



MARANA TOWN COUNCIL
SPECIAL COUNCIL MEETING/RETREAT
Crowne Plaza Resort, One North San Marcos Pl, Chandler, AZ 85225
February 11 - 12, 2026

Jon Post, Mayor
Roxanne Ziegler, Vice Mayor
Patrick Cavanaugh, Council Member
Patti Comerford, Council Member
Herb Kai, Council Member
Teri Murphy, Council Member
John Officer, Council Member

SUMMARY MINUTES

*[Each item on the agenda was subject to presentation,
discussion, and possible direction from Council.
All agendized times in the left column are approximate only.
Actual times are included in the body of the minutes.]*

Wednesday, February 11

8:25AM - 8:30AM CALL TO ORDER AND ROLL CALL

Mayor Post called the meeting to order at 8:33 AM and directed the Town Clerk to call the roll. All Council Members were present, constituting a quorum.

Staff present included **Town Manager Terry Rozema, Deputy Town Manager Erik Montague, Town Attorney Jane Fairall, Town Clerk Jill McCleary, Finance Director Yiannis Kalaitzidis, Public Works Director Fausto Burruel, Development Services Director Jason Angell, Parks and Recreation Director Wayne Barnett, and Water Director Heidi Lasham.**

Mayor Post opened by stating that a successful retreat would depend on maintaining positive working relationships, encouraging patience, and ensuring the group left with better relationships than when they began.

Town Manager Terry Rozema said that the retreat provided an opportunity to step away from daily operations to focus on key issues, including transportation and finances, and discuss potential challenges, such as future regional transportation funding, and engage in meaningful dialogue to provide clear policy direction to staff.

Mayor Post stated that, for purposes of the retreat, normal parliamentary procedures would be relaxed, and Council Members could raise their hands and be recognized directly by the presenter when asking questions.

APPROVAL OF AGENDA

Mayor Post asked for a motion to approve the agenda.

Vice Mayor Ziegler moved to approve the agenda. Council Member Cavanaugh seconded the motion. Motion passed, 7-0.

8:30AM – 9:00AM

Preliminary financial outlook for FY 2027

By: Yiannis Kalaitzidis

[Actual start time was 8:40 AM]

Finance Director Yiannis Kalaitzidis presented on this item. **Mr. Kalaitzidis** noted that the outlook is preliminary in nature and based on six months of actual data, trend analysis, and current economic assumptions. A more detailed review of second-quarter results would be presented at the next regular Council meeting.

A copy of the presentation slides is on file with the Town Clerk's Office. For more detailed information, including statistics, graphs, and tables, please see the presentation slides.

Mr. Kalaitzidis stated that the Town remains in a strong financial position entering the FY2027 budget cycle. His presentation included the following:

- FY2027 General Fund Preliminary Outlook, including key forecasting assumptions such as a stable economy, moderate sales tax growth, population-driven shared revenue increases, and persistent but stable inflation.
- Sales Tax Projections by Category, including anticipated projections in retail, utilities, construction, restaurant, and “all other” sales tax revenues.
- Shared Revenues and State Distributions, including projected increases in shared sales tax and shared income tax, with notes that final figures will depend on the Arizona Department of Revenue and U.S. Census updates.
- Licenses, Permits, and Fees, including single-family residential permit activity for FY2026 and a higher preliminary projection for FY2027.
- General Fund Financial Position, including available reserves, projected ongoing versus one-time revenues, preliminary fiscal impacts, current debt levels, and projects under discussion.
- Preliminary Fiscal Impacts, including Marana Aquatics and Recreation Center (MARC) additional lifeguards, health insurance, compensation adjustments, Ed Honea MMC Space Optimization, Drainage, Airport projects, and impact fee shortfall loans.
- Budget Process Key Dates for FY2027, with an anticipated adoption of the final budget on June 16, 2026.
- General Fund Available Balances, covering from FY 2020 to an estimated number for FY2026.
- Current Debt, covering FY2016 through FY2025, and comparison of debt to other local municipalities.

Clarifying questions were asked and answered during the presentation, including:

- **Mayor Post** asked why the utilities sales tax collected would be projected to go down when utility costs were increasing. **Mr. Kalaitzidis** said the trend was mostly due to the Town being too generous in its projections for the current year.
- **Council Member Cavanaugh** asked for clarification of the “All Other” sales tax category. **Mr. Kalaitzidis** stated that it included categories such as bed tax dollars and entertainment.

- **Mayor Post** inquired about the Town's half-cent dedicated sales tax. **Mr. Kalaitzidis** stated that the Town's half-cent sales tax continues to perform in line with expectations, with strong correlation to overall activity.
- **Council Member Cavanaugh** asked for clarification about one-time costs listed in the Preliminary General Fund Summary. **Mr. Kalaitzidis** and **Deputy Town Manager Erik Montague** distinguished between ongoing revenues, which may support recurring expenses such as salaries and program costs, and one-time revenues, which are more appropriately used for capital projects or non-recurring expenditures.
- **Council Members** discussed past years when the Town's reserve numbers were significantly lower.
- **Council Members** and staff had a brief, general discussion about the costs of upcoming projects with the understanding that many of the projects would be covered in more detail later during the retreat.
- **Mayor Post** asked if debt would be considered for some of the long-term capital projects. **Mr. Kalaitzidis** and **Mr. Rozema** stated that debt vs. pay-as-you-go for projects would be discussed in more detail during later planning discussions.
- **Vice Mayor Ziegler** asked about the payoff for debt on the MARC. **Mr. Kalaitzidis** said that the estimated date is still on track to be paid off in FY2030.

