1 below. The FY 2027 deficit is estimated at $1.1 million. The Town's Solid Waste enterprise fund ended FY 2026 with a fund balance of $1.4 million in unrestricted cash, such that the model projects insufficient funds to meet reserve targets in the absence of rate adjustments by the end of FY 2027.

Table 1: Summary of Trash and Recycling Fund Cash Flow Projections (Millions of Dollars)

Trash and Recycling Fund	Fiscal Year 2027
User Fee Revenues	$5.5
Other Operating Revenues	$0.3
Operating Expenses	($6.6)
Net Transfers	($0.3)
Cash Flow	($1.1)

6.0 RESULTS AND RECOMMENDATIONS

Recognizing the existence of cash flow shortfalls, the Town is proposing to increase Trash and Recycling rates and fees by 23.3% in FY 2027, taking effect with services provided starting on or about January 27, 2027. The first bills with the updated rates and fees are anticipated to begin on March 9, 2027.

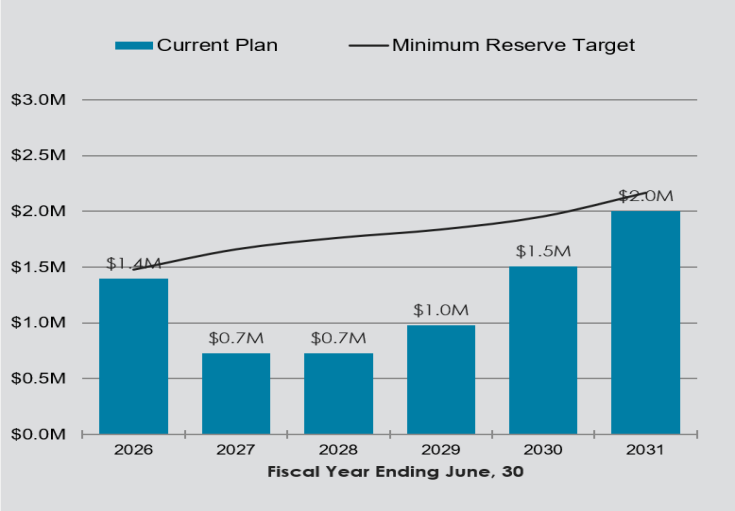
Table 2: Current and Proposed Rates and Fees

Service Rates and Fees	Current Rate as of July 2026	Proposed Rate January 2027
Standard Monthly Service Fee	$16.22	$20.00
Exempt Property Monthly Service Fee (Recycling Only)	$6.75	$8.00
Additional Trash Cart*	$7.15	$9.00
Additional Recycling Cart*	No monthly charge	No monthly charge
Full Manure Cart*	$15.15	$19.00
Half Manure Cart*	$11.15	$14.00
Temporary Discontinuance Application Fee	$25.00	$31.00
Non-Collection Day or Missed Pickup Fee	$21.75	$27.00
Exchange Cart Fee	$15.00	$18.00
Extra Bulk Pickup	$82.00	$102.00
Cart Replacement Fee	$100.00	$100.00
Initial Cost of Carts	$100.00 or market	$100.00 or market

*Also pay one-time delivery fee of $15.00 that is proposed to be $18.45 effective March 2027

As the proposed rates and fees above will only be in effect for part of the fiscal year, the overall revenue increase realized during FY 2027 from the 23.3% rate increase is projected to be $0.4M. With a $1.1M projected cash flow deficit during FY 2027, this increase will not be sufficient to meet expenditure requirements alone, and the Utility is anticipated to draw down fund balances by $0.7M. While the increase is expected to generate sufficient revenue to meet the Utility's expenditure requirements in FY 2028, additional future increases may be needed to support future cash flow requirements and maintain minimum reserve levels.

