# AGENDA
# ORO VALLEY TOWN COUNCIL
# REGULAR SESSION
# JUNE 3, 2026
# ORO VALLEY COUNCIL CHAMBERS
# 11000 N. LA CAÑADA DRIVE

For information on public comment procedures, please see the instructions for in person and/or virtual speakers at the end of the agenda.

To watch and/or listen to the public meeting online, please visit
https://www.orovalleyaz.gov/town/departments/town-clerk/meetings-and-agendas

Executive Sessions – Upon a vote of the majority of the Town Council, the Council may enter into Executive Sessions pursuant to Arizona Revised Statutes §38-431.03 (A)(3) to obtain legal advice on matters listed on the Agenda.

**REGULAR SESSION AT OR AFTER 6:00 PM**

**CALL TO ORDER**

**ROLL CALL**

**PLEDGE OF ALLEGIANCE**

**UPCOMING MEETING ANNOUNCEMENTS**

**MAYOR AND COUNCIL REPORTS ON CURRENT EVENTS**

**TOWN MANAGER'S REPORT ON CURRENT EVENTS**

**ORDER OF BUSINESS: MAYOR WILL REVIEW THE ORDER OF THE MEETING**

**INFORMATIONAL ITEMS**

**CALL TO AUDIENCE** – At this time, any member of the public is allowed to address the Mayor and Town Council on any issue ***not listed on today's agenda.*** Pursuant to the Arizona Open Meeting Law, individual Council Members may ask Town Staff to review the matter, ask that the matter be placed on a future agenda, or respond to criticism made by speakers. However, the Mayor and Council may not discuss or take legal action on matters raised during "Call to Audience." In order to speak during "Call to Audience" please specify what you wish to discuss when completing the blue speaker card.

**PRESENTATIONS**

1. Presentation and possible discussion of the Town's FY 25/26 Quarterly Financial Update through March 2026

**CONSENT AGENDA**
**(Consideration and/or possible action)**

A. Minutes - May 20, 2026

B. Resolution No. (R)26-25, authorizing and approving an Intergovernmental Agreement (IGA) between the Regional Transportation Authority of Pima County and the Town of Oro Valley for Regional Transit Service Element: Project 250- Dial-a-Ride Services

C. Resolution No. (R)26-26, authorizing and approving an Intergovernmental Agreement (IGA) between the Town of Oro Valley and Pima County regarding payment for the incarceration of municipal prisoners

D. Resolution No. (R)26-27, authorizing and approving a first amendment to the Intergovernmental Agreement (IGA) between Pima County and the Town of Oro Valley for the Pima County Wireless Integrated Network (PCWIN) subscriber services

E. Resolution No. (R)26-28, delegating authority to the Oro Valley Chief of Police to sign and enter a subrecipient agreement between the Town of Oro Valley and the Arizona Department of Homeland Security to fund overtime and mileage under the Operation Stonegarden program

**REGULAR AGENDA**

1. PUBLIC HEARING: RESOLUTION NO. (R)26-29, AUTHORIZING AND APPROVING AN INCREASE TO THE POTABLE WATER BASE RATES FOR THE TOWN OF ORO VALLEY WATER UTILITY

2. RESOLUTION NO. (R)26-30, DISCUSSION AND POSSIBLE ACTION TO ADOPT REVISED PSPRS PENSION FUNDING POLICY FOR FISCAL YEAR 2027

3. PUBLIC HEARING: RESOLUTION NO. (R)26-31, DISCUSSION AND POSSIBLE ACTION REGARDING THE ADOPTION OF THE TENTATIVE BUDGET FOR FY 2026/27

**FUTURE AGENDA ITEMS** (The Council may bring forth general topics for future meeting agendas. Council may not discuss, deliberate or take any action on the topics presented pursuant to ARS 38-431.02H)

**ADJOURNMENT**

POSTED: 5/28/26 at 5:00 p.m. by ck

The Mayor and Council may, at the discretion of the meeting chairperson, discuss any Agenda item.

When possible, a packet of agenda materials as listed above is available for public inspection at least 24 hours prior to the Council meeting in the office of the Town Clerk between the hours of 8:00 a.m. – 5:00 p.m.

The Town of Oro Valley complies with the Americans with Disabilities Act (ADA). If any person with a disability needs any type of accommodation, please notify the Town Clerk's Office at least five days prior to the Council meeting at 229-4700.

## PUBLIC COMMENT ON AGENDA ITEMS

The Town has modified its public comment procedures for its public bodies to allow for limited remote/virtual comment via Zoom. The public may provide comments remotely only on items posted as required Public Hearings, provided the speaker registers 24 hours prior to the meeting. For all other items, the public may complete a blue speaker card to be recognized in person by the Mayor, according to all other rules and procedures. Written comments can also be emailed to Town Clerk Michael Standish at mstandish@orovalleyaz.gov for distribution to the Town Council prior to the meeting. Further instructions to speakers are noted below.

## INSTRUCTIONS TO IN-PERSON SPEAKERS

Members of the public shall be allowed to speak on posted public hearings and during Call to Audience when attending the meeting in person. The public may be allowed to speak on other posted items on the agenda at the discretion of the Mayor.

If you wish to address the Town Council on any item(s) on this agenda, please complete a blue speaker card located on the Agenda table at the back of the room and give it to the Town Clerk. Please indicate on the blue speaker card which item number and topic you wish to speak on, or, if you wish to speak during Call to Audience, please specify what you wish to discuss.

Please step forward to the podium when the Mayor calls on you to address the Council.

1. For the record, please state your name and whether or not you are a Town resident.
2. Speak only on the issue currently being discussed by Council. You will only be allowed to address the Council one time regarding the topic being discussed.
3. Please limit your comments to 3 minutes.
4. During Call to Audience, you may address the Council on any matter that is not on the agenda.
5. Any member of the public speaking must speak in a courteous and respectful manner to those present.

## INSTRUCTIONS TO VIRTUAL SPEAKERS FOR PUBLIC HEARINGS

Members of the public may attend the meeting virtually and request to speak virtually on any agenda item that is listed as a Public Hearing. If you wish to address the Town Council virtually during any listed Public Hearing, please complete the online speaker form by clicking here https://forms.orovalleyaz.gov/forms/bluecard at least 24 hours prior to the start of the meeting. You must provide a valid email address in order to register. Town Staff will email you a link to the Zoom meeting the day of the meeting. After being recognized by the Mayor, staff will unmute your microphone access and you will have 3 minutes to address the Council. Further instructions regarding remote participation will be included in the email.

**Thank you for your cooperation.**

**Town Council Regular Session** **1.**

**Meeting Date:** 06/03/2026

Presentation and possible discussion of the Town's FY 25/26 Quarterly Financial Update through March 2026

**Subject**

Presentation and possible discussion of the Town's FY 25/26 Quarterly Financial Update through March 2026

**Summary**

Please reference the attachments to this agenda item.

**Attachments**

March 2026 Quarterly Financial Report

Budget Stabilization

Town Manager's Office

TOWN COUNCIL REPORT

DATE: May 26, 2026

TO: Mayor and Council

FROM: Jeff Wilkins, Town Manager
David Gephart, Chief Financial Officer

SUBJECT: March 2026 Financial Update

This financial update is intended to provide an overview and status of revenues and expenditures for the Town's selected funds through March 2026 for fiscal year 2025/26. Funds included in this financial update are the General Fund, Highway Fund, Community Center Fund and Capital Fund. Also included are the two enterprise funds, Water and Stormwater. ***Please note that all amounts are preliminary, un-audited and subject to change. Additionally, figures may not include any adjusting audit entries required at year-end.***

Pages 1-15 are the financial status reports for the funds. Appendix 1 and 2 provide further details on golf activity and contractor performance. Appendix 3 is the consolidated report of all Town funds. Appendix 4 is the local sales tax collections. Appendix 5 is the General Fund state shared revenues. Appendix 6 is a breakdown of the Town's outstanding debt service principal and interest payments. Appendix 7 is a summary of operating investment values and earnings by month. Appendix 8 lists the specific infrastructure projects that are eligible to receive funding from impact fees.

# General Fund

## Financial Status Fiscal Year to Date: March 2026

### Revenues

| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget | Actual Vs. Budget Amount | Actual Vs. Budget Percent | Year End Estimate |
|---|---|---|---|---|---|---|
| Local Sales Tax | $ 20,011,509 | $ 20,753,738 | $ 32,470,107 | $ (11,716,369) | 64% | $ 28,421,308 |
| State Shared Revenues | 15,280,679 | 14,871,307 | 19,863,884 | (4,992,577) | 75% | 19,809,058 |
| Licenses & Permits | 1,368,805 | 1,972,790 | 2,116,123 | (143,333) | 93% | 2,342,437 |
| Grants | 521,762 | 563,000 | 466,851 | 96,149 | 121% | 731,368 |
| Intergovernmental | 1,449,868 | 1,406,158 | 2,320,362 | (914,204) | 61% | 2,300,860 |
| Charges for Service | 2,274,341 | 2,345,920 | 3,050,223 | (704,303) | 77% | 3,192,254 |
| Other Revenue | 1,309,383 | 684,049 | 916,480 | (232,431) | 75% | 922,905 |
| Total Revenues | $ 42,216,347 | $ 42,596,962 | $ 61,204,030 | $ (18,607,068) | 70% | $ 57,720,190 |

### Uses

| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget | Actual Vs. Budget Amount | Actual Vs. Budget Percent | Year End Estimate |
|---|---|---|---|---|---|---|
| Personnel Services | $ 25,822,451 | $ 26,218,700 | $ 37,457,276 | $ 11,238,576 | 70% | $ 36,218,440 |
| Operations and Maintenance | 10,484,519 | 9,781,429 | 15,317,790 | 5,536,361 | 64% | 14,452,790 |
| Capital Outlay | 170,180 | 87,806 | 211,000 | 123,194 | 42% | 211,000 |
| Transfers Out | 7,243,019 | 9,453,829 | 8,831,579 | (622,250) | 107% | 10,831,579 |
| Total Uses | $ 43,720,169 | $ 45,541,764 | $ 61,817,645 | $ 16,275,881 | 74% | $ 61,713,809 |

### Change in Fund Balance

| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget | Year End Estimate |
|---|---|---|---|---|
| Total Revenues | $ 42,216,347 | $ 42,596,962 | $ 61,204,030 | $ 57,720,190 |
| Total Uses | (43,720,169) | (45,541,764) | (61,817,645) | (61,713,809) |
| Change in Fund Balance | $ (1,503,822) | $ (2,944,802) | $ (613,615) | $ (3,993,619) |

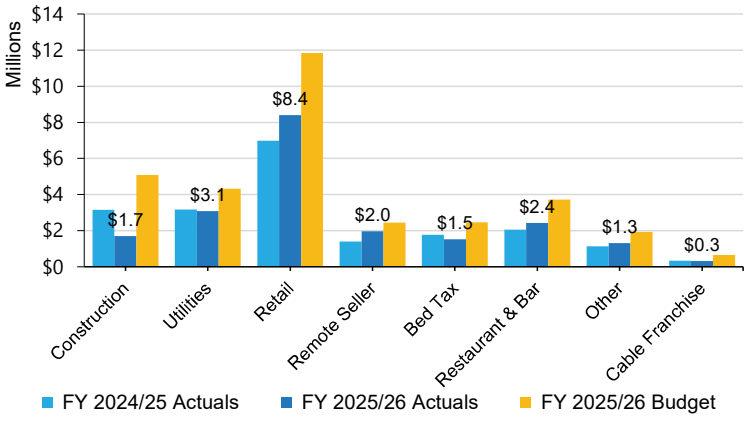
| | |
|---|---|
| Beginning Fund Balance | $ 20,702,401 |
| Estimated Ending Fund Balance | $ 16,708,782 |

Note: The estimated ending fund balance exceeds the Town's 25% expenditure reserve policy by a margin of about $4 million.

## Financial Status Fiscal Year to Date: March 2026

### Local Sales Tax Revenue

| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget | Actual Vs. Budget Amount | Actual Vs. Budget Percent | Year End Estimate |
|---|---|---|---|---|---|---|
| Construction | $ 3,155,861 | $ 1,701,931 | $ 5,086,266 | $ (3,384,335) | 33% | $ 2,599,280 |
| Utilities | 3,177,940 | 3,088,399 | 4,316,890 | (1,228,491) | 72% | 3,846,900 |
| Retail | 6,981,039 | 8,407,669 | 11,836,368 | (3,428,699) | 71% | 11,449,868 |
| Remote Seller | 1,403,491 | 1,968,325 | 2,444,773 | (476,448) | 81% | 2,666,660 |
| Bed Tax | 1,770,794 | 1,521,064 | 2,464,858 | (943,794) | 62% | 2,044,300 |
| Restaurant & Bar | 2,059,570 | 2,423,987 | 3,726,636 | (1,302,649) | 65% | 3,395,947 |
| Other | 1,130,728 | 1,321,477 | 1,941,265 | (619,788) | 68% | 1,765,303 |
| Cable Franchise | 332,087 | 320,886 | 653,051 | (332,165) | 49% | 653,051 |
| Local Sales Tax Total | $ 20,011,509 | $ 20,753,738 | $ 32,470,107 | $ (11,716,369) | 64% | $ 28,421,308 |



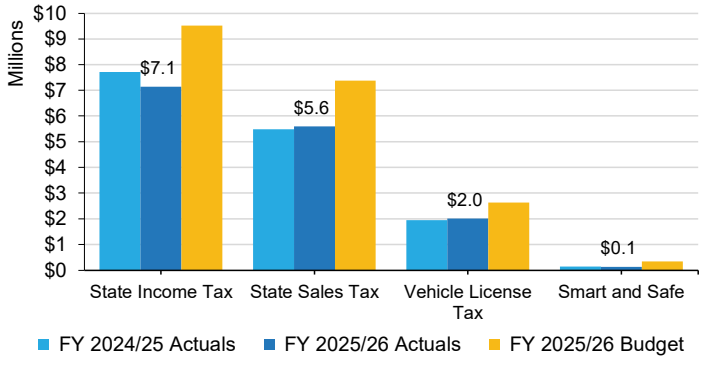

**Overall, Local sales tax revenues are forecasted to fall short of budget expectations by $4.0 million or 12.5%.**

Collections decreased 6.8% compared to the same period last year, primarily reflecting reduced activity in the construction and hotel sectors, including project delays at the Marketplace hotel and Vistoso Golf Club apartment developments. Construction-related revenues have begun to recover in recent months from the Oro Valley Marketplace apartment project, with this trend expected to continue through year-end. Restaurant and bar collections came in 1.9% below prior year through March, falling short of growth assumptions and resulting in a year-end estimate approximately 6.2% below budget. Retail collections are projected to finish slightly below budget at 0.2%, while remote seller collections are expected to exceed budget by 12.3%.

Please refer to Appendix 4 for a detailed breakdown of local sales tax collections.

### State Shared Revenue

| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget | Actual Vs. Budget Amount | Actual Vs. Budget Percent | Year End Estimate |
|---|---|---|---|---|---|---|
| State Income Tax | $ 7,707,824 | $ 7,141,997 | $ 9,522,662 | $ (2,380,665) | 75% | $ 9,522,662 |
| State Sales Tax | 5,489,200 | 5,591,555 | 7,376,599 | (1,785,044) | 76% | 7,376,599 |
| Vehicle License Tax | 1,945,462 | 2,006,612 | 2,629,797 | (623,185) | 76% | 2,629,797 |
| Smart and Safe | 138,192 | 131,143 | 334,826 | (203,683) | 39% | 280,000 |
| State Shared Total | $ 15,280,679 | $ 14,871,307 | $ 19,863,884 | $ (4,992,577) | 75% | $ 19,809,058 |



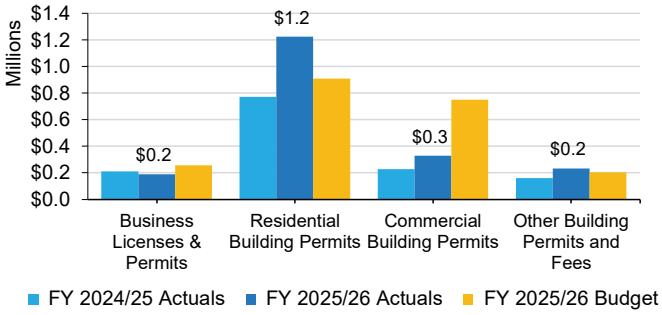

Total state shared revenues are performing in line with expectations with the exception of Smart & Safe revenues.