[Actual end time was 9:21 AM.]

9:00AM – 10:30AM **Town of Marana Five-Year Capital Improvement Program for Fiscal Years 2027 through 2031**

By: Fausto Burruel and Heidi Lasham

[Actual start time was 9:22 AM.]

Public Works Director Fausto Burruel and **Water Director Heidi Lasham** presented the Town's Five-Year Capital Improvement Program (CIP) for Fiscal Years 2027 through 2031, including accomplishments through the end of FY26 and proposed projects for FY27 and beyond.

A copy of the presentation slides is on file with the Town Clerk's Office. For more detailed information, including images and maps, please see the presentation slides.

Mr. Burruel began by stating that he would be going through more details relating to some of the CIP projects in a presentation later today. He provided an overview of projects completed or substantially advanced through fiscal year 2026. He reported progress on transportation, drainage, airport, parks, and municipal facility projects.

Mr. Rozema said that the progress made this past year is significant and was thanks to clear direction from the Council. He said he hoped the staff would leave the retreat again with clear direction. **Mayor Post** agreed and complimented the work done over the last year.

Mr. Burruel reported notable accomplishments by the end of FY26 including design completions for drainage improvements, construction completion of roadway and signal improvements, airport-related projects, park improvements, facility remodels, pavement preservation efforts, and security enhancements, including:

General

- Tangerine Farms Extension DCR Complete
- Barnett Linear Park DCR
- Airport Tower EA Complete
- Tangerine Gateway Monument sign
- Ora Mae Harn Park Master Plan

Design Complete

- Sanders Road Drainage Improvements
- Sandario Pedestrian Access
- Ina Road Median Modifications
- Tangerine TI (construction until March 2027)
- Heritage House Rehabilitation
- Runway 12-30 pavement rehab
- Pool Demolition
- Courtroom 2 Remodel

Construction Complete

- Twin Peaks over Rattlesnake Pass
- Tangerine 2A
- Dove Mountain Signal

- Air Commerce Way Monument
- El Rio Parking Lot
- El Rio Disc Golf
- Marana Public Safety Security Enhancements
- Marana Sewer Interceptor Phase I
- Marana Municipal Complex 1st Floor Reception Remodel
- Pavement Preservation
- Ora Mae Harn Pool Demo
- Honea Heights Park East
- MOC Roof Replacement and HVAC
- MOC Security Walls

Clarifying questions were asked during the overview of the accomplishments regarding the exact location of projects and further details. **Vice Mayor Ziegler** asked about the Tangerine 2A Construction project regarding working with Union Pacific Railroad (UPRR) to allow for the widening of the road. **Mr. Burruel** said that UPRR will come through; however, the timing is unknown.

Mr. Burruel outlined new projects proposed for FY27, including transportation improvements such as the Lockett Road Extension, Avra Valley intersection improvements, Moore Road improvements, and drainage improvements for the Orange Grove Underpass and the Saguaro Bloom Channel. Airport projects included the Airport Master Plan Update and West Apron Reconstruction. Parks projects included the Ora Mae Harn Park expansion.

Mr. Burruel also highlighted key projects for the five-year CIP Program moving forward by categories of transportation, community, airport, parks, and general fund projects. Some highlights included:

- Avra Valley Rd / Sanders Rd Intersection improvements
- Marana Channel design and identification of funding sources
- Continued progress on the Air Traffic Control Tower, with construction anticipated in FY28
- Tangerine transportation improvements

Council Members asked questions about specific transportation and drainage projects coming up in the next five years. **Council Member Murphy** expressed concerns about the roundabout on Sandario Road near Bisbee Breakfast restaurant. She said that one of the most common complaints is from drivers using trailers that cannot fit into

the tight lanes. **Mr. Burruel** said the apron around the monument is intended for larger vehicles that require more space. Discussion ensued about the effects of the Tangerine Farms Road extension, helping to keep traffic away from the roundabout. **Mr. Burruel** stated he would follow up and look into the roundabout further.

Mr. Burruel explained that the first year of the five-year plan reflects the FY27 funding plan and incorporates draft comments, anticipated grant funding, and future funding considerations.

Vice Mayor Ziegler and **Mayor Post** asked clarifying questions about the Saguaro Bloom Channel Improvements. **Mr. Burruel** provided the channel's history and the current discussions with D.R. Horton. A discussion among **Council Members** and staff ensued regarding the project.

Mayor Post asked about the schedule implications for the airport's air traffic control tower due to past delays. **Mr. Burruel** said that timing would be tight but that he was optimistic that the Town could shave time off and complete it on time. **Vice Mayor Ziegler** asked that staff document any delays caused by the FAA and asked for clarification on funding for the control tower design. **Mr. Burruel** described the grants available to cover the tower's costs.

[Ms. Lasham began the Water and Water Reclamation CIP Overview at 9:59 AM.]

Water Director Heidi Lasham provided an overview of departmental accomplishments and the proposed five-year Water and Water Reclamation CIP.