Chart 1: Projection of Solid Waste Fund Balances

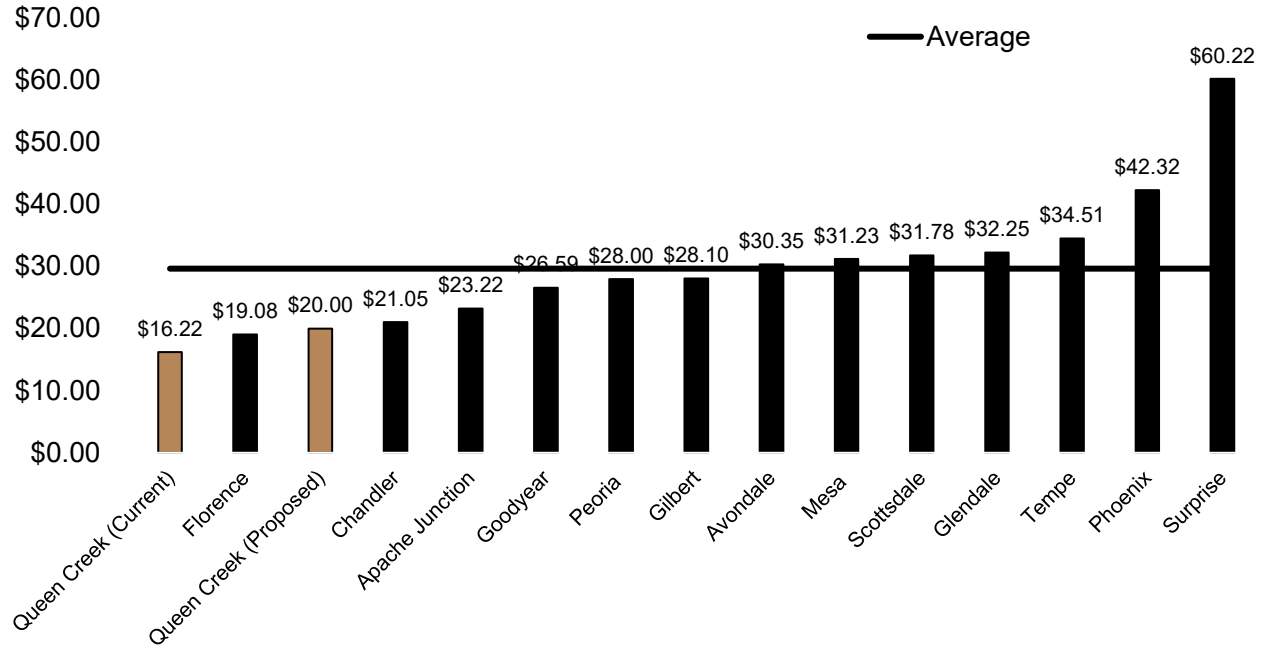


Schedule 8 of Appendix A of this memorandum includes a Pro Forma summary including all anticipated revenues from customers reflecting the recommended 23.3% rate increase and subsequent future rate increase projections. Appendix A also includes a summary of operating and non-operating expenditures, net transfers, and fiscal year beginning and ending balance projections for FY 2027 – FY 2031, with the current projections of additional future rate and fee adjustments identified.

6.1 CUSTOMER BENCHMARKING

For a residential user with a standard service plan (i.e., one trash cart and one recycling cart), the proposed FY 2027 rate and fee adjustments would result in a $3.78 increase to the monthly customer bill. After implementation of the user fee increase, the fee for trash and recycling services in the Town will remain one of the lowest among its regional peers as compared to their existing rates for FY 2026.

Chart 2: Solid Waste Fee Benchmarking, Once Weekly Collection



Disclaimer

This document was produced by Stantec Consulting Services, Inc. ("Stantec") for Queen Creek, Arizona ("Town") and is based on a specific scope agreed upon by both parties. Stantec's scope of work and services do not include serving as a "municipal advisor" for purposes of the registration requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act (2010) or the municipal advisor registration rules issued by the Securities and Exchange Commission. Stantec is not advising the Town, or any municipal entity or other person or entity, regarding municipal financial products or the issuance of municipal securities, including advice with respect to the structure, terms, or other similar matters concerning such products or issuances.