Smart & Safe distributions occur twice per year, and the first payment was lower than the prior year. Although statewide cannabis sales tax collections are up compared to last year, distributions to cities and towns may decline because revenues are first applied to cover state administrative and enforcement costs before being allocated to cities and towns.

## Financial Status Fiscal Year to Date: March 2026

### Licenses & Permits Revenue

| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget | Actual Vs. Budget Amount | Actual Vs. Budget Percent | Year End Estimate |
|---|---|---|---|---|---|---|
| Business Licenses & Permits | $ 210,093 | $ 189,456 | $ 255,000 | $ (65,544) | 74% | $ 229,304 |
| Residential Building Permits | 771,298 | 1,223,045 | 908,066 | 314,979 | 135% | 1,400,000 |
| Commercial Building Permits | 226,678 | 328,095 | 750,077 | (421,982) | 44% | 452,101 |
| Other Building Permits and Fees | 160,736 | 232,194 | 202,980 | 29,214 | 114% | 261,032 |
| Licenses & Permits Total | $ 1,368,805 | $ 1,972,790 | $ 2,116,123 | $ (143,333) | 93% | $ 2,342,437 |

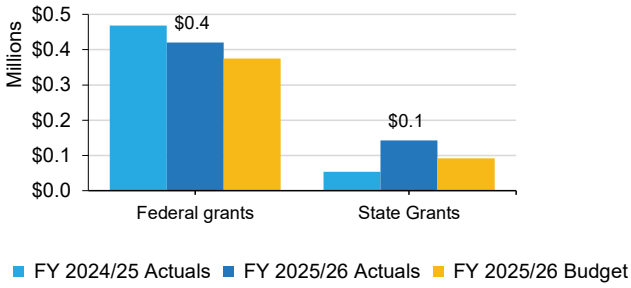



Licenses and permits revenue is projected to exceed budget by 10.7%, driven by stronger building permit activity, partially offset by a reduction in the business license and permit forecast due to FY25 actuals coming in below estimates.

A total of 84 Single Family Residential (SFR) permits have been issued through March (107 budgeted for the year).

### Grants Revenue

| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget | Actual Vs. Budget Amount | Actual Vs. Budget Percent | Year End Estimate |
|---|---|---|---|---|---|---|
| Federal grants | $ 468,073 | $ 420,458 | $ 375,000 | $ 45,458 | 112% | $ 561,368 |
| State Grants | 53,690 | 142,542 | 91,851 | 50,691 | 155% | 170,000 |
| Grants Total | $ 521,762 | $ 563,000 | $ 466,851 | $ 96,149 | 121% | $ 731,368 |

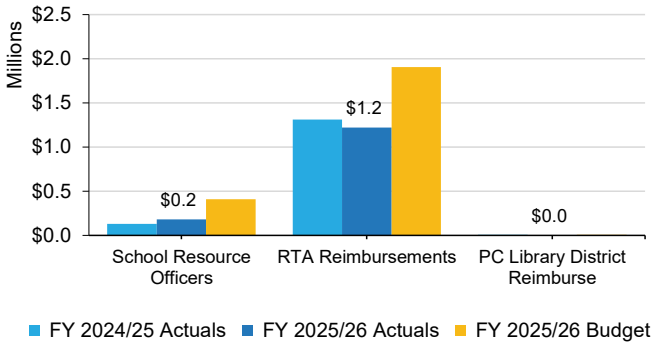



Grant revenues continue to perform better than expected. A significant portion of budgeted grants are allocated to the Police Department, and these can fluctuate based on factors such as officer scheduling, overtime, and the timing of reimbursements and awards. Year-end estimates have been adjusted to reflect current program activity.

## Financial Status Fiscal Year to Date: March 2026

### Intergovernmental Revenue

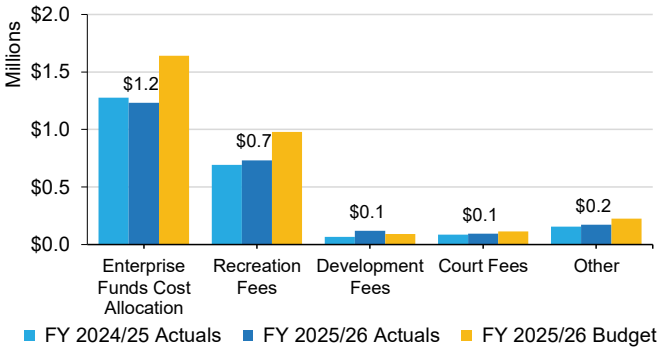
| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget | Actual Vs. Budget Amount | Actual Vs. Budget Percent | Year End Estimate |
|---|---|---|---|---|---|---|
| School Resource Officers | $ 131,488 | $ 182,529 | $ 409,502 | $ (226,973) | 45% | $ 390,000 |
| RTA Reimbursements | 1,311,508 | 1,220,663 | 1,904,860 | (684,197) | 64% | 1,904,860 |
| PC Library District Reimburse | 6,872 | 2,966 | 6,000 | (3,034) | 49% | 6,000 |
| Intergovernmental Total | $ 1,449,868 | $ 1,406,158 | $ 2,320,362 | $ (914,204) | 61% | $ 2,300,860 |




Intergovernmental revenues are performing in line with expectations. These revenues are reimbursement-based and typically lag between the time services are provided and when funds are received. The year-end estimate for school resource officer revenues was reduced by $19,500, reflecting current activity trending below budget. The variance may reflect scheduling, or reimbursement timing and will continue to be monitored.

### Charges for Service Revenue

| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget | Actual Vs. Budget Amount | Actual Vs. Budget Percent | Year End Estimate |
|---|---|---|---|---|---|---|
| Enterprise Funds Cost Allocation | $ 1,276,319 | $ 1,231,010 | $ 1,641,347 | $ (410,337) | 75% | $ 1,641,347 |
| Recreation Fees | 691,332 | 731,392 | 978,950 | (247,558) | 75% | 1,074,928 |
| Development Fees | 65,668 | 118,091 | 90,110 | 27,981 | 131% | 140,150 |
| Court Fees | 85,225 | 94,074 | 115,000 | (20,926) | 82% | 120,000 |
| Other | 155,796 | 171,353 | 224,816 | (53,463) | 76% | 215,829 |
| Charges for Service Total | $ 2,274,341 | $ 2,345,920 | $ 3,050,223 | $ (704,303) | 77% | $ 3,192,254 |




Charges for services are performing slightly above expectations.

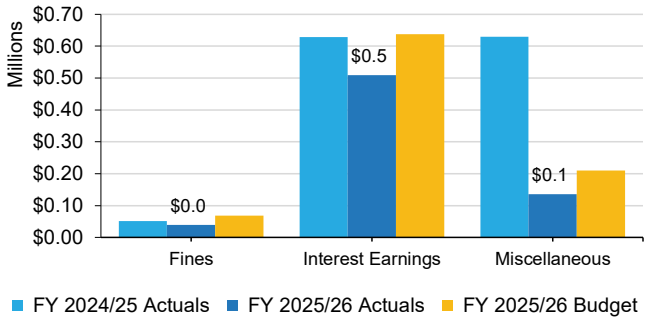
Cost allocation charges to the Town's enterprise funds for shared services, along with Parks & Recreation fees, represent the majority of this revenue category. The enterprise fund allocations are budgeted amounts distributed evenly across all 12 months. The year-over-year decrease is mainly due to one-time water system monitoring upgrades in the prior year that were funded through the IT budget and charged to the Water Utility.

Recreation fee revenues are projected to exceed budget by 9.8%, with the year-end estimate revised upward by approximately $65,000, driven largely by swimming pool user fees along with field and court rentals and miscellaneous fees. Development fee revenues were revised upward by $20,000, reflecting stronger than expected zoning and subdivision fees

## Financial Status Fiscal Year to Date: March 2026

### Other Revenue

| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget | Actual Vs. Budget Amount | Actual Vs. Budget Percent | Year End Estimate |
|---|---|---|---|---|---|---|
| Fines | $ 51,705 | $ 40,005 | $ 68,680 | $ (28,675) | 58% | $ 50,000 |
| Interest Earnings | 628,330 | 508,708 | 637,500 | (128,792) | 80% | 660,000 |
| Miscellaneous | 629,349 | 135,335 | 210,300 | (74,965) | 64% | 212,905 |
| Other Revenue Total | $ 1,309,383 | $ 684,049 | $ 916,480 | $ (232,431) | 75% | $ 922,905 |

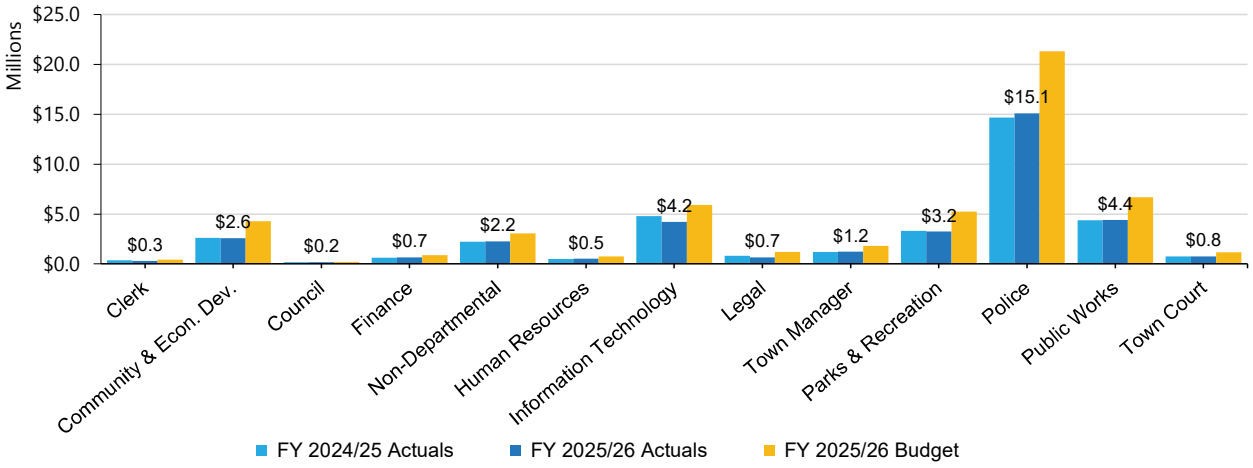



Other revenues are projected to finish above budget overall, supported by stronger-than-anticipated interest earnings, insurance recoveries, and asset sales. The decline in miscellaneous revenue compared to the prior year reflects a one-time AMRRP insurance rebate in FY 2024/25 that did not recur.

## Financial Status Fiscal Year to Date: March 2026

### Expenditures by Department

| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget | Actual Vs. Budget Amount | Actual Vs. Budget Percent | Year End Estimate |
|---|---|---|---|---|---|---|
| Clerk | $ 382,213 | $ 313,900 | $ 446,275 | $ 132,375 | 70% | $ 436,887 |
| Community & Econ. Dev. | 2,605,494 | 2,571,547 | 4,275,011 | 1,703,464 | 60% | 4,009,588 |
| Council | 178,797 | 168,309 | 216,163 | 47,854 | 78% | 203,163 |
| Finance | 635,515 | 657,057 | 870,300 | 213,243 | 75% | 884,808 |
| Non-Departmental | 2,234,999 | 2,248,474 | 3,052,282 | 803,808 | 74% | 3,052,282 |
| Human Resources | 486,009 | 517,149 | 744,887 | 227,738 | 69% | 709,060 |
| Information Technology | 4,804,050 | 4,203,834 | 5,925,996 | 1,722,162 | 71% | 5,777,034 |
| Legal | 818,885 | 658,725 | 1,193,587 | 534,862 | 55% | 921,432 |
| Town Manager | 1,202,570 | 1,223,435 | 1,812,726 | 589,291 | 67% | 1,749,402 |
| Parks & Recreation | 3,327,898 | 3,248,610 | 5,230,510 | 1,981,900 | 62% | 4,924,785 |
| Police | 14,669,263 | 15,097,391 | 21,333,810 | 6,236,419 | 71% | 20,695,667 |
| Public Works | 4,387,756 | 4,413,503 | 6,702,762 | 2,289,259 | 66% | 6,392,019 |
| Town Court | 743,701 | 766,000 | 1,181,757 | 415,757 | 65% | 1,126,102 |
| Total Department Expenditures | $ 36,477,150 | $ 36,087,935 | $ 52,986,066 | $ 16,898,131 | 68% | $ 50,882,230 |




**Overview:**
Departments are spending within budget limits through March. Please note that Council and Information Technology typically incur higher upfront costs early in the fiscal year.

**Community & Economic Development**:
Year-to-date personnel expenditures are below budget expectations due to turnover in two Building Inspector positions, the Economic Development Program Manager, and a vacancy in the Code Compliance Specialist position. Year-to-date operating expenditures are also below budget, primarily due to timing within the in-house Economic Development and Tourism program, where several planned initiatives have not yet begun.

**Finance:** Personnel costs are projected to exceed budget by approximately $18,000 due to a three-month overlap in the accounting specialist position, allowing time to train the new employee who replaced a retiring staff member.

**Legal**: Personnel costs are trending below budget expectations and are projected to finish approximately 25% under budget, primarily due to vacancies in the Town Attorney and Chief Civil Deputy Attorney positions.

**Police**: The year-over-year increase is mainly due to an additional quarterly pension contribution to the Public Safety Personnel Retirement System (PSPRS) that was recorded at the beginning of FY26 but applied to the prior fiscal year (FY25), along with increased personnel costs from wage adjustments outlined in the most recent labor agreement. Three of four budgeted additional contributions have been made; no further excess contributions are planned as the pension plan has exceeded 100% funded status. The department is forecasted to finish within budget due to this reduction in excess pension contributions, vacancy savings, and benefit election differences from budget assumptions.

**Public Works:** Public Works personnel costs are projected to come in under budget by approximately $61,000, primarily due to vacancies in heavy equipment operator positions, partially offset by higher Transit personnel costs driven by increased ridership demand requiring additional driver hours. Transit costs are reimbursed to the Town by the Regional Transportation Authority (RTA). Operations and maintenance costs are also projected to come in under budget by $250,000 or 10%, reflecting savings in fuel and vehicle repair and maintenance. Fuel savings are primarily in Transit operations and persist despite sharply rising prices in March.

# Highway Fund

## Financial Status Fiscal Year to Date: March 2026

### Sources

| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget | Actual Vs. Budget Amount | Actual Vs. Budget Percent | Year End Estimate |
|---|---|---|---|---|---|---|
| Licenses & Permits | $ 27,315 | $ 40,194 | $ 30,000 | $ 10,194 | 134% | $ 50,000 |
| Highway User Revenue | 3,120,298 | 3,138,047 | 4,456,367 | (1,318,320) | 70% | 4,290,852 |
| Interest Earnings | 79,614 | 104,838 | 99,000 | 5,838 | 106% | 140,000 |
| Miscellaneous | 3,017 | 48,125 | 2,500 | 45,625 | 1925% | 50,687 |
| Transfers In | 3,000,000 | 1,500,000 | 2,000,000 | (500,000) | 75% | 2,000,000 |
| Total Sources | $ 6,230,244 | $ 4,831,204 | $ 6,587,867 | $ (1,756,664) | 73% | $ 6,531,539 |

### Expenditures

| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget | Actual Vs. Budget Amount | Actual Vs. Budget Percent | Year End Estimate |
|---|---|---|---|---|---|---|
| Personnel | $ 961,342 | $ 984,863 | $ 1,348,218 | $ 363,355 | 73% | $ 1,349,962 |
| O&M | 764,699 | 780,715 | 1,433,935 | 653,220 | 54% | 1,376,757 |
| Capital Outlays | 3,408,214 | 2,090,619 | 4,674,000 | 2,583,381 | 45% | 3,215,010 |
| Total Expenditures | $ 5,134,255 | $ 3,856,198 | $ 7,456,153 | $ 3,599,955 | 52% | $ 5,941,730 |

### Change in Fund Balance

| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget | Year End Estimate |
|---|---|---|---|---|
| Total Sources | $ 6,230,244 | $ 4,831,204 | $ 6,587,867 | $ 6,531,539 |
| Total Expenditures | (5,134,255) | (3,856,198) | (7,456,153) | (5,941,730) |
| Change in Fund Balance | $ 1,095,989 | $ 975,006 | $ (868,286) | $ 589,809 |
| | | | | |
| Beginning Fund Balance | | | | $ 1,598,787 |
| Estimated Ending Fund Balance | | | | $ 2,188,596 |

Highway Fund revenues and expenditures are performing generally in line with expectations through March. Due to capital projects not anticipated to be completed this year, the fund balance is expected to end about $1.4M greater than budgeted.