Ms. Lasham highlighted accomplishments including:

- Billing added a payment plan to help customers
- Rate study completed and approved
- Approved water hauling policy
- 3,500 meters replaced with WIFA grant
- Water risk resilience assessment
- SCADA Master Plan
- Water Master Plan that will come to Council in April
- Airport southeast well rehabilitation
- New field office, site master plan and admin office design

- Marana Park reservoir and well project
- Design for Rillito Vista Lift Station rehabilitation
- Construction and operation of second screw press
- Sewer collection system cleaning and inspection
- Wastewater reclamation facility onboard

Ms. Lasham highlighted major Water and Water Reclamation CIP projects, including:

- Continental Reserve and Picture Rocks interconnect improvements
- Heritage Park Water Plant construction and PFAS treatment design
- Marana Park PFAS treatment design and planned construction funding
- Pioneer Well PFAS treatment project
- Tangerine 16-inch water line improvements
- Water Administration Building
- Water Reclamation Facility and Recharge Facility Phase 2 Construction
- Phase II Basin Expansion
- Wastewater Administration Building
- Clark Farms Sewer Interceptor, including phases 1A, 1B and 2

Council Member Cavanaugh asked if the PFAS treatment was being done with activated carbon. **Ms. Lasham** said that is typically what is used. She said that, due to restrictions, one well would be using an alternative treatment.

Ms. Lasham stated that staff were looking at a modular building to save funds on the Water Operations Administration Building. She noted that she had visited modular buildings utilized by MUSD and found them to be well-designed and suitable for operational needs. **Council Member Cavanaugh** asked if the image shown in the slides was modular. **Ms. Lasham** said it was modular.

Ms. Lasham provided the anticipated costs for the first year of the five-year Water CIP funding plan. She then highlighted the long-term infrastructure investments reflected over the next five years and stated it would be approximately \$112 million to fund the projects over the five years.

Mayor Post asked about the use of recently purchased property by the Marana Water Reclamation Facility. **Ms. Lasham** said that some of the property will be used for recharge and that some of it was required to be purchased for flooding and drainage protection from nearby land.

Mayor Post asked about the closure of Sanders Road between Grier and Barnett for a couple of months. **Ms. Lasham** stated that a public meeting was scheduled for Thursday of that week to work with residents on the closure. She stated that the contractor would be closing the road in chunks.

Ms. Lasham finished the presentation slides with the anticipated costs for the five-year Water Reclamation CIP funding plan.

Mayor Post asked questions about the funding of the plan. **Mr. Kalaitzidis** stated that funding would be discussed later in the day. **Ms. Fairall** reminded Council that the Town cannot raise funds immediately due to the Southern Arizona Home Builders Association (SAHBA) lawsuit.

Council Member Cavanaugh asked about the replacement of the water meters. **Ms. Lasham** said the meters were aging infrastructure that lasted approximately ten years.

Council Member Kai asked if the meters have telemetry and how they are funded. **Ms. Lasham** said the meters do have telemetry and that grants are being used to fund the purchase. **Mr. Montague** expanded on the benefits of the meters.

Council Member Cavanaugh and **Council Member Kai** asked for clarification about the PFAS levels in the wells. **Mr. Montague** discussed the Town's history of commitment to safe water. He stated that the Town could not blend water as a solution to PFAS treatment and that PFAS treatment is expensive.

Council Member Cavanaugh asked if the PFAS settlement funds would be utilized for PFAS treatment. **Mr. Kalaitzidis** said that was something currently being worked on for recommendation, and that the thought process is that those funds would be used for treatment.

Mr. Rozema and **Ms. Fairall** also stated that the Town was investigating other sources of funds through other PFAS lawsuits.

Council Member Comerford asked that, when the Town renegotiates with SAHBA, actual costs be discussed so that SAHBA understands its money is not being misused. **Mr. Rozema** said that when the Town sits down for stakeholder meetings, a part of the discussions will be actual costs.

[Actual end time was 10:22 AM.]

10:30AM – 10:45AM Morning Break

[Actual break time was 10:22 – 10:37 AM]

10:45AM – 12:00PM **Transportation and Drainage Projects and Planning: Update and discussion regarding current and future transportation and drainage projects**

By: Fausto Burruel

[Actual start time was 10:37 AM.]

Public Works Director Fausto Burruel provided an update and facilitated a discussion regarding current and future transportation and drainage projects. He stated that the purpose of the presentation was to provide project updates, identify challenges and stakeholders, discuss funding considerations, and allow for Council dialogue.

A copy of the presentation slides is on file with the Town Clerk's Office. For more detailed information, including images, maps, and diagrams, please see the presentation slides.

Mr. Burruel presented a map that showed the areas of Marana that will be most heavily affected by the transportation projects that were discussed in the presentation. He highlighted:

- Tangerine Farms Extension. **Mr. Burruel** reported that the Design Concept Report was complete and that design was anticipated to begin in late February. He reported estimated costs included approximately \$4.7 million for design, \$3.5

million for environmental and real property acquisition, and approximately \$30 million for construction. He stated funding was anticipated to include a combination of impact fees and transportation funds, with impact fees collected over time as development occurs.

Council Member Kai asked whether the property required for the Tangerine Farms Extension was dedicated or had to be purchased. **Mr. Burruel** said that it was both.