In preparing this report, Stantec utilized information and data obtained from the Town or public and/or industry sources. Stantec has relied on the information and data without independent verification, except only to the extent such verification is expressly described in this document. Any projections of future conditions presented in the document are not intended as predictions, as there may be differences between forecasted and actual results, and those differences may be material.

Additionally, the purpose of this document is to summarize Stantec's analysis and findings related to this project, and it is not intended to address all aspects that may surround the subject area. Therefore, this document may have limitations, assumptions, or reliance on data that are not readily apparent on the face of it. Moreover, the reader should understand that Stantec was called on to provide judgments on a variety of critical factors which are incapable of precise measurement. As such, the use of this document and its findings by the Town should only occur after consultation with Stantec, and any use of this document and findings by any other person is done so entirely at their own risk.

APPENDIX A – PRO FORMA & SUPPORTING SCHEDULES

Assumptions

Schedule 1

	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Fee Increase Adoption Date	3/1/2027	1/1/2028	1/1/2029	1/1/2030	1/1/2031
Annual Growth					
Solid Waste					
Ending # of Accounts	28,793	29,879	30,546	31,358	33,070
Account Growth	1,223	1,086	667	812	1,712
% Change in Accounts	*4.43%*	*3.77%*	*2.23%*	*2.66%*	*5.46%*
Average Annual Interest Earnings Rate					
On Fund Balances	3.50%	3.50%	3.50%	3.50%	3.50%
Operating Budget Reserve					
Target (Number of Months of Reserve)	3.0	3.0	3.0	3.0	3.0
Operating Budget Execution Percentage					
Personal Services	100%	100%	100%	100%	100%
Variable Operations and Maintenance	100%	100%	100%	100%	100%
Fixed Operations and Maintenance	100%	100%	100%	100%	100%
Capital Outlay	100%	100%	100%	100%	100%

FY 2027 Beginning Balances as of 7/1/2026 — Schedule 2

Stantec Grouping of Funds in Model	Revenue Fund
Current Unrestricted Assets	
Available Cash and Investments	$ 1,398,597
Available Fund Balance	**$ 1,398,597**

Reserve Targets

Schedule 3

Reserve Considerations	Amount	Basis	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Cart Replacement Reserve	1	Year(s) of cart replacement expense (1)	$ 333,023	$ 343,014	$ 353,304	$ 363,903	$ 374,820
General Contingency	2.0%	Percentage of Operating Expenses (2)	132,726	141,051	147,035	156,435	173,469
Liquidity	60	Days of Operating Expense (3)	1,159,320	1,208,509	1,285,770	1,425,771	1,552,392
Total Recommended Reserves			**$ 1,625,069**	**$ 1,692,573**	**$ 1,786,110**	**$ 1,946,110**	**$ 2,100,681**
Reserve in Days of O&M Expense			84	84	83	82	81
Reserve in Months of O&M Expense			3	3	3	3	3

Notes:

1. The total cost of replacing all carts divided by the expected useful life of carts (17 years), escalated by 3% each year.
2. Forecasted annual O&M expenses multiplied by 2%
3. Forecasted annual O&M expenses divided by 365, and then multiplied by liquidity input (60 days).