**Revenues**:
Highway User Revenue (HURF) is currently coming in slightly under budget projections. In contrast, interest earnings and revenue from licenses and permits are outperforming budget estimates. Miscellaneous revenues are above budget, driven by insurance reimbursements and proceeds from asset sales. The scheduled $2 million transfer from the Capital Fund is allocated to support road improvement projects and is recognized in four equal quarterly installments over the course of the fiscal year.

**Expenditures:**
Personnel expenditures are projected to exceed budget by approximately 0.1%, primarily due to pay range adjustments in the adopted pay plan that were not included in the original personnel forecast.

Operations and maintenance costs are projected to come in under budget by approximately $57,000 or 4%, primarily due to lower than anticipated demand for street maintenance and waste disposal services.

Budgeted capital outlays include the Town's annual pavement preservation program and several capital improvement projects. Capital Outlay is projected to come in approximately $1.4 million under budget due to several projects. The Traffic Signal at Tangerine Rd / Mussette Dr project ($676k) will carry over into next year, as will the Operations Laydown Yard (Electricity) ($33k). The Lambert Lane MUP project ($350k) will not be completed this year; with the passage of RTA Next which include improvements to Lambert Lane, the project is being reassessed. Additionally, $350k of the $400k budgeted for Shannon Road Improvements is projected to remain unspent, as the project will not be completed this year. With RTA Next including a larger widening project for Shannon Road, these interim improvements are no longer needed.

# Community Center Fund

## Financial Status Fiscal Year to Date: March 2026

### Revenues

| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget | Actual Vs. Budget Amount | Actual Vs. Budget Percent | Year End Estimate |
|---|---|---|---|---|---|---|
| Local Sales Tax | $ 2,889,104 | $ 593,099 | $ - | $ 593,099 | na | $ 593,099 |
| Contracted Operating Revenues | 3,946,203 | 5,121,564 | 5,625,078 | (503,514) | 91% | 6,604,000 |
| Town Operating Revenues | 1,028,132 | 1,086,790 | 1,534,043 | (447,253) | 71% | 1,675,125 |
| Other Revenues | 167,323 | 44,334 | 60,172 | (15,838) | 74% | 86,452 |
| Total Revenues | $ 8,030,763 | $ 6,845,787 | $ 7,219,293 | $ (373,506) | 95% | $ 8,958,676 |

### Uses

| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget | Actual Vs. Budget Amount | Actual Vs. Budget Percent | Year End Estimate |
|---|---|---|---|---|---|---|
| Contracted Operating Expenditures | $ 3,680,731 | $ 4,276,219 | $ 5,728,637 | $ 1,452,418 | 75% | $ 5,989,482 |
| Town Operating Expenditures | 1,618,475 | 1,631,608 | 2,427,461 | 795,853 | 67% | 2,325,009 |
| Capital Outlay | 951,988 | 1,028,756 | 2,408,700 | 1,379,944 | 43% | 2,360,700 |
| Transfers Out | 1,717,149 | 172,968 | 172,968 | - | 100% | 172,968 |
| Total Uses | $ 7,968,343 | $ 7,109,551 | $ 10,737,766 | $ 3,628,215 | 66% | $ 10,848,159 |

### Change in Fund Balance

| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget | Year End Estimate |
|---|---|---|---|---|
| Total Revenues | $ 8,030,763 | $ 6,845,787 | $ 7,219,293 | $ 8,958,676 |
| Total Uses | (7,968,343) | (7,109,551) | (10,737,766) | (10,848,159) |
| Change in Fund Balance | $ 62,420 | $ (263,764) | $ (3,518,473) | $ (1,889,483) |
| | | | | |
| Beginning Fund Balance | | | | $ 2,921,900 |
| Estimated Ending Fund Balance | | | | $ 1,032,417 |

### Supplemental: Operating Analysis

The following presents operating revenues and expenditures for the Golf Contractor and Town Operations separately. This section excludes Local Sales Tax, Capital Outlay, and Transfers Out, which are reported at the fund level above.

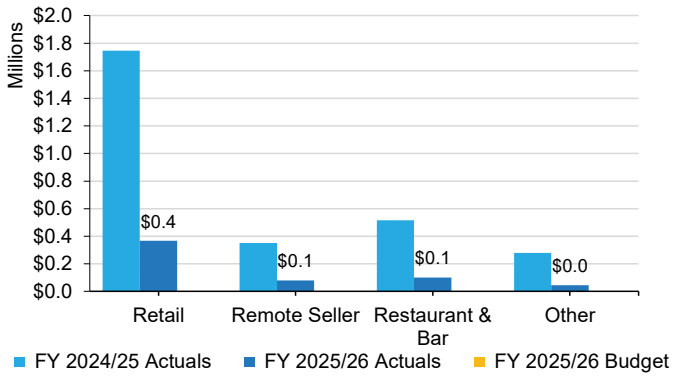
| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget | Actual Vs. Budget Amount | Actual Vs. Budget Percent | Year End Estimate |
|---|---|---|---|---|---|---|
| **Golf Contractor** | | | | | | |
| Operating Revenues | $ 3,946,203 | $ 5,121,564 | $ 5,625,078 | $ (503,514) | 91% | $ 6,604,000 |
| Operating Expenditures | 3,680,731 | 4,276,219 | 5,728,637 | (1,452,418) | 75% | 5,989,482 |
| Net Operating Income/(Loss) | $ 265,473 | $ 845,345 | $ (103,559) | $ 948,904 | | $ 614,518 |
| | | | | | | |
| **Town Operations** | | | | | | |
| Operating Revenues | $ 1,028,132 | $ 1,086,790 | $ 1,534,043 | $ (447,253) | 71% | $ 1,675,125 |
| Operating Expenditures | 1,618,475 | 1,631,608 | 2,427,461 | (795,853) | 67% | 2,325,009 |
| Net Operating Income/(Loss) | $ (590,343) | $ (544,818) | $ (893,418) | $ 348,600 | | $ (649,884) |

# Community Center Fund

## Financial Status Fiscal Year to Date: March 2026

### Local Sales Tax Revenue

| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget | Actual Vs. Budget Amount | Actual Vs. Budget Percent | Year End Estimate |
|---|---|---|---|---|---|---|
| Retail | $ 1,745,260 | $ 367,836 | $ - | $ 367,836 | - | $ 367,836 |
| Remote Seller | 350,873 | 79,650 | - | $ 79,650 | - | 79,650 |
| Restaurant & Bar | 514,892 | 101,493 | - | 101,493 | - | 101,493 |
| Other | 278,080 | 44,120 | - | 44,120 | - | 44,120 |
| Local Sales Tax Total | $ 2,889,104 | $ 593,099 | $ - | $ 593,099 | - | $ 593,099 |



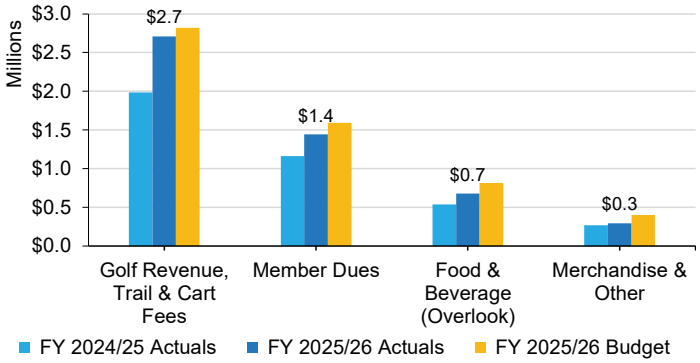

On August 13, 2025, the Town Council adopted Ordinance (O)25-04, removing the spending restrictions on the half-cent sales tax and redirecting those revenues to the General Fund, effective 30 days later in September. Accordingly, the FY 2025/26 actual revenues shown here reflect only the first two months of the fiscal year, during which the restriction was still in place. Any operating shortfalls within this fund will be covered by transfers from the General Fund at year-end.

For detailed information on total local sales tax collections, please refer to Appendix 4.

Note: Estimated sales tax collections on golf operations for FY 2025/26 is $174,562.

### Contracted Operating Revenue

| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget | Actual Vs. Budget Amount | Actual Vs. Budget Percent | Year End Estimate |
|---|---|---|---|---|---|---|
| Golf Revenue, Trail & Cart Fees | $ 1,982,019 | $ 2,709,759 | $ 2,818,625 | $ (108,866) | 96% | $ 3,424,000 |
| Member Dues | 1,162,537 | 1,442,331 | 1,590,560 | (148,229) | 91% | 1,800,000 |
| Food & Beverage (Overlook) | 536,308 | 675,841 | 814,633 | (138,792) | 83% | 924,000 |
| Merchandise & Other | 265,339 | 293,632 | 401,260 | (107,628) | 73% | 456,000 |
| Contracted Revenue Total | $ 3,946,203 | $ 5,121,564 | $ 5,625,078 | $ (503,514) | 91% | $ 6,604,000 |




Contracted golf revenues are forecasted to exceed budget by approximately $979,000, or 17%, driven by strong membership numbers and increased public play. Through March, 86,401 rounds have been played, which is essentially in line with the prior year, reflecting a 1.6% decrease, and exceeding budget expectations by 9.9%.

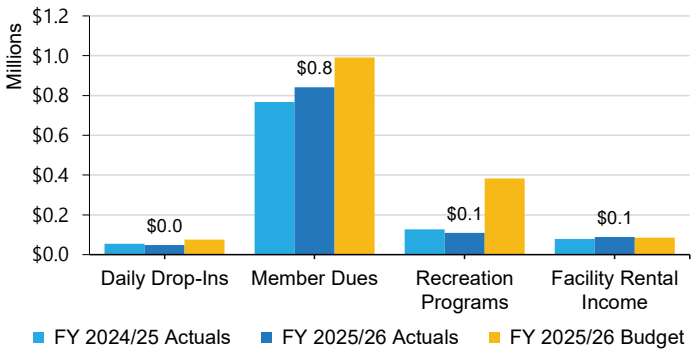
Please refer to Appendix 3 for or a more in-depth analysis of golf revenues, expenses, and historical comparisons

# Community Center Fund

## Financial Status Fiscal Year to Date: March 2026

### Town Operating Revenue

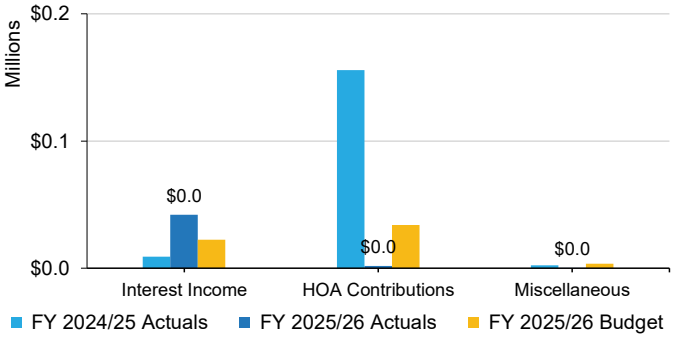
| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget | Actual Vs. Budget Amount | Actual Vs. Budget Percent | Year End Estimate |
|---|---|---|---|---|---|---|
| Daily Drop-Ins | $ 54,625 | $ 47,701 | $ 75,625 | $ (27,924) | 63% | $ 66,349 |
| Member Dues | 767,272 | 841,679 | 990,420 | (148,741) | 85% | 1,105,674 |
| Recreation Programs | 127,899 | 109,035 | 382,500 | (273,465) | 29% | 394,963 |
| Facility Rental Income | 78,336 | 88,376 | 85,498 | 2,878 | 103% | 108,138 |
| Town Operating Revenue Total | $ 1,028,132 | $ 1,086,790 | $ 1,534,043 | $ (447,253) | 71% | $ 1,675,125 |




Year-end estimates incorporate Town Council-approved rate increases effective January 1, 2026, reflecting lower anticipated daily drop-in and recreation program revenues more than offset by higher member dues and facility rental income, with overall Town operating revenues projected to finish 9.2% above budget.

### Other Revenue

| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget | Actual Vs. Budget Amount | Actual Vs. Budget Percent | Year End Estimate |
|---|---|---|---|---|---|---|
| Interest Income | $ 9,157 | $ 42,031 | $ 22,500 | $ 19,531 | 187% | 52,000 |
| HOA Contributions | 155,750 | 1,950 | 34,050 | (32,100) | 6% | 34,050 |
| Miscellaneous | 2,417 | 353 | 3,622 | (3,269) | 10% | 402 |
| Other Revenue Total | $ 167,323 | $ 44,334 | $ 60,172 | $ (15,838) | 74% | $ 86,452 |




The FY 2025/26 HOA contribution budget pertains to the HOAs associated with the 9-hole Pusch Ridge course. FY 2025 was the final year of agreed upon annual contributions to golf from HOAs on the 36-hole course.

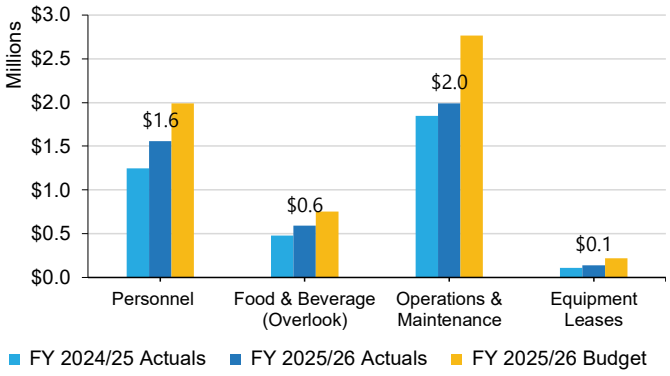
Due to stronger-than-anticipated interest income, the year-end estimate has been revised upward to $52,000.

# Community Center Fund

## Financial Status Fiscal Year to Date: March 2026

### Contracted Operating Expenditures

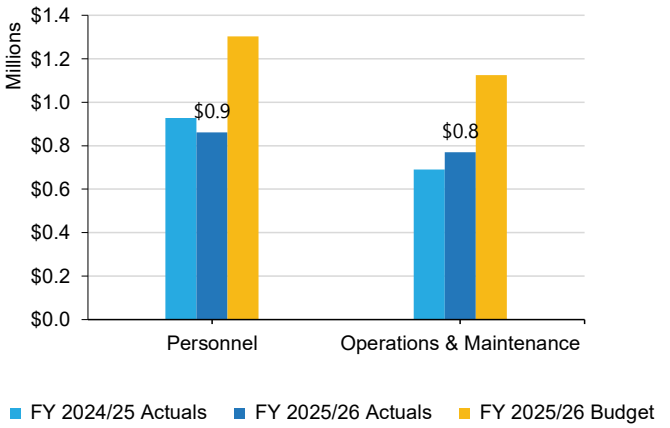
| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget | Actual Vs. Budget Amount | Actual Vs. Budget Percent | Year End Estimate |
|---|---|---|---|---|---|---|
| Personnel | $ 1,245,113 | $ 1,556,962 | $ 1,992,268 | $ 435,306 | 78% | $ 2,063,000 |
| Food & Beverage (Overlook) | 476,536 | 589,722 | 751,271 | 161,549 | 78% | 837,000 |
| Operations & Maintenance | 1,850,626 | 1,991,152 | 2,768,538 | 777,386 | 72% | 2,849,678 |
| Equipment Leases | 108,455 | 138,383 | 216,560 | 78,177 | 64% | 239,804 |
| Contracted Expenditures Total | $ 3,680,731 | $ 4,276,219 | $ 5,728,637 | $ 1,452,418 | 75% | $ 5,989,482 |




Contracted golf operating expenditures rose 2% year-over-year, driven mainly by increased labor, maintenance supplies, and lease costs, partially offset by reductions in water expenses. Expenses are projected to exceed the budget by approximately $261,000, or 4.6%, driven by higher merchandise sales costs, increased labor expenses, and additional equipment and grounds maintenance costs.