Vice Mayor Ziegler asked for the completion date for the Tangerine Farms Extension. **Mr. Burruel** said that if everything goes as anticipated, design would start in late February. He said overall design would be close to a year time frame and then the procurement process would begin. He stated that construction is expected to be in FY2028.

Mayor Post asked whether the project would be phased or done all at once. **Mr. Burruel** stated that the project was currently planned as a single build but could be phased if necessary. He noted that phasing could increase overall costs and extend the schedule. Discussion ensued on which portion of the project should be completed first.

Mr. Burruel said that the project would complete the loop from I-10 to I-10. He stated that additional project improvements included lighting and roadway improvements between Moore Road and Clark Farms Boulevard, a signal at Moore Road and Tangerine Farms Extension, and the Bill Gaudette Drive extension. He said staff had coordinated with affected property owners.

- Marana Traffic Interchange. **Council Members** discussed concerns regarding the interchange. **Mr. Burruel** stated that the goal is to optimize existing infrastructure as much as possible until a full reconfiguration can be completed. He said the Design Concept Report for the Marana Road Traffic

Interchange was complete and that the design was underway. He stated that estimated costs included approximately \$1 million for design and \$9.1 million for construction. He noted continued coordination with Union Pacific Railroad.

Mayor Post asked about the interchange's name. **Mr. Burruel** said that the naming of the road is something for discussion at a later date. **Council Members** and staff discussed naming issues and considerations.

Mayor Post asked for clarification on funding for the project. **Ms. Fairall** said funding negotiations had occurred with The Villages of Tortolita, but had not been finalized.

Mayor Post asked about the timing for the interchange. **Mr. Burruel** stated that additional coordination with ADOT and Union Pacific Railroad would be required before finalizing the schedule. **Vice Mayor Ziegler** asked for a completion date. **Mr. Burruel** said he anticipated an overall construction period of 18 months to 2 years, starting in FY2028.

Clarifying questions were asked about the alignment of the Tangerine Farms Extension and its connection to the Marana Traffic Interchange.

Council Member Comerford and **Council Member Murphy** asked about the frontage road near the Marana Traffic Interchange. **Mr. Burruel** stated he anticipated that the frontage road would be converted from a two-way to a one-way road.

- Tangerine Road Phase 2B Widening. **Mr. Burruel** reported that the project was identified in the first period of the Regional Transportation Authority program and is still tied to the RTANext initiative. He noted ongoing coordination with the Arizona State Land Department and identified drainage challenges associated with the Prospect Wash.

Council Member Comerford asked about the funding from RTANext for the project. **Mr. Burruel** stated that funding would be determined by the upcoming vote in March 2026.

Mayor Post asked whether, if RTANext did not pass, the Town could redesign the road to the Town's specifications, at a lower price. **Mr. Burruel** stated that the project scope would remain similar and that the current estimate reflects a minimized baseline design.

- **Moore Road Traffic Interchange.** **Mr. Burruel** stated that this project was identified in the first period of RTANext. He stated that staff were working on a BUILD grant application to assist with funding. He shared a conceptual rendering that was created for the grant in the presentation slides. He said that this interchange is heavily dependent on RTA funds.

Mayor Post asked about the size of the interchange. **Mr. Burruel** said that the size of the interchange would be determined after further analysis.

Council Members asked questions regarding funding scenarios with RTANext. **Mr. Burruel** clarified that staff would continue pursuing grant opportunities regardless of the RTA outcome.

Mayor Post asked about the cost to design the interchange. **Mr. Burruel** said the \$20-\$25 million range would cover design and planning. Discussion among **Council Members** ensued on how the cost to plan interchanges has changed over time.

Council Member Cavanaugh asked about the design and whether it is essentially a design that has already been created elsewhere. **Mr. Burruel** said that each site has its own site-specific issues to contend with, including cultural research and connections with the railroad.

- **Tangerine Traffic Interchange.** **Mr. Burruel** reported that the grade-separated Tangerine Traffic Interchange was identified in the second period of RTANext. He said that interim improvements, including the westbound off-ramp, had been approved by the Council on January 6 and were underway. He provided a construction estimate of approximately \$12

million, funded through a combination of impact fees and transportation funds for interim improvements.

Council Members discussed traffic flow improvements at the exit.

Mayor Post asked whether Walmart would need to conduct a comprehensive traffic study for the property they purchased near the Tangerine Traffic Interchange.

Mr. Burruel said that it would be part of the review process. **Mr. Rozema** pointed out that Walmart may wait a significant amount of time before beginning construction.

- Cortaro Traffic Interchange. **Mr. Burruel** stated that the Cortaro Road Traffic Interchange was identified in the third period of RTANext, with design started on January 12, 2026. Funding included support from the State and a \$20.4 million Federal Railroad Administration grant, with a Town match utilizing state funds.

Vice Mayor Ziegler asked how the Cortaro Traffic Interchange was moved from the 1st phase of RTANext to the third. **Mr. Burruel** and **Mayor Post** explained that the adjustment was made in coordination with the Regional Transportation Authority due to funding availability through ADOT. Discussion followed regarding the impacts of shifting the project timeline.

Vice Mayor Ziegler expressed concern regarding the timing of the project being moved from an earlier period to a later period.