Projection of Cash Inflows — Schedule 4

		FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	**Fee Revenue Growth Assumptions**					
2	**Solid Waste**					
3	% Change in Base Revenue From Growth	4.43%	3.77%	2.23%	2.66%	5.46%
4	**Assumed Fee Revenue Increases**					
5	Assumed Solid Waste Fee Increase	$3.78	$0.00	$3.00	$0.00	$1.00
6	**Solid Waste Fee Revenue**					
7	Total Revenue Generated from Customer Charges	$ 5,982,839	$ 7,102,129	$ 7,800,874	$ 8,571,884	$ 9,234,772
8	**Total Solid Waste Fee Revenue**	**$ 5,982,839**	**$ 7,102,129**	**$ 7,800,874**	**$ 8,571,884**	**$ 9,234,772**
9	**Other Operating Revenue**					
10	304103 - Recycling Revenue	$ 10,300	$ 10,609	$ 10,927	$ 11,255	$ 11,593
11	344110 - Cart Fees[1]	255,942	234,146	148,239	185,752	403,364
12	**Total Other Operating Revenue**	**$ 266,242**	**$ 244,755**	**$ 159,166**	**$ 197,007**	**$ 414,957**
13	**Interest Income**					
14	Unrestricted	$ 37,169	$ 25,395	$ 29,807	$ 43,479	$ 61,397
15	**Total Interest Income**	**$ 37,169**	**$ 25,395**	**$ 29,807**	**$ 43,479**	**$ 61,397**
16	**Total Cash Inflows**	**$ 6,286,250**	**$ 7,372,279**	**$ 7,989,846**	**$ 8,812,371**	**$ 9,711,126**

[1] Cart Fee revenue calculated starting in FY25 based on anticipated annual cart fee multiplied by two for trash and recycle carts, multiplied by account growth.

Projection of Cash Outflows

Schedule 5

	Expense Line Item	Account Number	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
	215 - SOLID WASTE						
1	401000 - Permanent Salaries	401000 - Permanent Salari	$ 296,263	$ 310,484	$ 325,387	$ 341,006	$ 357,374
2	401300 - Over Time Pay		9,697	10,163	10,650	11,162	11,697
3	401400 - Vacation Pay Out		1,434	1,434	1,434	1,434	1,434
4	401500 - Cell Phone Stipend		650	650	650	650	650
5	402101 - Medical Opt Out Stipend		1,500	1,500	1,500	1,500	1,500
6	402111 - Medical Premiums		52,500	55,125	57,881	60,775	63,814
7	402112 - Hsa Contributions		4,420	4,420	4,420	4,420	4,420
8	402120 - Dental Premiums		1,537	1,614	1,695	1,780	1,868
9	402130 - Vision Premiums		279	293	308	323	339
10	402150 - Disability & Life Premiums		423	444	465	487	511
11	402153 - Commuter Insurance		68	68	68	68	68
12	402200 - Fica Er Contributions		18,564	19,455	20,389	21,368	22,394
13	402210 - Medicare Er Contributions		5,214	5,464	5,726	6,001	6,289
14	402300 - Az St Retirement Er Contrib		44,860	47,013	49,270	51,634	54,113
15	402350 - Er Deferred Compensation		905	949	994	1,042	1,092
16	402500 - State Unemployment Tax		441	441	441	441	441
17	402600 - Workman'S Compensation		3,229	3,480	3,752	4,045	4,360
18	403004 - Translation Services		206	212	219	225	232
19	403006 - Contractor		5,117,415	5,509,818	5,847,592	6,230,892	6,813,850
20	403010 - Legal Services		10,934	11,262	11,600	11,948	12,307
21	403031 - General Services		32,157	33,121	34,115	35,138	36,193
22	403100 - Travel/Conference/Seminars/Tra		23,463	24,167	24,892	25,639	26,408
23	403200 - Dues/Membership Fees		5,660	5,830	6,005	6,185	6,370
24	403240 - Bank Fees		8,240	8,487	8,742	9,004	9,274
25	403241 - Credit Card Fees		66,950	68,959	71,027	73,158	75,353