### Town Operating Expenditures

| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget | Actual Vs. Budget Amount | Actual Vs. Budget Percent | Year End Estimate |
|---|---|---|---|---|---|---|
| Personnel | $ 928,223 | $ 861,315 | $ 1,303,239 | 441,924 | 66% | $ 1,277,010 |
| Operations & Maintenance | 690,252 | 770,293 | 1,124,222 | 353,929 | 69% | 1,047,999 |
| Town Operating Expenditures Total | $ 1,618,475 | $ 1,631,608 | $ 2,427,461 | $ 795,853 | 67% | $ 2,325,009 |




Town operating expenditures are trending under budget, primarily due to contracted instructors. Operations and maintenance costs, while higher at the beginning of the fiscal year due to credit card merchant fees, have since moderated and are also projected to come in under budget.

| List of FY26 Capital Projects: | FY26 Revised Budget |
|---|---|
| Artificial Turf Installation at Community Center Entrance | 150,000 |
| Community Center Exterior Stucco Repair and Painting | 190,500 |
| Community Center Parking Lot Resurface | 950,000 |
| CRC ADA Exterior Restroom | 325,000 |
| Greenmaster Mower Replacement x2 (36-Hole) | 120,000 |
| South Pump Station (36 Hole) | 510,000 |
| Pusch Ridge Tennis Bleachers and ADA Accessibility | 163,200 |
| | **2,408,700** |

# Capital Fund

## Financial Status Fiscal Year to Date: March 2026

### Sources

| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget | Actual Vs. Budget Amount | Actual Vs. Budget Percent |
|---|---|---|---|---|---|
| Vehicle Reserves | $ 700,117 | $ 771,694 | $ 1,028,926 | $ (257,232) | 75% |
| Interest Earnings | 472,593 | 423,576 | 470,000 | (46,424) | 90% |
| Miscellaneous | 97,626 | 119,169 | 40,000 | 79,169 | 298% |
| Transfers In from General Fund | 5,354,840 | 5,750,000 | 5,000,000 | 750,000 | 115% |
| Total Sources | $ 6,625,177 | $ 7,064,440 | $ 6,538,926 | $ 525,514 | 108% |

### Uses

| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget | Actual Vs. Budget Amount | Actual Vs. Budget Percent |
|---|---|---|---|---|---|
| O&M | $ 128,239 | $ 71,694 | $ - | $ (71,694) | na |
| Capital Outlays | 3,535,754 | 6,839,283 | 12,329,372 | 5,490,089 | 55% |
| Transfers Out | 3,000,000 | 1,559,109 | 2,234,200 | 675,091 | 70% |
| Total Uses | $ 6,663,993 | $ 8,470,085 | $ 14,563,572 | $ 6,093,487 | 58% |

### Change in Fund Balance

| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget |
|---|---|---|---|
| Total Sources | $ 6,625,177 | $ 7,064,440 | $ 6,538,926 |
| Total Uses | (6,663,993) | (8,470,085) | (14,563,572) |
| Change in Fund Balance | $ (38,816) | $ (1,405,646) | $ (8,024,646) |
| | | | |
| Beginning Fund Balance | | | $ 16,847,866 |
| Estimated Ending Fund Balance | | | $ 8,823,220 |

**Sources**:
Quarterly transfers in from the General Fund support capital improvement projects as budgeted. A one-time additional transfer of $2 million resulted from Town Council's direction to reduce the General Fund reserve from 30% to 25%. In addition, an annual reserve for vehicle replacement is established based on the purchase price and expected lifespan of Town-owned vehicles. This reserve is allocated evenly over twelve months and charged to the General Fund each month.

**Uses:**
O&M costs reflect building repair and maintence for the newly purchased Police Headquarters building as well as the purchase of smaller, non-capitalized equipment used to outfit new Police vehicles.
Capital outlays through March consist primarily of the Council-directed purchase of a building for the planned new Police Headquarters (approximately $3.8 million), along with related urgent building maintenance and inspection costs, the finalization of the Town Court expansion project, the VTNP Pond Restoration project, and planned Police vehicle replacements. The budget also includes $2 million in transfers to the Highway Fund for capital improvement projects, recorded evenly across four quarters. An additional $234,200 is budgeted for transfer to the Grants Fund to cover the Town's 20% match for transit vehicles funded primarily through federal grants.

# Water Utility Fund

## Financial Status Fiscal Year to Date: March 2026

### Sources

| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget | Actual Vs. Budget Amount | Actual Vs. Budget Percent | Year End Estimate |
|---|---|---|---|---|---|---|
| Water Sales | $ 13,498,079 | $ 14,040,947 | $ 18,511,000 | $ (4,470,053) | 76% | $ 18,858,905 |
| Charges For Services | 2,511,729 | 2,505,395 | 3,457,000 | (951,605) | 72% | 3,493,050 |
| Grants | - | 572,221 | - | 572,221 | - | 841,639 |
| Interest Earnings | 244,101 | 287,136 | 100,000 | 187,136 | 287% | 400,000 |
| Miscellaneous | 53,099 | 19,682 | 20,000 | (318) | 98% | 22,388 |
| Other Financing Sources | - | 4,021,062 | - | 4,021,062 | - | 4,807,200 |
| Total Sources | $ 16,307,008 | $ 21,446,442 | $ 22,088,000 | $ (641,558) | 97% | $ 28,423,182 |

### Uses

| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget | Actual Vs. Budget Amount | Actual Vs. Budget Percent | Year End Estimate |
|---|---|---|---|---|---|---|
| Personnel | $ 2,625,845 | $ 2,562,659 | $ 3,985,725 | $ 1,423,066 | 64% | $ 3,783,194 |
| O&M | 7,634,931 | 7,581,560 | 11,552,175 | 3,970,615 | 66% | 10,886,670 |
| Capital Outlays | 974,265 | 1,462,631 | 2,327,639 | 865,008 | 63% | 2,320,896 |
| Debt Service | 3,254,278 | 3,695,379 | 3,890,977 | 195,598 | 95% | 3,890,977 |
| Transfers Out | 4,028,458 | 5,510,327 | 9,883,004 | 4,372,677 | 56% | 9,883,004 |
| Total Uses | $ 18,517,778 | $ 20,812,556 | $ 31,639,520 | $ 10,826,964 | 66% | $ 30,764,740 |

Note: Excludes non-cash outlays for depreciation & amortization

### Change in Fund Balance

| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget | Year End Estimate |
|---|---|---|---|---|
| Total Sources | $ 16,307,008 | $ 21,446,442 | $ 22,088,000 | $ 28,423,182 |
| Total Uses | (18,517,778) | (20,812,556) | (31,639,520) | (30,764,740) |
| Change in Fund Balance | $ (2,210,769) | $ 633,886 | $ (9,551,520) | $ (2,341,558) |

| | |
|---|---|
| Beginning Fund Balance | $ 9,058,512 |
| Estimated Ending Fund Balance | $ 6,716,954 |

**Revenues and Other Financing Sources**:
Water sales are trending above budget, primarily driven by higher than anticipated irrigation and commercial water sales. Charges for services are expected to exceed budget, driven by groundwater preservation fees which are assessed based on water usage. Interest earnings are projected to exceed budget by $300,000, reflecting returns on invested bond and loan proceeds. Miscellaneous revenues are projected to exceed budget expectations due to insurance recoveries.

The Water Utility draws on a 2025 WIFA loan agreement that functions as a line of credit. Both the loan draws and the associated WIFA grant are recognized in grants revenue and other financing sources as funds are received.

**Uses:**
**Personnel**: Expenditures are trending below budget due to vacancies in several positions, including two Water Utility Operators, a Water Operations Supervisor, and a Water Control Systems Supervisor.
**Operations & Maintenance**: Operations and maintenance costs are projected to come in under budget by approximately $666,000, or 6%, with savings spread across numerous accounts. The largest contributors are lower than anticipated power costs for pumping and CAP water delivery charges. Equipment repair and maintenance costs across wells, boosters, reservoirs, telemetry, and other infrastructure are collectively trending below budget, as routine maintenance demand has been lower than anticipated. Additional savings in testing, non-capitalized equipment, chemicals, and gasoline contribute to the overall favorable variance. These are partially offset by higher than expected costs in mains repair and maintenance and software maintenance and licensing.
**Debt Service**: The full annual principal payment is recorded at the beginning of the fiscal year, while interest payments occur semiannually in January and June. A detailed schedule of outstanding debt issuances is provided in Appendix 6.
**Transfers Out**: Transfers are primarily to the Water Resource Impact Fee Fund to support NWRRDS capital projects and represent 40% of groundwater preservation fee revenues. This transfer is recorded at year-end and may vary based on actual revenue collections. A smaller transfer of $3,004 was made to the Debt Service Fund for debt repayment.

# Stormwater Utility Fund

## Financial Status Fiscal Year to Date: March 2026

### Revenues

| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget | Actual Vs. Budget Amount | Actual Vs. Budget Percent | Year End Estimate |
|---|---|---|---|---|---|---|
| Charges For Services | $ 1,146,890 | $ 1,155,190 | $ 1,527,000 | $ (371,810) | 76% | $ 1,543,127 |
| Grants | - | - | 239,200 | (239,200) | - | 210,991 |
| Interest Earnings | 33,443 | 34,659 | 20,000 | 14,659 | 173% | 48,000 |
| Total Revenues | $ 1,180,333 | $ 1,189,849 | $ 1,786,200 | $ (596,351) | 67% | $ 1,802,118 |

### Expenses

| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget | Actual Vs. Budget Amount | Actual Vs. Budget Percent | Year End Estimate |
|---|---|---|---|---|---|---|
| Personnel | $ 672,766 | $ 680,879 | $ 990,258 | $ 309,379 | 69% | $ 956,665 |
| O&M | 221,356 | 239,989 | 424,755 | 184,766 | 57% | 356,886 |
| Capital Outlays | - | 6,855 | 738,000 | 731,145 | 1% | 81,855 |
| Total Expenses | $ 894,122 | $ 927,722 | $ 2,153,013 | $ 1,225,291 | 43% | $ 1,395,406 |

Note: Excludes non-cash outlays for depreciation

### Change in Fund Balance

| | FY 2024/25 Actuals | FY 2025/26 Actuals | FY 2025/26 Budget | Year End Estimate |
|---|---|---|---|---|
| Total Revenues | $ 1,180,333 | $ 1,189,849 | $ 1,786,200 | $ 1,802,118 |
| Total Expenses | (894,122) | (927,722) | (2,153,013) | (1,395,406) |
| Change in Fund Balance | $ 286,211 | $ 262,127 | $ (366,813) | $ 406,712 |
| | | | | |
| Beginning Fund Balance | | | | $ 1,447,723 |
| Estimated Ending Fund Balance | | | | $ 1,854,436 |

**Revenues**:
Charges for service are trending slightly higher than budget (1.1%). With respect to grant revenues, the federal grant supporting the Sierra Wash at Glover Road Infrastructure Repair and Rehabilitation capital project is not expected to be received within the current fiscal year. Offsetting this, grant revenues for the Sierra Wash at Via Mandarina Drainage Improvements project are projected to be received this year, as the project was completed in FY26 despite having been originally budgeted in FY25. Interest earnings continue to outperform projections, coming in $28,000, or 140%, above budget.

**Expenses:**
**Personnel**: Savings are expected due to the Senior Engineering Associate position being vacant for 1.5 months and filled at a lower rate than budgeted.
**Operations & Maintenance**: Savings are anticipated in outside professional service, gasoline, field supplies and vehicle repair and maintenance.
**Capital Outlays**: Budgeted capital expenditures include general infrastructure maintenance and three major capital improvement projects:
- Sierra Wash at Glover Road Infrastructure Repair and Rehabilitation ($318,000)
- Sierra Wash at Via Mandarina Drainage Improvements ($50,000)
- Oro Valley Drive Drainage and Pavement Improvements ($300,000)

The Oro Valley Drive Drainage and Pavement Improvements project ($300,000) was taken over by Pima County and has been removed from the year-end estimate. Sierra Wash at Glover Road will be delayed into FY27.

# APPENDIX 1

**El Conquistador Golf Mgmt., LLC**

El Conquistador Golf Course

Report Date: 3/31/2026

| | Month-to-Date | | | | | Year-to-Date | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Mar - 2026** | **Budget** | **Mar - 2025** | **Bud Var** | **PY Var** | **Mar - 2026** | **Budget** | **Mar - 2025** | **Bud Var** | **PY Var** |
| **Rounds** | | | | | | | | | | |
| Public | 8,075 | 7,800 | 8,705 | 275 | (630) | 46,049 | 39,050 | 44,328 | 6,999 | 1,721 |
| Member | 5,461 | 4,425 | 5,015 | 1,036 | 446 | 36,598 | 33,390 | 36,479 | 3,208 | 119 |
| Tournament | 946 | 975 | 1,372 | (29) | (426) | 3,754 | 6,180 | 7,004 | (2,426) | (3,250) |
| **Total Rounds** | **14,482** | **13,200** | **15,092** | **1,282** | **(610)** | **86,401** | **78,620** | **87,811** | **7,781** | **(1,410)** |
| Membership Fees | 144,792.63 | 142,560.00 | 132,767.99 | 2,232.63 | 12,024.64 | 1,442,331.01 | 1,223,560.00 | 1,295,305.07 | 218,771.01 | 147,025.94 |
| **Total Membership Revenue** | **144,792.63** | **142,560.00** | **132,767.99** | **2,232.63** | **12,024.64** | **1,442,331.01** | **1,223,560.00** | **1,295,305.07** | **218,771.01** | **147,025.94** |
| Sales - Green Fees | 436,388.48 | 352,000.00 | 420,236.57 | 84,388.48 | 16,151.91 | 2,120,065.66 | 1,585,750.00 | 1,876,491.75 | 534,315.66 | 243,573.91 |
| Sales - Tournament | 42,407.50 | 49,000.00 | 56,381.67 | (6,592.50) | (13,974.17) | 156,405.28 | 263,500.00 | 289,189.36 | (107,094.72) | (132,784.08) |
| Sales - Member Rounds | 577.00 | 350.00 | 584.90 | 227.00 | (7.90) | 5,456.00 | 2,650.00 | 3,509.65 | 2,806.00 | 1,946.35 |
| Lessons & Clinics | 805.00 | 3,500.00 | 1,625.00 | (2,695.00) | (820.00) | 8,510.92 | 23,750.00 | 16,305.00 | (15,239.08) | (7,794.08) |
| Range, Rental & Other Golf Related | 15,789.15 | 13,175.00 | 15,248.96 | 2,614.15 | 540.19 | 106,226.85 | 78,475.00 | 103,226.36 | 27,751.85 | 3,000.49 |
| Cart Fees | 36,844.08 | 28,350.00 | 34,225.46 | 8,494.08 | 2,618.62 | 313,094.66 | 259,050.00 | 288,135.30 | 54,044.66 | 24,959.36 |
| **Golf Fees Revenue** | **532,811.21** | **446,375.00** | **528,302.56** | **86,436.21** | **4,508.65** | **2,709,759.37** | **2,213,175.00** | **2,576,857.42** | **496,584.37** | **132,901.95** |
| Sales - Soft Goods | 30,151.23 | 29,350.00 | 29,951.19 | 801.23 | 200.04 | 133,963.10 | 135,435.00 | 146,369.43 | (1,471.90) | (12,406.33) |
| Sales - Hard Goods | 17,832.63 | 14,800.00 | 16,505.47 | 3,032.63 | 1,327.16 | 114,293.85 | 85,600.00 | 101,633.67 | 28,693.85 | 12,660.18 |
| **Merchandise Revenue** | **47,983.86** | **44,150.00** | **46,456.66** | **3,833.86** | **1,527.20** | **248,256.95** | **221,035.00** | **248,003.10** | **27,221.95** | **253.85** |
| Other Revenue | 3,795.00 | 500.00 | (1,965.56) | 3,295.00 | 5,760.56 | 19,145.22 | 15,500.00 | (4,708.84) | 3,645.22 | 23,854.06 |
| **Other Revenue** | **3,795.00** | **500.00** | **(1,965.56)** | **3,295.00** | **5,760.56** | **19,145.22** | **15,500.00** | **(4,708.84)** | **3,645.22** | **23,854.06** |
| Sales - Food | 62,084.07 | 1,125.00 | 55,115.29 | 60,959.07 | 6,968.78 | 334,200.18 | 4,825.00 | 326,652.21 | 329,375.18 | 7,547.97 |
| Sales - Beer | 33,194.19 | 3,500.00 | 35,411.62 | 29,694.19 | (2,217.43) | 205,281.10 | 14,700.00 | 205,224.81 | 190,581.10 | 56.29 |
| Sales - Wine | 4,004.90 | 0.00 | 3,304.48 | 4,004.90 | 700.42 | 21,865.30 | 0.00 | 17,262.70 | 21,865.30 | 4,602.60 |
| Sales - Liquor | 12,375.69 | 375.00 | 12,148.14 | 12,000.69 | 227.55 | 76,417.78 | 1,658.00 | 75,685.50 | 74,759.78 | 732.28 |
| Group Service Charges | 5,631.22 | 0.00 | 2,975.04 | 5,631.22 | 2,656.18 | 64,306.96 | 0.00 | 20,437.55 | 64,306.96 | 43,869.41 |
| **Food & Beverage Revenue** | **117,290.07** | **5,000.00** | **108,954.57** | **112,290.07** | **8,335.50** | **702,071.32** | **21,183.00** | **645,262.77** | **680,888.32** | **56,808.55** |
| **TOTAL REVENUE** | **846,672.77** | **638,585.00** | **814,516.22** | **208,087.77** | **32,156.55** | **5,121,563.87** | **3,694,453.00** | **4,760,719.52** | **1,427,110.87** | **360,844.35** |
| **Expenses** | | | | | | | | | | |
| COS - Merchandise | 30,727.62 | 30,211.00 | 40,972.75 | (516.62) | 10,245.13 | 183,298.37 | 154,529.75 | 186,457.90 | (28,768.62) | 3,159.53 |
| COS - Food | 24,531.94 | 337.50 | 20,685.00 | (24,194.44) | (3,846.94) | 129,335.16 | 1,447.50 | 122,970.78 | (127,887.66) | (6,364.38) |
| COS - Beer | 10,054.92 | 1,050.00 | 10,274.02 | (9,004.92) | 219.10 | 62,626.62 | 4,410.00 | 59,811.12 | (58,216.62) | (2,815.50) |
| COS - Wine | 2,526.57 | 0.00 | 1,018.52 | (2,526.57) | (1,508.05) | 7,049.86 | 0.00 | 5,511.25 | (7,049.86) | (1,538.61) |
| COS - Liquor | 2,637.15 | 112.50 | 3,880.96 | (2,524.65) | 1,243.81 | 20,497.41 | 497.40 | 20,181.64 | (20,000.01) | (315.77) |
| **Cost of Sales** | **70,478.20** | **31,711.00** | **76,831.25** | **(38,767.20)** | **6,353.05** | **402,807.42** | **160,884.65** | **394,932.69** | **(241,922.77)** | **(7,874.73)** |
| **Gross Margin** | **776,194.57** | **606,874.00** | **737,684.97** | **169,320.57** | **38,509.60** | **4,718,756.45** | **3,533,568.35** | **4,365,786.83** | **1,185,188.10** | **352,969.62** |