Council Member Cavanaugh asked whether, if RTANext did not pass, the state-identified funding would go away. **Mr. Burruel** said that it doesn't completely go away because it is funding allocated to the region. He clarified that the current funding may change.

Mayor Post asked that Council Members hold off on questions about RTANext funding so that the full discussion can happen at the end of the day.

Discussion ensued among **Council Members** and staff regarding complications with updating the interchange and its relation to RTANext.

Mr. Burruel transitioned to drainage planning and provided an overview of the Barnett Linear Park project. He explained that the primary objective of the project was flood control and removal of FEMA floodplain designations in portions of northwest Marana. He said approximately \$30 million had been identified for construction, subject to refinement as design advanced. He stated that additional goals included a paved multi-use trail, connectivity to downtown, neighborhoods, schools, and The Loop, and the incorporation of community amenities such as public art, recreational spaces, and drought-resistant landscaping.

Council Members asked clarifying questions about the location, construction, and surrounding areas of the Barnett Linear Park.

Mr. Burruel outlined coordination requirements for completing Barnett Linear Park. He noted potential utility relocation challenges, including a Kinder Morgan gas line.

Mayor Post and staff discussed ongoing coordination with Pima County on drainage projects regarding potential funding and flood control participation.

Mr. Rozema reemphasized that the project can be done in phases aligned with the stated goals.

[Actual end time was 11:56 AM.]

12:00 PM – 1:00 PM Lunch at Hotel

1:00 PM – 2:30 PM **Water and Water Reclamation Projects and Planning: Update and discussion regarding current and future water/water reclamation infrastructure projects with a focus on North and East Marana**
By: Heidi Lasham

[Actual start time was 1:05 PM.]

Water Director Heidi Lasham outlined current water and water reclamation infrastructure projects, regulatory requirements, long-range planning efforts, and funding challenges.

A copy of the presentation slides is on file with the Town Clerk's Office. For more detailed information, including images, maps, and diagrams, please see the presentation slides.

Ms. Lasham reviewed major infrastructure projects. She provided an overview of the upcoming phases for the Marana Water Reclamation Facility (WRF), the North Marana Sewer Interceptor Conveyance Capacity Project, the Marana Park Reservoir/Well Project, and the Heritage Park Water and PFAS Treatment Campus.

Ms. Lasham shared a map of proposed PFAS treatment campuses in north, south, and central Marana. She noted that the Town is working with regulators to ensure compliance and that regulatory deadlines had been extended from 2029 to 2031, although further extensions remain uncertain.

Ms. Lasham provided an overview of water long-range planning efforts. She noted that the Sewer Master Plan had previously been presented to Council and that the Water Master Plan will be brought forward in the coming months. She also identified planning challenges, including accommodating growth, ongoing maintenance, regulatory requirements, expansion to town limits, and rising construction costs. She explained that the Town was now planning across the entire Designated Management Area and Town limits, rather than a limited-service area, and presented a map with proposed future WRFs.

Ms. Lasham discussed projected sewer capacity and its relationship to development. She discussed the acknowledgment letters that are shared with developers and capacity assurance letters. **Council Member Comerford** asked if the letters were signed. **Ms. Lasham** said they are signed, so both parties are in acknowledgment. **Mr. Montague** further stated that the Town is working diligently with SAHBA and the builders.

Ms. Lasham stated that flows were tracking at approximately 13 percent annual growth and reviewed three projected "stop gap" thresholds tied to plant capacity utilization. She explained that at

approximately 80 percent capacity, anticipated in May 2027, the Town would stop issuing new capacity assurance letters, while honoring those already issued.

Ms. Lasham stated that at approximately 90 percent capacity, anticipated in April 2028, commercial and industrial connections would pause, while residential developments with existing capacity assurances would continue. She further stated that at approximately 95 percent capacity, projected for October 2028, all new residential connections would pause until the WRF expansion is operational.

Council Members discussed projected timing, proactive communication, and costs relating to sewer capacity and asked clarifying questions throughout the presentation.

Ms. Lasham reviewed future projects needed to keep pace with or get ahead of growth. She identified the Stingray Sewer Interceptor and Sanders 24-inch water line on the northwest side. She discussed planning for a future east side WRF and identified booster stations, reservoirs, and transmission mains needed on the east side.

Ms. Lasham identified funding sources currently utilized, including WIFA loans and grants, water and wastewater capital funds, renewable resources, and impact fees. She noted funding challenges including increased construction costs, rising maintenance and staffing needs, timing of projects relative to growth, cash flow gaps, and limits on impact fees.

Finance Director Yiannis Kalaitzidis discussed debt, debt service, and the potential need to adjust impact fees in future years. He stated that phased debt issuance, capitalized interest, and future impact fee updates may be required to fund the WRF expansion and PFAS compliance projects.

Council Members discussed impact fee comparisons with peer communities, debt exposure, excise tax pledges, and the relationship between infrastructure funding and broader regional transportation funding.

Ms. Lasham and **Mr. Kalaitzidis** concluded the presentation and requested Council feedback and guidance regarding funding strategy and long-range planning priorities.

[Actual end time was 1:35 PM.]