Projection of Cash Outflows

Schedule 5

	Expense Line Item	Account Number	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
26	403370 - Employee Uniforms		1,133	1,167	1,202	1,238	1,275
27	403430 - Community Outreach Programs		41,200	42,436	43,709	45,020	46,371
28	404155 - Cellular Telephone		3,605	3,713	3,825	3,939	4,057
29	404300 - Maintenance/Repairs		5,115	5,233	5,353	5,476	5,602
30	404310 - Vehicle Maint/Repair		2,455	2,512	2,569	2,629	2,689
31	405200 - Liability Insurance		7,452	7,676	7,906	8,143	8,387
32	405600 - Marketing		26,780	27,583	28,411	29,263	30,141
33	406020 - Office Supplies		103	106	109	113	116
34	406075 - Safety Supplies		2,060	2,122	2,185	2,251	2,319
35	406150 - Postage		2,575	2,652	2,732	2,814	2,898
36	406260 - Gasoline (Vehicle Usage)		2,575	2,652	2,732	2,814	2,898
37	407500 - Equipment <5000		2,575	2,652	2,732	2,814	2,898
38	407550 - Software		87,550	90,177	92,882	95,668	98,538
39	408000 - Miscellaneous Expense		1,890	1,947	2,005	2,065	2,127
40	408030 - Studies & Tests		-	-	-	-	-
41	444115 - Cart-New Service		255,942	234,146	148,239	185,752	403,364
42	447003 - Special Event		37,080	38,192	39,338	40,518	41,734
43	400120 - Dept Support Costs-It		38,626	39,785	40,978	42,207	43,474
44	400121 - Dept Support Costs-Hr		6,408	6,600	6,798	7,002	7,212
45	400122 - Dept Support Costs-Finance		55,722	57,394	59,115	60,889	62,715
46	400126 - Dept Support Costs-Budget		12,670	13,050	13,442	13,845	14,261
	400131 - Dept Support Costs-Facilities		5,223	5,380	5,542	5,708	5,879
47	407400 - Major Equipment >10000		-	-	-	-	-
48	407420 - Vehicles		-	-	-	-	-
49	Cart Replacement		333,023	343,014	353,304	363,903	374,820
50	**Total Expenses**		**$ 6,638,773**	**$ 7,055,042**	**$ 7,354,331**	**$ 7,824,398**	**$ 8,676,129**

Projection of Cash Outflows

Schedule 5

	Expense Line Item	Account Number	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
	Total Expenses by Category						
51	Personal Services		$ 441,985	$ 462,997	$ 485,031	$ 508,136	$ 532,365
52	Variable Operations & Maintenance		5,708,955	6,089,630	6,351,867	6,783,361	7,594,933
53	Operations & Maintenance		485,378	499,903	514,864	530,272	546,142
54	Capital Outlay		2,455	2,512	2,569	2,629	2,689
55	**Total Expenses**		**$ 6,638,773**	**$ 7,055,042**	**$ 7,354,331**	**$ 7,824,398**	**$ 8,676,129**
	Expense Execution Factors						
56	Personal Services		100%	100%	100%	100%	100%
57	Variable Operations & Maintenance		100%	100%	100%	100%	100%
58	Operations & Maintenance		100%	100%	100%	100%	100%
59	Capital Outlay		100%	100%	100%	100%	100%
	Total Expenses at Execution						
60	Personal Services		$ 441,985	$ 462,997	$ 485,031	$ 508,136	$ 532,365
61	Variable Operations & Maintenance		5,708,955	6,089,630	6,351,867	6,783,361	7,594,933
62	Operations & Maintenance		485,378	499,903	514,864	530,272	546,142
63	Capital Outlay		2,455	2,512	2,569	2,629	2,689
64	**Total Expenses at Execution**		**$ 6,638,773**	**$ 7,055,042**	**$ 7,354,331**	**$ 7,824,398**	**$ 8,676,129**
	Transfers Out						
65	Customer Service Dept Allocation - Utility Billing Fee Expense		$ 320,745	$ 316,754	$ 383,909	$ 458,295	$ 540,772
66	**Total Transfers Out**		**$ 320,745**	**$ 316,754**	**$ 383,909**	**$ 458,295**	**$ 540,772**
67	**Total Cash Outflows**		**$ 6,959,518**	**$ 7,371,795**	**$ 7,738,240**	**$ 8,282,693**	**$ 9,216,901**