**El Conquistador Golf Mgmt., LLC**

El Conquistador Golf Course

Report Date: 3/31/2026

| | Month-to-Date | | | | | Year-to-Date | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Mar - 2026** | **Budget** | **Mar - 2025** | **Bud Var** | **PY Var** | **Mar - 2026** | **Budget** | **Mar - 2025** | **Bud Var** | **PY Var** |
| Salaries & Wages | 217,715.66 | 150,089.00 | 189,786.07 | (67,626.66) | (27,929.59) | 1,608,266.12 | 1,234,651.00 | 1,470,844.30 | (373,615.12) | (137,421.82) |
| Payroll Taxes | 17,509.57 | 12,750.00 | 15,940.84 | (4,759.57) | (1,568.73) | 123,067.19 | 101,900.00 | 119,762.70 | (21,167.19) | (3,304.49) |
| Workers Comp | 4,252.93 | 2,500.00 | 3,403.47 | (1,752.93) | (849.46) | 34,043.63 | 22,500.00 | 25,849.91 | (11,543.63) | (8,193.72) |
| Employee Benefits | 14,577.16 | 7,000.00 | 12,055.28 | (7,577.16) | (2,521.88) | 98,552.77 | 93,500.00 | 97,135.65 | (5,052.77) | (1,417.12) |
| Other Employee Benefits | 2,703.99 | 1,300.00 | 1,631.96 | (1,403.99) | (1,072.03) | 25,432.22 | 11,700.00 | 13,325.39 | (13,732.22) | (12,106.83) |
| **Total Payroll & Benefits** | **256,759.31** | **173,639.00** | **222,817.62** | **(83,120.31)** | **(33,941.69)** | **1,889,361.93** | **1,464,251.00** | **1,726,917.95** | **(425,110.93)** | **(162,443.98)** |
| Meals & Entertainment | 393.03 | 475.00 | 893.96 | 81.97 | 500.93 | 4,220.40 | 5,200.00 | 7,182.84 | 979.60 | 2,962.44 |
| Travel | 732.59 | 225.00 | 0.00 | (507.59) | (732.59) | 4,429.69 | 4,575.00 | 4,819.57 | 145.31 | 389.88 |
| Other Employee Related | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 521.34 | 0.00 | 769.89 | (521.34) | 248.55 |
| **Total Employee Related** | **1,125.62** | **700.00** | **893.96** | **(425.62)** | **(231.66)** | **9,171.43** | **9,775.00** | **12,772.30** | **603.57** | **3,600.87** |
| R&M - Equipment | 9,121.03 | 11,500.00 | 11,507.30 | 2,378.97 | 2,386.27 | 128,550.93 | 112,800.00 | 110,565.55 | (15,750.93) | (17,985.38) |
| R&M - Building | 18.35 | 0.00 | 227.18 | (18.35) | 208.83 | 9,761.93 | 22,800.00 | 14,951.86 | 13,038.07 | 5,189.93 |
| R&M - Golf Course & Tennis Courts | 6,384.75 | 1,000.00 | 1,812.18 | (5,384.75) | (4,572.57) | 20,699.85 | 26,500.00 | 35,069.68 | 5,800.15 | 14,369.83 |
| R&M - Other | 413.07 | 400.00 | 0.00 | (13.07) | (413.07) | 7,697.63 | 3,600.00 | 2,807.28 | (4,097.63) | (4,890.35) |
| Sod | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,500.00 | 1,067.72 | 1,500.00 | 1,067.72 |
| Sand & Gravel | 0.00 | 0.00 | 3,067.65 | 0.00 | 3,067.65 | 14,989.71 | 13,500.00 | 21,103.25 | (1,489.71) | 6,113.54 |
| Seed & Mulch | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 117,258.78 | 145,000.00 | 125,961.34 | 27,741.22 | 8,702.56 |
| Gas, Diesel, Oil & Lubricants | 5,849.14 | 4,950.00 | 3,134.81 | (899.14) | (2,714.33) | 35,181.85 | 38,050.00 | 31,131.30 | 2,868.15 | (4,050.55) |
| Fertilizers | 445.67 | 31,000.00 | 26,273.44 | 30,554.33 | 25,827.77 | 35,120.51 | 85,800.00 | 64,376.93 | 50,679.49 | 29,256.42 |
| Chemicals | 28,519.30 | 3,300.00 | 8,212.46 | (25,219.30) | (20,306.84) | 102,361.04 | 59,650.00 | 49,248.65 | (42,711.04) | (53,112.39) |
| **Total Repairs & Maintenance** | **50,751.31** | **52,150.00** | **54,235.02** | **1,398.69** | **3,483.71** | **471,622.23** | **509,200.00** | **456,283.56** | **37,577.77** | **(15,338.67)** |
| Marketing & Advertising | 930.50 | 1,120.00 | 1,730.50 | 189.50 | 800.00 | 8,817.63 | 12,405.00 | 17,815.58 | 3,587.37 | 8,997.95 |
| Computer Related | 1,315.51 | 0.00 | 0.00 | (1,315.51) | (1,315.51) | 15,654.98 | 0.00 | 0.00 | (15,654.98) | (15,654.98) |
| Dues & Subscriptions | 3,562.50 | 3,870.00 | 3,677.38 | 307.50 | 114.88 | 33,053.49 | 34,830.00 | 31,431.35 | 1,776.51 | (1,622.14) |
| Operating Supplies | 13,932.14 | 6,400.00 | 9,643.18 | (7,532.14) | (4,288.96) | 89,639.22 | 77,050.00 | 100,960.56 | (12,589.22) | 11,321.34 |
| Linens & Laundry | 614.76 | 0.00 | 922.14 | (614.76) | 307.38 | 6,492.51 | 0.00 | 7,176.44 | (6,492.51) | 683.93 |
| Postage | 0.00 | 0.00 | 384.11 | 0.00 | 384.11 | 407.69 | 300.00 | 827.65 | (107.69) | 419.96 |
| Member Relations | (7.40) | 500.00 | 0.00 | 507.40 | 7.40 | 709.78 | 1,500.00 | 5,964.98 | 790.22 | 5,255.20 |
| Uniforms | 3,075.09 | 3,175.00 | 549.07 | 99.91 | (2,526.02) | 7,351.44 | 9,350.00 | 6,366.01 | 1,998.56 | (985.43) |
| Other Operating | 0.00 | 0.00 | 16.55 | 0.00 | 16.55 | 0.00 | 0.00 | 1,198.55 | 0.00 | 1,198.55 |
| Merchant Processing Fees | 11,268.58 | 11,500.00 | 14,577.22 | 231.42 | 3,308.64 | 71,052.52 | 61,300.00 | 68,323.53 | (9,752.52) | (2,728.99) |
| Bank Fees | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | (31.83) | 0.00 | 1,004.56 | 31.83 | 1,036.39 |
| Cash Short / (Over) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | (35.73) | 0.00 | 0.00 | 35.73 | 35.73 |
| Late Fees & Penalties | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 22.56 | 0.00 | 22.56 |
| Centralized Services | 2,806.09 | 2,125.00 | 2,511.34 | (681.09) | (294.75) | 21,886.83 | 19,125.00 | 19,694.97 | (2,761.83) | (2,191.86) |
| Tournament Expenses | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 969.15 | 0.00 | 969.15 |
| **Total Operating Expenses** | **37,497.77** | **28,690.00** | **34,011.49** | **(8,807.77)** | **(3,486.28)** | **254,998.53** | **215,860.00** | **261,755.89** | **(39,138.53)** | **6,757.36** |
| **Operating Profit** | **430,060.56** | **351,695.00** | **425,726.88** | **78,365.56** | **4,333.68** | **2,093,602.33** | **1,334,482.35** | **1,908,057.13** | **759,119.98** | **185,545.20** |

# APPENDIX 1

**El Conquistador Golf Mgmt., LLC**

El Conquistador Golf Course

Report Date: 3/31/2026

| | Month-to-Date | | | | | Year-to-Date | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Mar - 2026** | **Budget** | **Mar - 2025** | **Bud Var** | **PY Var** | **Mar - 2026** | **Budget** | **Mar - 2025** | **Bud Var** | **PY Var** |
| Electric & Gas | 18,348.92 | 22,000.00 | 16,638.50 | 3,651.08 | (1,710.42) | 199,753.53 | 226,000.00 | 206,679.39 | 26,246.47 | 6,925.86 |
| Water | 46,009.23 | 51,950.00 | 57,691.80 | 5,940.77 | 11,682.57 | 688,530.00 | 765,800.00 | 771,856.45 | 77,270.00 | 83,326.45 |
| Telephone & Internet Connection | 604.25 | 875.00 | 648.94 | 270.75 | 44.69 | 5,891.44 | 7,875.00 | 6,601.94 | 1,983.56 | 710.50 |
| Other Third-party Services | 6,105.78 | 5,875.00 | 2,246.08 | (230.78) | (3,859.70) | 38,698.07 | 47,525.00 | 43,811.40 | 8,826.93 | 5,113.33 |
| **Total Utilities** | **71,068.18** | **80,700.00** | **77,225.32** | **9,631.82** | **6,157.14** | **932,873.04** | **1,047,200.00** | **1,028,949.18** | **114,326.96** | **96,076.14** |
| Lease Expense - Fixed | 15,077.76 | 14,582.00 | 13,258.76 | (495.76) | (1,819.00) | 135,699.84 | 131,238.00 | 119,328.84 | (4,461.84) | (16,371.00) |
| Lease Expense - Short-term & Other | 298.11 | 298.00 | 298.11 | (0.11) | 0.00 | 2,682.99 | 3,232.00 | 3,255.84 | 549.01 | 572.85 |
| **Total Leases** | **15,375.87** | **14,880.00** | **13,556.87** | **(495.87)** | **(1,819.00)** | **138,382.83** | **134,470.00** | **122,584.68** | **(3,912.83)** | **(15,798.15)** |
| **Fixed Operating Expenses** | **86,444.05** | **95,580.00** | **90,782.19** | **9,135.95** | **4,338.14** | **1,071,255.87** | **1,181,670.00** | **1,151,533.86** | **110,414.13** | **80,277.99** |
| **Gross Operating Profit** | **343,616.51** | **256,115.00** | **334,944.69** | **87,501.51** | **8,671.82** | **1,022,346.46** | **152,812.35** | **756,523.27** | **869,534.11** | **265,823.19** |
| Insurance | 7,546.50 | 6,000.00 | 5,877.20 | (1,546.50) | (1,669.30) | 67,918.51 | 54,000.00 | 56,472.31 | (13,918.51) | (11,446.20) |
| Bad Debt Expense | 58.31 | 200.00 | 0.00 | 141.69 | (58.31) | 581.80 | 1,800.00 | 4,857.62 | 1,218.20 | 4,275.82 |
| Fees, Permits, & Licenses | 210.00 | 3,050.00 | 1,004.56 | 2,840.00 | 794.56 | 8,917.74 | 9,425.00 | 7,032.62 | 507.26 | (1,885.12) |
| Base Management Fees | 11,040.81 | 11,094.00 | 10,824.32 | 53.19 | (216.49) | 99,583.78 | 99,846.00 | 97,418.88 | 262.22 | (2,164.90) |
| **Other Expenses** | **18,855.62** | **20,344.00** | **17,706.08** | **1,488.38** | **(1,149.54)** | **177,001.83** | **165,071.00** | **165,781.43** | **(11,930.83)** | **(11,220.40)** |
| **Net Operating Income** | **324,760.89** | **235,771.00** | **317,238.61** | **88,989.89** | **7,522.28** | **845,344.63** | **(12,258.65)** | **590,741.84** | **857,603.28** | **254,602.79** |
| Incentive Management Fee | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 8,030.62 | 0.00 | 8,030.62 |
| **NET INCOME** | **324,760.89** | **235,771.00** | **317,238.61** | **88,989.89** | **7,522.28** | **845,344.63** | **(12,258.65)** | **582,711.22** | **857,603.28** | **262,633.41** |
| **EBITDA** | **324,760.89** | **235,771.00** | **317,238.61** | **88,989.89** | **7,522.28** | **845,344.63** | **(12,258.65)** | **582,711.22** | **857,603.28** | **262,633.41** |