2:30 PM – 2:45 PM Afternoon Break

[The next agenda item began at 1:35 PM, ahead of the scheduled break time. A recess was taken from 2:40 PM to 2:54 PM.]

2:45 PM – 5:00 PM **Discussion regarding options and challenges for funding growth**
By: Yiannis Kalaitzidis

[Actual start time was 1:35 PM.]

Finance Director Yiannis Kalaitzidis provided an overview of project funding needs, debt capacity, and strategic options for funding growth-related infrastructure.

A copy of the presentation slides is on file with the Town Clerk's Office. For more detailed information, including graphs and diagrams, please see the presentation slides.

Mr. Kalaitzidis outlined the objectives for the discussion, including reviewing current and anticipated projects, identifying the funding sources required for these projects, evaluating strategies to address funding shortfalls, and receiving Council feedback on the Town's long-standing "growth pays for growth" policy.

Mr. Kalaitzidis reviewed non-utility capital projects, including transportation, drainage, the airport, and parks. He noted the funding sources, including the Town and other third-party sources. He explained that transportation impact fee shortfalls existed in the northeast service area, creating general fund exposure, while the northwest impact fee area was anticipated to remain self-supporting.

Mr. Kalaitzidis further discussed the Regional Transportation Authority Next (RTANext) funding and the pending March election. He stated that if the RTANext measure did not pass, it could be placed on the November ballot. He further indicated that if the election was unsuccessful in November, the Town could consider replacing the RTA tax with its own half-cent sales tax.

Council Members and staff discussed RTANext, including regional funding allocations, public transit, ADOT participation, a possible Marana half-cent sales tax, public perception, other outside funding sources, and the Town's ability to move forward with key interchange and roadway projects. **Vice Mayor Ziegler** commented on the number of variables outside the Town's control pending the election outcome.

Mr. Kalaitzidis then reviewed funding needs for major utility projects, including the Water Reclamation Facility expansion, PFAS treatment facilities, and additional water and sewer infrastructure. He presented a recommended layered funding approach that included:

- Utilize available revenues, including user rates and impact fees
- Issue debt
- Update impact fee studies beginning in Summer 2026
- Implement new impact fees in 2028
- Continue pursuing grants, settlements, and other supplemental funding sources

Mr. Kalaitzidis stated that preliminary projections indicated that approximately \$107 million in new debt would be required in FY2027 for the Water Reclamation expansion, with payments structured to begin in FY2030. He said an additional debt issuance was anticipated in FY 2029 for PFAS and other water and sewer projects.

Council Members asked clarifying questions throughout the presentation. Discussion ensued on the anticipated rise in impact fee costs, comparisons with other Arizona municipalities, debt issuance, and general fund exposure.

[A break was taken from 2:40 – 2:54 PM.]

Mr. Kalaitzidis outlined three primary options for Council consideration:

- Option 1 – Growth Pays for Growth (Impact Fees Only).
Mr. Kalaitzidis said this option would increase impact fees to fully fund future debt and infrastructure needs, with no cap

on the impact fee amount. He said risks included potentially having the highest impact fees in the region, pushback from developers and homebuilders, delayed projects, and continued exposure if growth slowed while existing debt obligations remained.

Council Members and staff discussed the approach of raising impact fees to pay for growth, the risks of stopping/slowing growth, and possible ramifications for developers and home buyers. **Mayor Post** asked for clarification on which impact fees were affected by the SAHBA settlement and when the impact fees can be raised. **Ms. Fairall** said the Town cannot raise the water resources or wastewater impact fees until the settlement ends in March 2028 due to the SAHBA settlement.

- Option 2 - Growth Revenues Are Not Enough. **Mr. Kalaitzidis** explained that in this option, impact fees would be adjusted, but they would be capped at a level deemed acceptable to development. He said shortfalls would be covered through the general fund or other unrestricted revenues. He shared that risks included reduced funding for other Town projects, operational impacts if ongoing revenues were used, creating a precedent for subsidizing growth, and potential resident opposition.

Mayor Post reiterated that the Town has always believed that growth should pay for growth and that residents should not have to pay for services that won't apply to them. **Mr. Kalaitzidis** talked about how construction sales tax is currently used for transportation.

Vice Mayor Ziegler said the Council needs to think outside the box and keep its mind open.

Mr. Kalaitzidis said that staff had sat down and considered all options, even those that were not favorable. He shared some of those ideas, including property tax, saying no to growth, privatizing utilities/giving wastewater back to the county, aggressive debt structuring, special taxing district(s), public/private partnerships, half-cent sales tax, and other special fees. He shared some risks associated with these ideas. **Council Members** discussed the other funding options as **Mr. Kalaitzidis** shared them.

- Option 3 – Limited Use of Special Taxing Districts (CFDs)
Mr. Kalaitzidis discussed the option of allowing developers to construct and finance certain infrastructure projects through Community Facilities Districts (CFDs). He said risks included administrative complexity, limited applicability to large regional projects, developer resistance, and potential challenges with construction oversight.