Cost Escalation Factors — Schedule 6

Category	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Salaries & Wages	4.80%	4.80%	4.80%	4.80%	4.80%
Health Insurance	5.00%	5.00%	5.00%	5.00%	5.00%
Retirement	3.50%	3.50%	3.50%	3.50%	3.50%
Repair & Maintenance	2.30%	2.30%	2.30%	2.30%	2.30%
Contractor*	8.33%	7.67%	6.13%	6.55%	9.36%
Workmans Comp	7.80%	7.80%	7.80%	7.80%	7.80%
Admin Services	3.00%	3.00%	3.00%	3.00%	3.00%
Default Inflation Factor	3.00%	3.00%	3.00%	3.00%	3.00%

*Contractor expense escalation estimated at 3.9% plus growth

Cart Replacement Scenario Schedule 7

Year	Number of Carts	Cost
2027	3,182	$333,023
2028	3,182	$343,014
2029	3,182	$353,304
2030	3,182	$363,903
2031	3,182	$374,820
5- Year Total	**15,909**	**$1,768,065**

Pro Forma

Schedule 8

		FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
	Operating Revenue					
	Rate Adoption Effective Date	**3/1/2027**	**1/1/2028**	**1/1/2029**	**1/1/2030**	**1/1/2031**
1	Solid Waste, User Fee Revenue	$ 5,314,793	$ 6,844,002	$ 7,102,129	$ 8,349,909	$ 8,571,884
2	Change in Revenue From Growth	235,693	258,127	158,661	221,975	467,984
3	Subtotal	$ 5,550,486	$ 7,102,129	$ 7,260,791	$ 8,571,884	$ 9,039,868
4	*Solid Waste User Fee Increase*	*23.30%*	*0.00%*	*15.00%*	*0.00%*	*4.35%*
5	Additional Rate Revenue From Rate Increase	432,353	-	540,083	-	194,904
6	Total User Fee Revenue	$ 5,982,839	$ 7,102,129	$ 7,800,874	$ 8,571,884	$ 9,234,772
7	Add: Additional Revenue Recovered after Partial Year[1]	*$ 861,163*	*$ -*	*$ 549,035*	*$ -*	*$ 198,134*
8	Ending User Fee Revenue[1]	*$ 6,844,002*	*$ 7,102,129*	*$ 8,349,909*	*$ 8,571,884*	*$ 9,432,906*
9	Plus: Other Operating Revenue[2]	266,242	244,755	159,166	197,007	414,957
10	**Equals: Total Operating Revenue**	**$ 6,249,081**	**$ 7,346,884**	**$ 7,960,040**	**$ 8,768,892**	**$ 9,649,729**
	Less: Operating Expenses					
11	Personal Services	$ (441,985)	$ (462,997)	$ (485,031)	$ (508,136)	$ (532,365)
12	Variable Operations & Maintenance Costs	(5,708,955)	(6,089,630)	(6,351,867)	(6,783,361)	(7,594,933)
13	Operations & Maintenance Costs	(485,378)	(499,903)	(514,864)	(530,272)	(546,142)
14	**Equals: Net Operating Income**	**$ (387,237)**	**$ 294,354**	**$ 608,278**	**$ 947,122**	**$ 976,289**
	Plus: Non-Operating Income/(Expense)					
15	Interest Income	$ 37,169	$ 25,395	$ 29,807	$ 43,479	$ 61,397
16	**Equals: Net Income**	**$ (350,068)**	**$ 319,749**	**$ 638,085**	**$ 990,601**	**$ 1,037,686**
	Less: Non-Operating Expenditures					
17	Utility Billing Fee Expense Transfer3	$ (320,745)	$ (316,754)	$ (383,909)	$ (458,295)	$ (540,772)
18	Capital Outlay	(2,455)	(2,512)	(2,569)	(2,629)	(2,689)
19	**Net Cash Flow**	**$ (673,268)**	**$ 484**	**$ 251,607**	**$ 529,677**	**$ 494,225**
	Unrestricted Reserve Fund Test					
20	Balance At Beginning Of Fiscal Year	$ 1,398,597	$ 725,329	$ 725,812	$ 977,419	$ 1,507,097
21	Cash Flow Surplus/(Deficit)	(673,268)	484	251,607	529,677	494,225
22	**Balance At End Of Fiscal Year**	**$ 725,329**	**$ 725,812**	**$ 977,419**	**$ 1,507,097**	**$ 2,001,322**
23	**Minimum Working Capital Reserve Target[4]**	**$ 1,659,079**	**$ 1,763,133**	**$ 1,837,940**	**$ 1,955,442**	**$ 2,168,360**
24	**Excess/(Deficiency) Of Working Capital To Target**	**$ (933,750)**	**$ (1,037,320)**	**$ (860,521)**	**$ (448,346)**	**$ (167,038)**