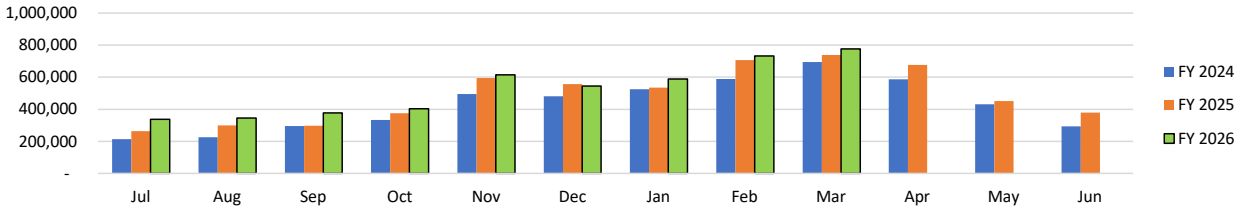
# Town of Oro Valley
## Golf Analysis

| Operating: | PRE AGREEMENT | | | | | | POST AGREEMENT | | | | | Through Mar | *Budget* | Cumulative |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **FY 2015** | **FY 2016** | **FY 2017** | **FY 2018** | **FY 2019** | **FY 2020** | **FY 2021** | **FY 2022** | **FY 2023** | **FY2024** | **FY2025** | **FY2026** | **FY 2026** | **Actuals** |
| **Revenue** | | | | | | | | | | | | | | |
| 36 Hole | 500,158 | 1,883,452 | 1,798,304 | 2,171,484 | 2,367,136 | 2,593,395 | 3,522,083 | 3,674,489 | 3,856,880 | 4,724,718 | 4,933,178 | 3,902,203 | 4,311,050 | 35,927,480 |
| Pusch Ridge | - | 105,370 | 99,134 | 59,726 | 106,184 | 98,316 | - | 380,375 | 414,225 | 528,346 | 619,276 | 543,520 | 528,628 | 2,954,472 |
| F&B - Overlook | - | 606,171 | 708,594 | 745,766 | 671,582 | 554,336 | 448,782 | 671,479 | 725,222 | 766,679 | 865,944 | 675,841 | 785,400 | 7,440,396 |
| **Total Revenue** | 500,158 | 2,594,993 | 2,606,032 | 2,976,976 | 3,144,902 | 3,246,047 | 3,970,865 | 4,726,343 | 4,996,327 | 6,019,743 | 6,418,398 | 5,121,564 | 5,625,078 | 46,322,348 |
| **Expenses** | | | | | | | | | | | | | | |
| 36 Hole | 1,112,252 | 3,588,714 | 3,936,889 | 3,817,932 | 3,771,706 | 3,891,341 | 3,915,216 | 3,740,982 | 3,929,757 | 4,263,007 | 4,365,456 | 3,297,135 | 4,468,886 | 43,630,387 |
| Pusch Ridge | - | 253,513 | 256,769 | 236,160 | 230,196 | 287,112 | - | 319,702 | 390,959 | 478,320 | 516,762 | 389,362 | 508,480 | 3,358,855 |
| F&B - Overlook | - | 861,740 | 823,383 | 841,866 | 785,499 | 701,538 | 440,382 | 630,509 | 596,910 | 684,037 | 756,376 | 589,722 | 751,271 | 7,711,961 |
| **Total Expenses** | 1,112,252 | 4,703,967 | 5,017,041 | 4,895,958 | 4,787,401 | 4,879,991 | 4,355,598 | 4,691,193 | 4,917,626 | 5,425,364 | 5,638,594 | 4,276,219 | 5,728,637 | 54,701,204 |
| **Profit/(Loss)** | | | | | | | | | | | | | | |
| 36 Hole | (612,094) | (1,705,262) | (2,138,585) | (1,646,448) | (1,404,570) | (1,297,946) | (393,133) | (66,493) | (72,877) | 461,711 | 567,722 | 605,068 | (157,836) | (7,702,907) |
| Pusch Ridge | - | (148,143) | (157,635) | (176,434) | (124,012) | (188,796) | - | 60,673 | 23,266 | 50,026 | 102,514 | 154,158 | 20,148 | (404,383) |
| F&B - Overlook | - | (255,569) | (114,789) | (96,100) | (113,917) | (147,202) | 8,400 | 40,970 | 128,312 | 82,642 | 109,569 | 86,119 | 34,129 | (271,566) |
| **Total Operating Profit/(Loss)** | (612,094) | (2,108,974) | (2,411,009) | (1,918,982) | (1,642,499) | (1,633,944) | (384,733) | 35,150 | 78,701 | 594,379 | 779,804 | 845,345 | (103,559) | (8,378,856) |
| | | | | | | | | | | | | | | |
| **Capital Investments** | | 45,116 | 47,909 | 29,464 | - | - | 131,035 | 2,828,061 | 4,619,904 | 2,184,848 | 743,897 | 528,175 | 630,000 | 11,158,409 |
| **Initial purchase (1)** | | 300,000 | 350,000 | 350,000 | | | | | | | | | | 1,000,000 |
| Notes: (1) $1,000,000 original purchase of courses and community center | | | | | | | | | | | | | | |
| 1/2 cent sales tax | 506,710 | 2,030,750 | 2,199,466 | 2,330,941 | 2,463,034 | 2,584,916 | 2,947,420 | 3,535,507 | 3,707,578 | 3,792,744 | 3,904,926 | 593,099 | - | 30,597,091 |
| HOA contributions | - | - | - | - | - | - | 125,000 | 159,050 | 159,050 | 159,050 | 159,050 | 1,950 | 34,050 | 763,150 |

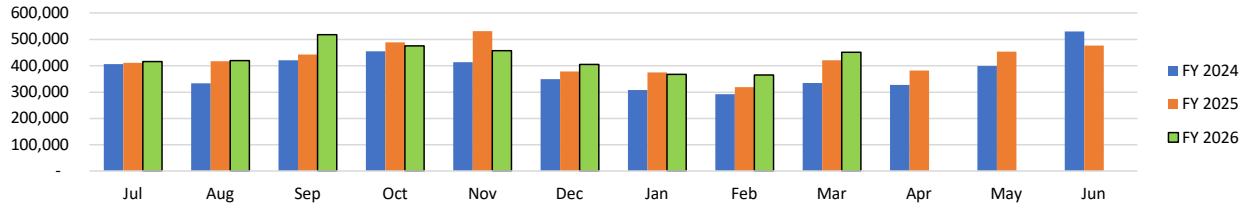
## Town of Oro Valley
## Golf Analysis - Contractor Financials

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **FY 2024** | | | | | | | | | | | | |
| Gross Margin | 213,698 | 225,040 | 295,419 | 332,783 | 495,412 | 480,305 | 525,109 | 589,339 | 694,275 | 586,473 | 430,577 | 294,092 |
| Expenses | 406,558 | 333,614 | 420,523 | 454,504 | 412,959 | 349,298 | 308,213 | 291,616 | 334,623 | 326,900 | 398,960 | 530,376 |
| Net Income/(Loss) | (192,860) | (108,573) | (125,103) | (121,721) | 82,453 | 131,007 | 216,896 | 297,723 | 359,652 | 259,573 | 31,617 | (236,284) |
| **FY 2025** | | | | | | | | | | | | |
| Gross Margin | 263,005 | 299,163 | 297,857 | 375,363 | 594,117 | 556,764 | 534,838 | 706,996 | 737,685 | 675,958 | 450,287 | 378,899 |
| Expenses | 411,466 | 416,806 | 442,887 | 488,946 | 531,458 | 378,085 | 374,611 | 318,371 | 420,446 | 381,953 | 453,967 | 476,826 |
| Net Income/(Loss) | (148,461) | (117,643) | (145,030) | (113,583) | 62,659 | 178,679 | 160,226 | 388,625 | 317,239 | 294,005 | (3,681) | (97,927) |
| **FY 2026** | | | | | | | | | | | | |
| Gross Margin | 337,860 | 344,855 | 377,531 | 402,476 | 613,880 | 545,516 | 588,783 | 731,659 | 776,195 | | | |
| Expenses | 416,385 | 419,190 | 518,351 | 474,811 | 456,611 | 404,521 | 367,544 | 364,566 | 451,434 | | | |
| Net Income/(Loss) | (78,525) | (74,335) | (140,820) | (72,334) | 157,270 | 140,995 | 221,239 | 367,094 | 324,761 | - | - | - |

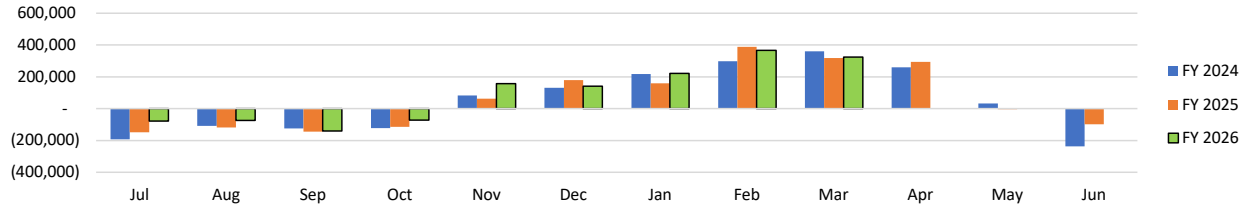
### Comparison of Gross Income by Month - Total Golf Operations




### Comparison of Total Expenses by Month - Total Golf Operations




### Comparison of Net Income/(Loss) by Month - Total Golf Operations



# APPENDIX 3

Consolidated Year-to-Date Financial Report through March 2026

*FY 2025/2026*

| Fund | FY 25/26 Beginning Fund Balance | Revenue | Other Fin Sources/ Transfers In | Total In | Personnel | O&M | Capital | Debt Service | Other Fin Uses/ Transfers Out | Total Out | Fund Balance Through March 2026 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| General Fund | 20,702,401 | 42,596,962 | - | **42,596,962** | 26,218,700 | 9,781,429 | 87,806 | - | 9,453,829 | **45,541,764** | 17,757,599 |
| Highway Fund | 1,598,787 | 3,331,204 | 1,500,000 | **4,831,204** | 984,863 | 780,715 | 2,090,619 | - | - | **3,856,198** | 2,573,793 |
| Grants and Contributions Fund | 60,787 | 609,694 | 59,109 | **668,803** | 406 | 163,612 | 336,442 | - | - | **500,460** | 229,131 |
| Seizure & Forfeiture - Justice/State | 374,906 | 25,895 | - | **25,895** | - | - | - | - | - | **-** | 400,801 |
| Community Center Fund | 2,921,900 | 6,845,787 | - | **6,845,787** | 861,315 | 5,046,513 | 1,028,756 | - | 172,968 | **7,109,551** | 2,658,136 |
| Municipal Debt Service Fund | 53,800 | 129,851 | 3,918,566 | **4,048,417** | - | 8,413 | - | 4,013,071 | - | **4,021,483** | 80,733 |
| Water Resource System & Dev. Impact Fee Fund | 8,104,970 | 1,837,855 | 11,538,916 | **13,376,770** | - | 84,040 | 16,269,861 | 557,505 | - | **16,911,406** | 4,570,334 |
| Townwide Roadway Dev Impact Fee Fund | 3,095,031 | 581,765 | - | **581,765** | - | - | - | - | - | **-** | 3,676,796 |
| Parks & Recreation Impact Fee Fund | 381,038 | 345,079 | - | **345,079** | - | - | - | - | - | **-** | 726,117 |
| Police Impact Fee Fund | 122,916 | 109,635 | - | **109,635** | - | - | - | - | 38,765 | **38,765** | 193,786 |
| Capital Fund | 16,847,866 | 1,314,440 | 5,750,000 | **7,064,440** | - | 71,694 | 6,839,283 | - | 1,559,109 | **8,470,085** | 15,442,220 |
| PAG/RTA Fund | 446,926 | 31,317 | - | **31,317** | - | 12,770 | 70,000 | - | - | **82,770** | 395,473 |
| Water Utility | 9,058,512 | 17,425,380 | 4,021,062 | **21,446,442** | 2,562,659 | 7,581,560 | 1,462,631 | 3,695,379 | 5,510,327 | **20,812,556** | 9,692,398 |
| Stormwater Utility | 1,447,723 | 1,189,849 | - | **1,189,849** | 680,879 | 239,989 | 6,855 | - | - | **927,722** | 1,709,850 |
| Benefit Self Insurance Fund | 3,995,323 | 3,081,234 | - | **3,081,234** | - | 3,786,140 | - | - | - | **3,786,140** | 3,290,417 |
| Recreation In-Lieu Fee Fund | 52,018 | 1,102 | - | **1,102** | - | - | - | - | - | **-** | 53,120 |
| **Total** | **69,264,903** | **79,457,048** | **26,787,652** | **106,244,700** | **31,308,822** | **27,556,873** | **28,192,252** | **8,265,955** | **16,734,998** | **112,058,900** | **63,450,703** |

# APPENDIX 4

## Local Sales Tax Collections

| FY 2025/26 | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Construction Sales Tax | 179,150 | 163,435 | 98,998 | 89,454 | 243,032 | 156,790 | 253,437 | 201,202 | 316,434 | | | | **1,701,931** |
| Utility Sales Tax | 302,786 | 412,779 | 407,129 | 429,423 | 372,182 | 261,920 | 293,969 | 319,220 | 288,992 | | | | **3,088,399** |
| Retail Sales Tax | 941,576 | 897,606 | 867,961 | 893,562 | 934,258 | 1,001,735 | 1,345,143 | 937,347 | 956,315 | | | | **8,775,505** |
| Remote Seller Sales Tax | 192,279 | 205,970 | 220,208 | 196,932 | 221,954 | 259,550 | 305,982 | 228,931 | 216,170 | | | | **2,047,975** |
| Bed Tax | 112,651 | 91,706 | 92,611 | 115,225 | 146,552 | 178,739 | 154,051 | 259,109 | 370,419 | | | | **1,521,064** |
| Restaurant & Bar Sales Tax | 269,228 | 238,235 | 263,782 | 292,127 | 270,580 | 270,346 | 335,217 | 273,916 | 312,049 | | | | **2,525,479** |
| All Other Local Sales Tax * | 115,341 | 108,925 | 133,051 | 119,804 | 136,567 | 153,290 | 161,223 | 189,792 | 247,605 | | | | **1,365,597** |
| **Monthly Total** | **$ 2,113,010** | **$ 2,118,656** | **$ 2,083,741** | **$ 2,136,528** | **$ 2,325,125** | **$ 2,282,369** | **$ 2,849,021** | **$ 2,409,518** | **$ 2,707,984** | | | | **$ 21,025,951** |
| **Cumulative Total** | **$ 2,113,010** | **$ 4,231,666** | **$ 6,315,407** | **$ 8,451,935** | **$ 10,777,059** | **$ 13,059,428** | **$ 15,908,449** | **$ 18,317,967** | **$ 21,025,951** | | | | |
| Monthly variance | $ (220,775) | $ (201,284) | $ (240,986) | $ (191,015) | $ (279,060) | $ (262,332) | $ (258,450) | $ (187,731) | $ 299,058 | | | | |
| Cumulative variance | $ (220,775) | $ (422,059) | $ (663,045) | $ (854,060) | $ (1,133,120) | $ (1,395,452) | $ (1,653,902) | $ (1,841,633) | $ (1,542,575) | | | | |

| FY 2024/25 | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Construction Sales Tax | 427,032 | 291,729 | 371,199 | 324,860 | 545,601 | 253,973 | 356,030 | 414,112 | 171,326 | 130,317 | 296,873 | 293,764 | **3,876,815** |
| Utility Sales Tax | 306,838 | 399,701 | 417,156 | 405,901 | 370,322 | 335,865 | 288,120 | 341,375 | 312,662 | 259,576 | 253,922 | 266,994 | **3,958,432** |
| Retail Sales Tax | 937,920 | 893,895 | 855,486 | 893,023 | 923,982 | 1,034,704 | 1,317,644 | 978,283 | 891,361 | 1,032,305 | 1,001,099 | 922,356 | **11,682,057** |
| Remote Seller Sales Tax | 164,541 | 176,303 | 174,003 | 175,191 | 187,988 | 229,019 | 275,105 | 193,315 | 178,898 | 200,958 | 196,195 | 199,852 | **2,351,368** |
| Bed Tax | 107,778 | 180,045 | 136,688 | 120,312 | 177,934 | 231,333 | 286,851 | 209,622 | 320,232 | 321,945 | 252,906 | 177,851 | **2,523,496** |
| Restaurant & Bar Sales Tax | 271,259 | 239,294 | 251,212 | 286,989 | 268,563 | 287,017 | 374,825 | 280,614 | 314,687 | 382,887 | 280,512 | 327,412 | **3,565,273** |
| All Other Local Sales Tax * | 118,418 | 138,973 | 118,983 | 121,267 | 129,793 | 172,790 | 208,896 | 179,929 | 219,760 | 224,200 | 183,278 | 134,802 | **1,951,088** |
| **Monthly Total** | **$ 2,333,785** | **$ 2,319,940** | **$ 2,324,727** | **$ 2,327,543** | **$ 2,604,184** | **$ 2,544,700** | **$ 3,107,472** | **$ 2,597,249** | **$ 2,408,926** | **$ 2,552,188** | **$ 2,464,785** | **$ 2,323,029** | **$ 29,908,529** |
| **Cumulative Total** | **$ 2,333,785** | **$ 4,653,725** | **$ 6,978,452** | **$ 9,305,995** | **$ 11,910,179** | **$ 14,454,879** | **$ 17,562,351** | **$ 20,159,600** | **$ 22,568,526** | **$ 25,120,715** | **$ 27,585,500** | **$ 29,908,529** | |