Council Members and staff discussed the funding options presented. They discussed:

- Amount of sales tax that comes from each Marana residence
- Developers' potential reactions to raised impact fees
- Fees for large industries to assist in the cost of growth
- Legal restrictions on applying fees or taxes
- Payments for PFAS treatments
- Potential funding from data centers
- Yearly payments for the Tortolita Preserve
- Delaying major projects to pay for immediate needs
- Remodeling of the Ed Honea Marana Municipal Center
- Cost of housing if impact fees rise
- A quarter-cent construction sales tax on large projects
- The unpredictability of construction sales tax

Mr. Kalaitzidis's presentation also outlined the anticipated budget timeline:

- Issue debt for certain projects in Summer 2026
- Begin updating impact fee studies in Summer 2026
- Coordinate with the development community
- Implement updated impact fees in March 2028

[Actual end time was 4:16 PM]

[The meeting recessed at 4:16 PM.]

Thursday, February 12

8:30AM – 9:00AM

Recap of Day One: Possible further discussion regarding transportation and drainage projects, water/water reclamation infrastructure projects, and funding for growth

By: Terry Rozema

[Actual start time was 8:41 AM.]

Town Manager Terry Rozema opened with a recap of the prior day's discussion regarding funding growth-related infrastructure and ensuring clear direction from Council. He stated that the primary takeaway from the previous day was that Council reaffirmed its long-standing position that growth should continue to pay for growth.

Mr. Rozema also summarized a secondary concept discussed of exploring whether a portion of construction sales tax generated from large-scale commercial or industrial projects could be directed toward infrastructure funding. He said, specifically, Council had discussed the possibility of allocating the fourth cent of the Town's construction sales tax on projects exceeding a certain valuation threshold to help offset infrastructure costs. He requested confirmation from the Council on whether staff should further explore and analyze this concept.

Council Members expressed interest in pursuing additional analysis. They requested that staff develop valuation threshold scenarios (e.g., projects over \$100 million), provide historical data on how many projects would have qualified under various thresholds, present multiple options with projected revenue impacts, and outline legal considerations and any statutory limitations.

Council Members also discussed related funding mechanisms, including the interaction between construction sales tax and impact fee offsets; whether targeted adjustments could be structured to affect certain large-scale commercial projects differently, the limitations imposed by the Model City Tax Code, and the inability to impose differential construction tax rates for specific industries under current law. Staff noted that impact fees were established through a statutory study process based on projected growth and

infrastructure costs and cannot be adjusted incrementally without formal analysis.

Mayor Post stated that while there was urgency to evaluate options, the Town had time to conduct careful analysis and did not need to make immediate changes.

[Actual end time was 8:59 AM.]

9:00AM – 10:30AM **Discussion regarding proposed updates to the Council Code of Principles and Ethics-Centered Governance, including the proposed addition of a Policy on Social Media Use for the Town Council; discussion and training on open meeting, public records, and conflict of interest laws**

By: Jane Fairall

[Actual start time was 9:00 AM.]

Town Attorney Jane Fairall provided an overview of the Open Meeting Law, Public Records Law, Conflict of Interest statutes, and the Council Code of Principles and Ethics-Centered Governance.

A copy of the presentation slides is on file with the Town Clerk's Office. For more detailed information, please see the presentation slides.

Ms. Fairall stated that the presentation was not related to any recent events and stemmed from prior discussions following the 2024 election and delays due to changes in Council Members.

Ms. Fairall reviewed the purpose of the Open Meeting Law. She stated that public business must be conducted openly and that any uncertainty should be resolved in favor of transparency. She explained that a meeting occurs when a quorum gathers, including via electronic means, to discuss, propose, or take legal action. She cautioned against serial communications that could inadvertently create a quorum.

Mayor Post asked clarifying questions regarding ribbon cuttings and notices of possible quorum. He also asked about agenda requirements. **Ms. Fairall** explained that items must be properly agendized for discussion or action, and that legal action taken on

non-agendized items is null. **Council Members** also discussed the process for adding an item to an agenda.

Ms. Fairall reviewed statutory requirements related to conflicts of interest. She explained that a substantial pecuniary or proprietary interest held by a Council Member or a relative must be disclosed and that the member must refrain from participating. She noted that certain contracts are prohibited entirely, even with disclosure, unless competitively bid.

Council Members discussed potential examples of conflicts of interest, including ownership of adjacent property, prior business relationships, situations involving broad classes of persons, and conflicts involving relatives. **Ms. Fairall** advised that when in doubt, members should consult the Legal Department and err on the side of disclosure. She explained that violations may constitute a class 6 felony or a class 1 misdemeanor, and that penalties are personal to the elected official.

Ms. Fairall summarized the purpose of the Public Records Law and the broad definition of a public record. She explained that most records created or received in the course of Town business are presumed disclosable, subject to limited exceptions such as confidentiality by statute, privacy interests, or the best interests of the state.

Ms. Fairall explained that communications on private devices, including private cell phones, related to public business may be subject to disclosure and that private devices should not be used to shield government activities from the public.

Ms. Fairall reviewed proposed updates to the 2009 Council Code, noting that revisions were primarily minor updates and the addition of a Social Media Use Policy. She explained that enforcement of the Code rests primarily with Council, and that sanctions may include reprimand, formal censure, or loss of assignment.

Ms. Fairall discussed recent litigation involving public officials' use of social media and referenced the 2024 U.S. Supreme Court decision in *Lindke v. Freed*, which established a test for when a public official's social media activity may constitute state action. She stated that the

Town did not provide or maintain official social media accounts for the Council.