[1] Represents full basis of rate revenue adjusted for rate effective date

[2] Includes recycling revenues and cart fees

[3] Paid to Water Fund for shared billing services

[4] Equal to 3 months of O&M

RESOLUTION NO. 1691-26

A RESOLUTION OF THE COMMON COUNCIL OF THE TOWN OF QUEEN CREEK, ARIZONA, INCREASING SOLID WASTE RATES AND FEES IN COMPLIANCE WITH STATE LAW.

WHEREAS, Arizona's legislation governing increasing fees, A.R.S. § 9-499.15 (the "Fee Statute") requires the Town of Queen Creek (the "Town") to prepare a written report providing schedules of the proposed increases to the existing solid waste service rates and fees, and the analysis supporting the proposed new and increased fees; and

WHEREAS, Stantec, the Town's consultant, has prepared, on behalf of the Town, a written report providing schedules of the proposed solid waste rates and fees, and the analysis supporting the proposed rates and fees titled "Queen Creek, Arizona, Trash and Recycling Service Rates and Fees 2026 Rate Study Report," (the "Report"); and

WHEREAS, the Fee Statute also requires the Common Council of the Town (the "Town Council") to (i) adopt a Notice of Intention to adopt the fees, (ii) file the written report with the Town Clerk, and (iii) post the written report on the Town's website at least 60 days prior to holding a public hearing on the proposed rates and fees; and

WHEREAS, on September 16, 2026, the Town Council (i) adopted the Notice of Intention that confirmed the filing and posting of the Report as required by the Fee Statute and (ii) set a public hearing to consider the proposed increased rates and fees at its regularly scheduled meeting on November 18, 2026; and

WHEREAS, the Notice of Intention was posted on the Town's website and distributed through the Town's electronic communication tools; and

WHEREAS, the Town Council held the public hearing on November 18, 2026, and now desires to conclude the rate and fee adoption process by approving increases to the existing solid waste rates and fees as set forth in the Report;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE TOWN OF QUEEN CREEK, ARIZONA, AS FOLLOWS:

Section 1: The recitals above are hereby incorporated as if fully set forth herein.

Section 2: The Report is hereby adopted in substantially the form and substance attached hereto as Exhibit A and incorporated herein by reference.

Section 3: The rates and fees as set forth in Table 2 of the Report are hereby approved.

Section 4: Pursuant to the Town Code, Article 10-9 (Solid Waste Services; Recycling Services; Animal Waste Services for Residential Dwellings), Section 10-9-13 (Rates, Charges and Fees) the proposed rates and fees as set forth on

Table 2 of the Report and as adopted herein shall be the rates, charges and fees to be assessed pursuant to Article 10-9 of the Town Code.

Section 5: The Town Manager, the Town Clerk and the Town Attorney are hereby authorized and directed to take such steps and execute such documents as necessary to implement this Resolution.

Section 6: The rates, charges and fees adopted herein shall: (i) be placed in a separate fund designated for the purposes set forth in the Report; and (ii) not be used for unrelated purposes.

Section 7: If any section, subsection, clause, phrase or portion of this Resolution is for any reason held invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

Section 8: At least one paper copy and one electronic copy of this Resolution and Exhibit(s) are to be filed with and will be located at the office of the Town Clerk.

PASSED AND ADOPTED by the Common Council of the Town of Queen Creek, Arizona, this 18th day of November, 2026.