*Does not include cable franchise fees or sales tax audit revenues

# APPENDIX 5

General Fund State Shared Revenues

| FY 2025/26 | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| State Shared Income Tax | 793,555 | 793,555 | 793,555 | 793,555 | 793,555 | 793,556 | 793,555 | 793,555 | 793,555 | | | | **7,141,997** |
| State Shared Sales Tax | 619,095 | 603,827 | 595,627 | 602,207 | 623,385 | 588,988 | 743,390 | 602,202 | 612,834 | | | | **5,591,555** |
| County Auto Lieu | 216,240 | 215,390 | 219,757 | 235,357 | 160,740 | 250,037 | 216,183 | 200,625 | 292,283 | | | | **2,006,612** |
| Smart and Safe | - | - | - | - | - | 131,143 | - | - | - | | | | **131,143** |
| **Monthly Total** | **$ 1,628,891** | **$ 1,612,772** | **$ 1,608,939** | **$ 1,631,119** | **$ 1,577,680** | **$ 1,763,724** | **$ 1,753,127** | **$ 1,596,382** | **$ 1,698,672** | | | | **$ 14,871,307** |
| **Cumulative Total** | **$ 1,628,891** | **$ 3,241,663** | **$ 4,850,602** | **$ 6,481,721** | **$ 8,059,402** | **$ 9,823,125** | **$ 11,576,253** | **$ 13,172,635** | **$ 14,871,307** | | | | |
| Monthly variance | $ (59,126) | $ (41,479) | $ (26,784) | $ (47,715) | $ (82,925) | $ (36,755) | $ 44,440 | $ (161,087) | $ 2,058 | | | | |
| Cumulative variance | $ (59,126) | $ (100,605) | $ (127,389) | $ (175,104) | $ (258,029) | $ (294,783) | $ (250,344) | $ (411,430) | $ (409,372) | | | | |

| FY 2024/25 | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| State Shared Income Tax | 856,425 | 856,425 | 856,425 | 856,425 | 856,425 | 856,425 | 856,425 | 856,425 | 856,425 | 856,425 | 856,425 | 856,425 | **10,277,099** |
| State Shared Sales Tax | 593,796 | 582,212 | 575,094 | 597,416 | 614,349 | 622,937 | 724,079 | 596,353 | 582,965 | 677,435 | 632,153 | 618,346 | **7,417,134** |
| County Auto Lieu | 237,795 | 215,615 | 204,204 | 224,993 | 189,831 | 182,939 | 128,184 | 304,691 | 257,209 | 119,394 | 230,779 | 325,869 | **2,621,504** |
| Smart and Safe | - | - | - | - | - | 138,177 | - | - | 15 | - | - | 148,981 | **287,173** |
| **Monthly Total** | **$ 1,688,016** | **$ 1,654,252** | **$ 1,635,723** | **$ 1,678,834** | **$ 1,660,605** | **$ 1,800,479** | **$ 1,708,688** | **$ 1,757,469** | **$ 1,696,614** | **$ 1,653,254** | **$ 1,719,357** | **$ 1,949,620** | **$ 20,602,911** |
| **Cumulative Total** | **$ 1,688,016** | **$ 3,342,268** | **$ 4,977,991** | **$ 6,656,825** | **$ 8,317,430** | **$ 10,117,909** | **$ 11,826,596** | **$ 13,584,065** | **$ 15,280,679** | **$ 16,933,933** | **$ 18,653,291** | **$ 20,602,911** | |

## Debt Service Expense

| | Adopted 2025/26 | Forecast 2026/27 | Forecast 2027/28 | Forecast 2028/29 | Forecast 2029/30 | Forecast 2030-2035 | Forecast 2036-2040 | Forecast 2041-2045 | Final Payment Date |
|---|---|---|---|---|---|---|---|---|---|
| **Municipal Debt Service Fund** | | | | | | | | | |
| Excise Tax Revenue Bonds | | | | | | - | - | - | |
| 2010 CREBS | 186,370 | 176,066 | 170,437 | - | - | - | - | - | 2028 |
| 2012 Revenue Bonds | 224,631 | 227,147 | 224,125 | - | - | - | - | - | 2028 |
| 2015a Refunding Excise Tax | 304,379 | - | - | - | - | - | - | - | 2026 |
| 2016 Excise Tax | 172,968 | 172,635 | 172,236 | 172,760 | 172,207 | 344,447 | - | - | 2032 |
| 2017a Refunding Excise Tax | 138,645 | 138,626 | - | - | - | - | - | - | 2027 |
| 2018a Excise Tax Revenue Obligation | 171,515 | 171,446 | 171,502 | 171,429 | 171,229 | 684,420 | - | - | 2034 |
| 2021 Parks & Rec Excise Tax | 1,543,300 | 1,544,800 | 1,539,425 | 1,542,050 | 1,537,550 | 7,693,950 | 7,682,400 | 3,063,900 | 2042 |
| 2021 Pension Obligation Bonds | 1,271,262 | 1,266,350 | 1,264,118 | 1,264,461 | 1,262,588 | 6,312,780 | 5,036,273 | - | 2039 |
| **Total Municipal Debt Service Fund** | 4,013,070 | 3,697,070 | 3,541,843 | 3,150,700 | 3,143,574 | 15,035,597 | 12,718,673 | 3,063,900 | |
| **Community Center Fund** | | | | | | | | | |
| Contracts Payable | | | | | | | | | |
| Leased Fitness Equipment | 7,668 | - | - | - | - | - | - | - | 2026 |
| Financed Fitness Equipment | 22,677 | 7,559 | - | - | - | - | - | - | 2027 |
| Golf Carts | 130,867 | 76,339 | - | - | - | - | - | - | 2027 |
| Leased Copiers | 76,800 | 76,800 | 12,800 | - | - | - | - | - | 2028 |
| **Total Community Center Fund** | 238,012 | 160,698 | 12,800 | - | - | - | - | - | |
| **WRSDIF Fund** | | | | | | | | | |
| Excise Tax Revenue Bonds | | | | | | | | | |
| 2021b Excise Tax Revenue Obligation (4) | 55,924 | 56,015 | 55,596 | 34,453 | 8,255 | - | - | - | 2030 |
| 2025b Senior Lien Water Revenue Obligation (5) | 455,408 | 455,411 | 455,408 | 455,409 | 455,410 | 2,277,041 | - | - | 2035 |
| 2025b WIFA Loan (6) | 493,700 | 468,639 | 468,639 | 468,639 | 468,639 | 2,343,196 | 2,343,196 | 2,343,196 | 2045 |
| **Total WSRDIF Fund** | 1,005,032 | 980,065 | 979,643 | 958,501 | 932,304 | 4,620,237 | 2,343,196 | 2,343,196 | |
| **Water Utility Fund** | | | | | | | | | |
| Excise Tax Revenue Bonds | | | | | | | | | |
| 2015b Refunding Revenue Bonds (1) | 148,500 | - | - | - | | - | - | - | 2026 |
| 2017b Refunding Revenue Bonds (2) | 1,619,650 | 1,619,032 | - | - | - | - | - | - | 2027 |
| 2018b Excise Tax Revenue Obligation (3) | 508,532 | 508,144 | 508,118 | 507,710 | 506,914 | 2,024,062 | - | - | 2034 |
| 2021a Excise Tax Revenue Obligations (4) | 743,499 | 744,714 | 739,138 | 458,046 | 109,745 | - | - | - | 2030 |
| 2025a Senior Lien Water Revenue Obligation (5) | 303,605 | 303,607 | 303,605 | 303,606 | 303,607 | 1,518,027 | - | - | 2035 |
| Water Revenue Loans | | | | | | | | | |
| 2014 WIFA Loan | 371,750 | 371,509 | 371,261 | 371,006 | - | - | - | - | 2029 |
| 2025a WIFA Loan (6) | 329,134 | 312,426 | 312,426 | 312,426 | 312,426 | 1,562,131 | 1,562,131 | 1,562,131 | 2045 |
| **Total Water Utility Fund** | 4,024,671 | 3,859,432 | 2,234,549 | 1,952,794 | 1,232,692 | 5,104,220 | 1,562,131 | 1,562,131 | |
| **TOTAL DEBT SERVICE - ALL FUNDS** | **9,280,785** | **8,697,265** | **6,768,834** | **6,061,995** | **5,308,571** | **24,760,053** | **16,624,000** | **6,969,227** | |

(1) Series 2015 for municipal operation facilities debt service is split between General Fund excise tax revenue (67%) and water revenue (33%).
(2) Series 2017 debt service is split between General Fund excise tax revenue (8%) and water revenue (92%).
(3) Series 2018 for water infrastucture and police evidence and substation facility. Debt service is split between General Fund excise tax revenue (25%) and water revenue (75%).
(4) Series 2021 debt service is split between the Water Utility Fund (93%) and the Water Impact fee Fund (7%).
(5) Series 2025 debt service is split between the Water Utility Fund (40%) and the Water Impact fee Fund (60%).
(6) 2025 WIFA loan debt service is split between the Water Utility Fund (40%) and the Water Impact fee Fund (60%).

# APPENDIX 7

**Town of Oro Valley**
**Operating Investment Summary**
**Fiscal Year 2025/26**

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **LGIP** | | | | | | | | | | | | |
| **Ending Market Value** | $ 11,048,264 | $ 10,564,199 | $ 9,802,412 | $ 8,759,464 | $ 10,446,793 | $ 10,759,658 | $ 12,183,963 | $ 16,067,942 | $ 17,851,684 | | | |
| **Investment Income** | $ 34,213 | $ 41,256 | $ 34,954 | $ 31,477 | $ 35,518 | $ 33,762 | $ 33,536 | $ 42,232 | $ 52,618 | | | |
| **1-Month Yield** | 4.33% | 4.32% | 4.18% | 4.09% | 3.97% | 3.81% | 3.71% | 3.68% | 3.66% | | | |
| **PFM Asset Management** | | | | | | | | | | | | |
| **Closing Market Value** | $ 39,752,553 | $ 38,301,783 | $ 37,918,398 | $ 37,062,569 | $ 35,042,894 | $ 34,056,344 | $ 30,665,973 | $ 31,119,238 | $ 30,437,154 | | | |
| **Investment Income** | $ 199,738 | $ 172,343 | $ 102,243 | $ 130,423 | $ 207,951 | $ 80,876 | $ 168,167 | $ 167,100 | $ 63,960 | | | |
| **Annualized Yield to Maturity at Cost** | 4.51% | 4.54% | 4.53% | 4.53% | 4.54% | 4.53% | 4.55% | 4.45% | 4.41% | | | |
| **Wells Fargo Sweep** | | | | | | | | | | | | |
| **Ending Balance** | $ 3,413,781 | $ 6,187,767 | $ 2,581,008 | $ 4,856,250 | $ 4,081,463 | $ 3,859,896 | $ 8,892,243 | $ 3,852,677 | $ 4,699,530 | | | |
| **Investment Income** | $ 13,910 | $ 10,451 | $ 15,825 | $ 13,151 | $ 10,020 | $ 9,793 | $ 13,057 | $ 15,364 | $ 13,449 | | | |
| **7-Day Simple Yield** | 4.18% | 4.18% | 4.01% | 4.00% | 3.84% | 3.65% | 3.57% | 3.56% | 3.54% | | | |
| **Total Ending Balance** | $ 54,214,597 | $ 55,053,750 | $ 50,301,818 | $ 50,678,283 | $ 49,571,151 | $ 48,675,898 | $ 51,742,179 | $ 51,039,857 | $ 52,988,367 | | | |
| **Total Investment Income** | $ 247,861 | $ 224,050 | $ 153,022 | $ 175,052 | $ 253,489 | $ 124,431 | $ 214,760 | $ 224,696 | $ 130,026 | | | |

## Town of Oro Valley - Development Impact Fee Fund Projects

Arizona municipalities can charge development fees to cover the cost of infrastructure improvements needed to support new development. These fees are one-time payments used to fund projects like building new roads, parks, or water facilities. The amount of the fee is determined by an Infrastructure Improvements Plan (IIP) and land use assumptions. Importantly, development fees can only be used for building new infrastructure or paying off debt for growth-related projects. They cannot be used for ongoing maintenance, repairs, or addressing existing problems. The Town's IIP includes public services for parks and recreation facilities, police facilities, street facilities, and water facilities.

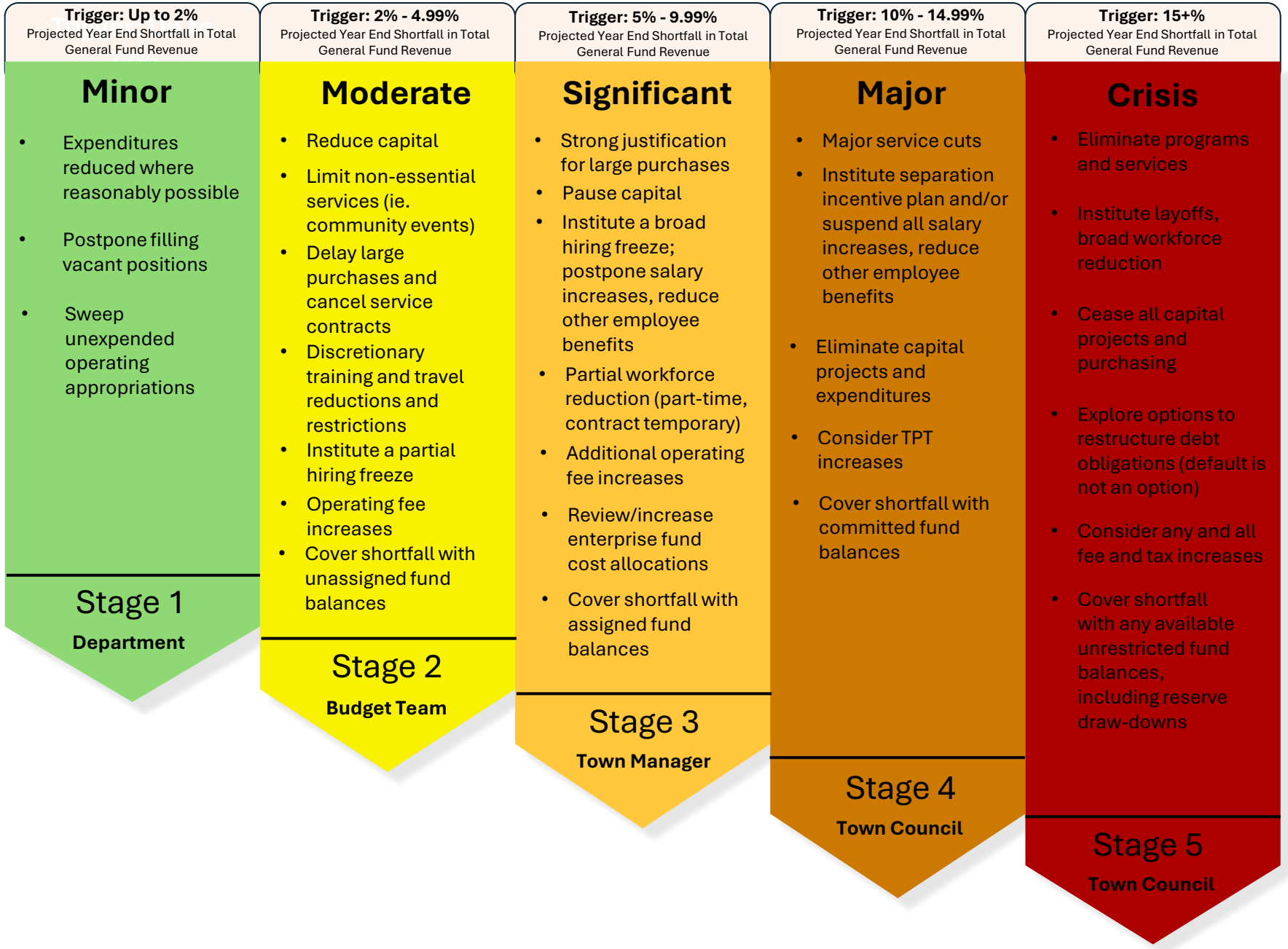
Below is a list of identified IIP projects use in the latest impact fee study to calculate the development fees. These are projects that would be eligible to be funded by development fees as outlined in ARS § 9-463.05 (T)(7)(a).