Ms. Fairall recommended that Council move into Executive Session to receive legal advice regarding the proposed Social Media Use Policy.

Mayor Post asked for a motion to go into executive session.

Vice Mayor Ziegler moved to go into executive session. Council Member Comerford seconded the motion. Motion passed, 7-0.

[An executive session was held beginning at 9:49 AM and concluding at 10:36 AM.]

10:30AM – 10:45AM Morning Break

[Actual break time was 10:36 AM – 10:48 AM]

10:45AM – 11:15AM **Parks and Recreation Projects and Planning: Parks & Recreation Master Plan 2020-2030 update; discussion regarding future Parks projects; and one-year update of the Marana Aquatic and Recreation Center (MARC) operations**
By: Wayne Barnett

[Actual start time was 10:48 AM]

Parks and Recreation Director Wayne Barnett provided updates on active and upcoming parks projects, the five-year update to the 2020–2030 Parks and Recreation Master Plan, and year-one operations of the Marana Aquatic and Recreation Center (MARC).

A copy of the presentation slides is on file with the Town Clerk's Office. For more detailed information, including graphs, plans, and images, please see the presentation slides.

Mr. Barnett shared an update on Honea Heights park improvements, including conversion to a full basketball court, installation of a restroom, addition of a shade canopy, and expanded parking, with construction anticipated in 2026.

Mayor Post asked about the utilization of Honea Heights park. **Mr. Barnett** said he believes the usage will increase after the updates. **Council Member Comerford** asked for clarification on lighting at the park. **Vice Mayor Ziegler** asked about the completion date. **Mr. Barnett** stated that completion was anticipated in late fall.

Mr. Barnett reported that the El Rio disc golf and parking lot design is complete and pending final County permitting. Council Member Comerford asked why Pima County would need to do permitting. **Mr. Barnett** said that the property is part of Pima County and clarified that it is in an IGA.

Mr. Barnett also provided updates on Tangerine Sky Park, Saguaro Bloom, El Rio Preserve, Gladden Farms Pump Track, and renovations of Ora Mae Harn Park. **Council Members** discussed the updates and asked clarifying questions regarding timelines, locations, and park utilization.

Mr. Barnett gave an update on the MARC. He reported current membership of approximately 6,825 with a peak of 10,722. He stated that summer daily attendance averaged 1,500 visitors, with approximately 260,000 total visits year-to-date and an average stay exceeding 1.5 hours. He highlighted expanded programming, including summer day camp and increased room reservations, and indicated that additional lifeguard staffing will be needed to support peak operations.

Mr. Barnett stated that staff are initiating the five-year update to the 2020–2030 Master Plan, which will include public outreach and Council engagement. He identified additional baseball and soccer fields and expanded special interest programming as anticipated priorities.

Council Member Comerford asked what amenities residents have expressed interest in. **Mr. Barnett** reported on recent public feedback requesting additional ball fields, pickleball courts, an outdoor skating rink, an archery range, and tennis courts.

Council Member Cavanaugh asked how the Town is mitigating contamination of the MARC pool. **Mr. Barnett** stated that staff utilize signage and active supervision to mitigate contamination risks.

[Actual end time was 11:24 AM]

11:15AM - 12:00PM **Private Development Projects and Planning: Update and discussion regarding private development projects throughout the Town**
By: Jason Angell

[Actual start time was 11:25 AM.]

Development Services Director Jason Angell presented a town-wide update on development, including sharing growth trends and projected commercial activity.

A copy of the presentation slides is on file with the Town Clerk's Office. For more detailed information, including maps and images, please see the presentation slides.

Mr. Angell shared heat maps that showed areas of development over the next five years. He also provided updates on commercial activity, including 7 Brew Coffee, expansion of the Bill Luke, Everhome Suites, Oro Valley Church of the Nazarene, Banner Health Center at Dove Mountain, the Learning Experience Child Development Center, Robert's Tires & Wheels, Burger King, Chipotle, Clean Freak, Dunkin' Donuts, Idaho Central Credit Union, Brakes Plus, Lightbridge Academy, Encantada Crossroads, Old Marana Storage, and Interlnx.

Council Members asked clarifying questions throughout the presentation regarding project locations, timing, traffic improvements, water capacity, public art, and tenant details. They also discussed the level of retail sales tax generated by defense-related employers and noted that such uses do not generate retail sales tax revenue.

Mr. Rozema reported that the potential Downtown developer had expressed continued interest in moving forward with the downtown project despite pending litigation. He stated that the first three tenants have been preliminarily identified and shared background on the potential tenants. He also said that a potential art project for downtown will be coming before the Council in the future.

Mayor Post expressed appreciation to Council and staff for their participation and preparation for the retreat.

Council Member Comerford stated that although she does not intend to seek reelection, she remains committed to serving the Town through the conclusion of her term.

[Actual end time was 11:50 AM.]

ADJOURNMENT

Mayor Post asked for a motion to adjourn.

Council Member Comerford moved to adjourn the meeting. Council Member Kai seconded the motion. Motion passed, 7-0. The meeting was adjourned at 11:51 AM.

CERTIFICATION

I hereby certify that the foregoing are the true and correct minutes of the special Town Council meeting/retreat held on February 11-12, 2026. I further certify that a quorum was present.

Jill McCleary, Town Clerk