FOR THE TOWN OF QUEEN CREEK:	ATTESTED TO:
Julia Wheatley, Mayor	Maria Gonzalez, Town Clerk
REVIEWED BY:	APPROVED AS TO FORM:
Bruce Gardner, Town Manager	Clifford Mattice, Town Attorney

EXHIBITS ON FILE AND LOCATED AT THE TOWN CLERK'S OFFICE.

EXHIBIT A

TO

RESOLUTION 1691-26

[Report]

See following pages.

TOWN OF QUEEN CREEK ARIZONA

TO: **HONORABLE MAYOR AND TOWN COUNCIL**

THROUGH: **BRUCE GARDNER, TOWN MANAGER**

FROM: **SCOTT MCCARTY, DEPUTY TOWN MANAGER/CHIEF FINANCIAL OFFICER**

RE: **PUBLIC HEARING AND POSSIBLE APPROVAL OF RESOLUTION NO. 1689-26 TO ESTABLISH A WATER RESOURCE FEE AND THE PLANNED COMMUNITY POLICY.**

DATE: **November 18, 2026**

Suggested Action:

Motion to approve Resolution No. 1689-26 to establish a water resource fee and the Planned Community Policy.

Relevant Council Goal(s):

Effective Government: KRA Financial Stability

Discussion:

Consultants and Town staff are continuing to finalize the supporting reports and corresponding enacting resolutions for the proposed rate and fee adjustments. These materials will be incorporated into the Council agenda through an amended agenda once finalized, providing Council with the complete documentation for consideration.

Fiscal Impact:

Additional information regarding the potential financial and customer impacts of the proposed rate and fee amendments will be provided once the supporting reports are finalized.

TOWN OF QUEEN CREEK ARIZONA

TO: **HONORABLE MAYOR AND TOWN COUNCIL**

THROUGH: **BRUCE GARDNER, TOWN MANAGER**

FROM: **SCOTT MCCARTY, DEPUTY TOWN MANAGER/CHIEF FINANCIAL OFFICER**

RE: **PUBLIC HEARING AND POSSIBLE APPROVAL OF ORDINANCE NO. 900-26 TO ESTABLISH A NEW DEVELOPMENT WATER RESOURCE CAPACITY FEE.**

DATE: **November 18, 2026**

Suggested Action:

Motion to approve Ordinance No. 900-26 to establish a New Development Water Resource Capacity Fee.

Relevant Council Goal(s):

Effective Government: KRA Financial Stability

Discussion:

Consultants and Town staff are continuing to finalize the supporting reports and corresponding enacting resolutions for the proposed rate and fee adjustments. These materials will be incorporated into the Council agenda through an amended agenda once finalized, providing Council with the complete documentation for consideration.

Fiscal Impact:

Additional information regarding the potential financial and customer impacts of the proposed rate and fee amendments will be provided once the supporting reports are finalized.

TOWN OF QUEEN CREEK ARIZONA

TO: **HONORABLE MAYOR AND TOWN COUNCIL**

THROUGH: **BRUCE GARDNER, TOWN MANAGER**

FROM: **SCOTT MCCARTY, DEPUTY TOWN MANAGER/CHIEF FINANCIAL OFFICER**

RE: **PUBLIC HEARING AND POSSIBLE APPROVAL OF RESOLUTION NO. 1688-26 TO INCREASE WATER RATE COST OF SERVICE FEES.**

DATE: **November 18, 2026**

Suggested Action:

Motion to approve Resolution No. 1688-26 to increase Water Rate Cost of Service Fees.

Relevant Council Goal(s):

Effective Government: KRA Financial Stability

Discussion:

Consultants and Town staff are continuing to finalize the supporting reports and corresponding enacting resolutions for the proposed rate and fee adjustments. These materials will be incorporated into the Council agenda through an amended agenda once finalized, providing Council with the complete documentation for consideration.

Fiscal Impact:

Additional information regarding the potential financial and customer impacts of the proposed rate and fee amendments will be provided once the supporting reports are finalized.