**Parks and Recreation Facilities**

| Description | Cost | Completed? |
|---|---|---|
| Skate Park | $1,500,000 | Yes |
| Playground and Parking Lot | $1,700,000 | Yes |
| Multiuse Fields (lighted) | $1,200,000 | Yes |
| Dog Park | $150,000 | Yes |
| Developed Park Land | $927,694 | |
| Park Amenities | $2,501,696 | |
| **Police** | | |
| Police Substation Debt | $1,198,500 | |
| Police Vehicles | $846,050 | |
| **Street Facilities** | | |
| La Cholla Blvd, Tangerine Rd-Lambert Ln - Road Widening | $1,700,000 | Yes |
| Shannon Rd, Tangerine Rd-Naranja Dr - New Road | $1,000,000 | |
| Lambert Ln. .5 mi E of Shannon-Rancho Sonora - Road Widening | $1,000,000 | |
| Rancho Vistoso & Woodburne - Intersection Improvement | $750,000 | |
| Oracle Rd & Rams Field Intersection - Intersection Improvement | $750,000 | |
| Moore Rd La Cholla Blvd - Intersection Improvement | $900,000 | |
| Moore Rd - Extension E of Rancho Vistoso Blvd - New Road & Intersection | $1,026,840 | Yes |
| Moore Rd & La Canada Dr Intersection - Intersection Improvement | $1,200,000 | Yes |
| Glover Rd Multi Use Path - Multi-modal facility | $150,000 | Yes |
| Glover Rd south half widening - Road Widening | $500,000 | Yes |
| **Water Facilities** | | |
| **Water Supply** | | |
| Steam Pump D-Zone Well | $1,500,000 | |
| Program Management Support Services (P) | $1,050,000 | Yes |
| Well Improvement Analysis and Recovery Permits (P) | $150,000 | Yes |
| Well Drilling and Testing (P) | $300,000 | Yes |
| Construction Permitting, Drilling, Development and Testing (P) | $1,500,000 | Yes |
| Well Equipment Design and Site Improvements (P) | $1,800,000 | Yes |
| **Storage** | | |
| Palisades C-Zone Storage Tank and Pipeline | $4,250,000 | |
| Pressure Zone G Storage Expansion | $8,000,000 | |
| Pressure Zone G, H and I Storage Expansion | $4,000,000 | |
| Forebay Design (P) | $99,231 | Yes |
| Forebay Reservoir Construction (P) | $900,000 | Yes |
| Shannon Rd Forebay Reservoir And Booster Station Prop (Ind.) | $240,000 | Yes |
| Forebay Reservoir Booster Station Design (Ind.) | $90,000 | Yes |
| Shannon Rd Forebay Reservoir and Booster Station Design (Ind.) | $180,000 | Yes |
| Booster Station Construction Forebay Res. (Ind.) | $300,000 | Yes |
| Shannon Road Forebay Res. Construction (Ind.) | $840,000 | Yes |
| Shannon Road Forebay Res. Construction (Ind.) | $540,000 | Yes |

**Water Facilities Continued**

| Description | Cost | Completed? |
|---|---|---|
| **Distribution** | | |
| Moore Road F-Zone Interconnect | $750,000 | |
| Water Plant 14 Booster Capacity Expansion | $250,000 | |
| Pipeline Design (Recovery Water & Transmission) (P) | $660,692 | Yes |
| Pipeline Construction (P) | $4,320,000 | |
| Pipeline Route Study and Preliminary Design (Ind.) | $120,000 | Yes |
| Pipeline Easement Acquisition (Ind.) | $450,000 | Yes |
| Pipeline Design (Ind.) | $600,000 | Yes |
| Pipeline Construction NWRRDS to La Canada Res. (Ind.) | $5,880,000 | |
| Interconnect to Tangerine Rd. (Ind.) | $270,000 | Yes |
| Interconnect to Lambert Lane (Ind.) | $510,000 | Yes |


Trigger: Up to 2%
Projected Year End Shortfall in Total General Fund Revenue
Minor
Expenditures reduced where reasonably possible
Postpone filling vacant positions
Sweep unexpended operating appropriations
Stage 1
Department
Trigger: 2% - 4.99%
Projected Year End Shortfall in Total General Fund Revenue
Moderate
Reduce capital
Limit non-essential services (ie. community events)
Delay large purchases and cancel service contracts
Discretionary training and travel reductions and restrictions
Institute a partial hiring freeze
Operating fee increases
Cover shortfall with unassigned fund balances
Stage 2
Budget Team
Trigger: 5% - 9.99%
Projected Year End Shortfall in Total General Fund Revenue
Significant
Strong justification for large purchases
Pause capital
Institute a broad hiring freeze; postpone salary increases, reduce other employee benefits
Partial workforce reduction (part-time, contract temporary)
Additional operating fee increases
Review/increase enterprise fund cost allocations
Cover shortfall with assigned fund balances
Stage 3
Town Manager
Trigger: 10% - 14.99%
Projected Year End Shortfall in Total General Fund Revenue
Major
Major service cuts
Institute separation incentive plan and/or suspend all salary increases, reduce other employee benefits
Eliminate capital projects and expenditures
Consider TPT increases
Cover shortfall with committed fund balances
Stage 4
Town Council
Trigger: 15+%
Projected Year End Shortfall in Total General Fund Revenue
Crisis
Eliminate programs and services
Institute layoffs, broad workforce reduction
Cease all capital projects and purchasing
Explore options to restructure debt obligations (default is not an option)
Consider any and all fee and tax increases
Cover shortfall with any available unrestricted fund balances, including reserve draw-downs
Stage 5
Town Council

**Town Council Regular Session** **A.**

**Meeting Date:** 06/03/2026

**Submitted By:** Michelle Stine, Town Clerk's Office

**Department:** Town Clerk's Office

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**SUBJECT:**

Minutes - May 20, 2026

**RECOMMENDATION:**

Staff recommends approval.

**EXECUTIVE SUMMARY:**

N/A

**BACKGROUND OR DETAILED INFORMATION:**

N/A

**FISCAL IMPACT:**

N/A

**SUGGESTED MOTION:**

I MOVE to approve (approve with the following changes) the May 20, 2026, minutes.

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**Attachments**

5/20/26 Draft Minutes

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# D R A F T

# MINUTES
# ORO VALLEY TOWN COUNCIL
# REGULAR AND STUDY SESSION
# MAY 20, 2026
# ORO VALLEY COUNCIL CHAMBERS
# 11000 N. LA CAÑADA DRIVE

## REGULAR SESSION AT OR AFTER 6:00 PM

## CALL TO ORDER

Mayor Winfield called the meeting to order at 6:01 p.m.

## ROLL CALL

Present: Joseph C. Winfield, Mayor
Melanie Barrett, Vice-Mayor
Harry Greene, Councilmember
Joyce Jones-Ivey, Councilmember
Mary Murphy, Councilmember
Josh Nicolson, Councilmember
Elizabeth Robb, Councilmember

## PLEDGE OF ALLEGIANCE

Mayor Winfield led the audience in the Pledge of Allegiance.

## UPCOMING MEETING ANNOUNCEMENTS

Town Clerk Mike Standish announced the upcoming Town meetings and events.

## MAYOR AND COUNCIL REPORTS ON CURRENT EVENTS

Vice Mayor Barrett reported that she, other Councilmembers, and staff had attended a presentation by the Tucson Airport Authority.

Vice Mayor Barrett recognized and thanked the Oro Valley Police Department in honor of National Police Week.

Councilmember Robb reported that she had attended Canyon Del Oro High School's Project Graduation event "A Night in Paris."

Councilmember Robb reported that the Disabled American Veterans had raised over $15,000 to send kids to Camp Corral.

Councilmember Murphy reported that red poppies would be handed out during a small ceremony at the *Arizona Heroes Memorial Day Event* on May 25, 2026.

Mayor Winfield reported that he and the Deputy Town Manager, Chris Cornelison, had visited CDO High School where they toured the Early Education Program, which was made available through the Amphitheater School District and a Pima County initiative.

**TOWN MANAGER'S REPORT ON CURRENT EVENTS**

Town Manager Jeff Wilkins reported the following:

- Information regarding the update for SpryPoint Customer Portal
- Information on Upcoming Town Events

**ORDER OF BUSINESS**

Mayor Winfield reviewed the order of business and stated that the order would remain as posted.

**INFORMATIONAL ITEMS**

There were no informational items.

**CALL TO AUDIENCE**

Oro Valley resident Sean Glaser voiced his concerns regarding Flock surveillance.

Mrs. TLC voiced her concerns regarding surveillance.

Constable John Cammarano introduced himself and provided a brief overview of the responsibilities of a constable.

**PRESENTATIONS**

1. Presentation regarding Pima County's Emergency Eviction Legal Services program (EELS)

Pima County Deputy Community Director for Community & Workforce Development Andy Flagg and Spencer Potrie with the Pima County Emergency Eviction Legal Services Team provided a presentation regarding Pima County's Emergency Eviction Legal Services Program (EELS) and included the following:

- The eviction problem
- Eviction continuum
- EELS Process
- Maricopa vs. Pima Eviction Filings

Discussion ensued among Council, staff, Mr. Flagg and Mr. Potrie regarding presentation item #1.

2. Presentation regarding the Explore Oro Valley Destination Marketing Website and Branding Reveal

Community and Economic Development Director Paul Melcher provided a brief overview and introduced Destination Marketing Manager Crystal Frank. Mrs. Frank presented the Explore Oro Valley Destination Marketing Website and branding reveal and included the following:

- Explore Oro Valley Brand Presentation
- Primary Logo
- Secondary Logo
- Horizontal Logo
- Colors
- Typography
- Explore Oro Valley website reveal and tutorial

Discussion ensued among Council and staff regarding the Explore Oro Valley Destination Marketing website and branding reveal.

**CONSENT AGENDA**

A. Minutes - May 4 and May 6, 2026

B. Resolution No. (R)26-22, approving the Agenda Committee assignment for the period of June 1, 2026 to August 31, 2026

C. Resolution No. (R)26-23, reappointing Town Magistrate Hazel and authorizing and approving an employment agreement

D. Resolution No. (R)26-24, authorizing and approving an Intergovernmental Agreement (IGA) between the Town of Oro Valley and the Pima County Jail to provide officer coverage for video proceedings between the jail and the Court

**Motion by** Mayor Joseph C. Winfield, **seconded by** Councilmember Josh Nicolson to approve Consent items (A) through (D).

**Vote:** 7 - 0 Carried

**REGULAR AGENDA**

1. PUBLIC HEARING: DISCUSSION AND POSSIBLE ACTION REGARDING AN APPLICATION FOR A SERIES 10 (BEER AND WINE STORE) LIQUOR LICENSE FOR 7-ELEVEN #43032A, LOCATED AT 10505 N. ORACLE RD, 85737

Mayor Winfield opened the public hearing.

No comments were received.

Mayor Winfield closed the public hearing.

Town Clerk Mike Standish presented item #1.

**Motion by** Vice-Mayor Melanie Barrett, **seconded by** Mayor Joseph C. Winfield to recommend approval of the issuance of a Series 10 Liquor License to the Arizona Department of Liquor Licenses and Control for Maheswor Phuyal for 7-Eleven #43032A, located at 10505 N. Oracle Rd.

**Vote:** 7 - 0 Carried

2. PUBLIC HEARING: ORDINANCE NO. (O)26-09, DISCUSSION AND POSSIBLE ACTION REGARDING A RANCHO VISTOSO PLANNED AREA DEVELOPMENT ZONING TEXT AMENDMENT TO ENABLE USE OF AN ORNAMENTAL FOUNTAIN AT THE SUN CITY RECREATION CENTER ONLY

Mayor Winfield opened the public hearing.

The following individuals spoke in support of item #2.

Oro Valley resident Debora Olson
Oro Valley resident April Hoffman
Oro Valley resident Donna Harting
Oro Valley resident Janet Ambrosio
Oro Valley resident Diane Paton
Oro Valley resident Erik Jensen
Oro Valley resident John Balaco
Oro Valley resident Renee Balaco
Oro Valley resident Ron Morlan
Oro Valley resident Diane French
Oro Valley resident Judi Condon
Oro Valley resident Venie Dunlap
Oro Valley resident Jim Chambasian

The following individuals spoke in opposition to item #2.

Oro Valley resident Ginny Williams
Oro Valley resident Barb McNeill
Oro Valley resident Bill Moore
Oro Valley resident Holly Ryan-Moore
Oro Valley resident Charlotte Herbert
Oro Valley resident Don Vesper
Oro Valley resident Linda Block
Oro Valley resident Carrie Wiley
Oro Valley resident Jerry Moss
Oro Valley resident Jeryl Cundiff
Oro Valley resident Bruce Dage

Mayor Winfield closed the public hearing.

Principal Planner Michael Spaeth presented item #2 and included the following:

- Purpose
- Subject Property
- Applicant proposal — Zoning Text Amendment
- Background - Landscape Code update (2011)
- Background - "Legal, non-conforming" use
- Review Criteria
- Planning and Zoning Commission
- Summary and Recommendation

Mrs. Patricia Jensen and Mr. David Olson of the Sun City Oro Valley Homeowner's Association, on behalf of the applicant, presented the following:

- Homeowner Community Outreach
- History of the Lion Head Fountain
- Lion Head Fountain Redesign & Improvements
- Lion Head Fountain Water Volume Comparison
- Rainwater Harvesting - Supplement Option
- Water Usage Comparison
- Additional Water Savings Plans
- In Summary

**Motion by** Vice-Mayor Melanie Barrett, **seconded by** Councilmember Josh Nicolson to approve Ordinance No. (O)26-09, a proposed zoning code text amendment to the Rancho Vistoso PAD included in attachment one based on the finding that there are special circumstances that warrant exemption from the zoning requirement prohibiting ornamental water fountains.

Discussion ensued among Council, staff, Mrs. Jensen and Mr. Olson regarding item #2.

**Motion by** Vice-Mayor Melanie Barrett, **seconded by** Councilmember Josh Nicolson to approve Ordinance No. (O)26-09, a proposed zoning code text amendment to the Rancho Vistoso PAD included in attachment one based on the finding that there are special circumstances that warrant exemption from the zoning requirement prohibiting ornamental water fountains.

**Vote:** 6 - 1 Carried

OPPOSED: Councilmember Joyce Jones-Ivey

Mayor Winfield recessed the meeting at 8:35 p.m.

Mayor Winfield reconvened the meeting at 8:52 p.m.

3. DISCUSSION AND POSSIBLE ACTION TO ADOPT THE ORO VALLEY LEISURE TRAVEL MANAGEMENT PLAN

Community & Economic Development Director Paul Melcher presented item #3 and included the following:

- Goals
- Assumptions and Reminders
- Recommendations
- Recommendations: ASAZ Plein Air Art Contest Pilot Program
- Recommendations
- Implementation and Budget Priorities
- Goals

Comments and questions ensued among Council and staff during and after the presentation.

**Motion by** Mayor Joseph C. Winfield, **seconded by** Vice-Mayor Melanie Barrett to approve the Oro Valley Leisure Travel Destination Management Plan to exclude Section 5, Big Ideas and Action Plans, beginning on page 83 of the plan, with the exception of the expansion of Tohono Chul. Approval of the plan does not constitute approval or authorization of any individual project, capital expenditure, staffing increase, policy change, or implementation action, all of which shall require future Town Council review and approval as applicable.

Discussion continued among Council and staff regarding item #3.

**Motion by** Mayor Joseph C. Winfield, **seconded by** Vice-Mayor Melanie Barrett to approve the Oro Valley Leisure Travel Destination Management Plan to exclude Section 5, Big Ideas and Action Plans, beginning on page 83 of the plan, with the exception of the expansion of Tohono Chul. Approval of the plan does not constitute approval or authorization of any individual project, capital expenditure, staffing increase, policy change, or implementation action, all of which shall require future Town Council review and approval as applicable.

**Vote:** 6 - 1 Carried

OPPOSED: Councilmember Josh Nicolson

4. PUBLIC HEARING: ORDINANCE NO. (O)26-08, DISCUSSION AND POSSIBLE ACTION TO AMEND THE ORO VALLEY TOWN CODE SECTIONS 3-2-1, TOWN MANAGER AND 3-2-5, TOWN ATTORNEY, IN ORDER TO REMOVE REFERENCES TO LEGAL SERVICES DIRECTOR AND CONTRACT TOWN ATTORNEY POSITIONS AND TO CLARIFY RESPONSIBLITIES REGARDING THE PROVISION OF LEGAL ADVICE TO THE TOWN

Mayor Winfield opened the public hearing.

No comments were received.

Mayor Winfield closed the public hearing.

Town Attorney Steven Zraick presented item #4.

**Motion by** Mayor Joseph C. Winfield, **seconded by** Councilmember Mary Murphy to approve Ordinance No. (O)26-08 amending Oro Valley Town Code Sections 3-2-1, Town Manager and 3-2-5, Town Attorney, in order to remove references to the Legal Services Director and Contract Town Attorney positions and to clarify responsibilities regarding the provision of legal advice to the Town.

**Vote:** 7 - 0 Carried

**FUTURE AGENDA ITEMS**

There were no future agenda items requested.

**ADJOURNMENT OF THE REGULAR SESSION**

**Motion by** Mayor Joseph C. Winfield, **seconded by** Councilmember Elizabeth Robb to adjourn the meeting at 9:15 p.m.

**Vote:** 7 - 0 Carried

**STUDY SESSION**

**CALL TO ORDER**

Mayor Winfield called the Study Session to order at 9:16 p.m.

**STUDY SESSION AGENDA**

1. DISCUSSION REGARDING THE ROAD IMPROVEMENTS AND DEVELOPMENT RELATED TO THE VISTOSO MARKETPLACE DEVELOPMENT LOCATED AT THE INTERSECTION OF TANGERINE ROAD AND RANCHO VISTOSO BOULEVARD

The following individuals spoke on the Study Session item.

Oro Valley resident Shirl Lamonna
Oro Valley resident Lori Pettijohn
Oro Valley resident Mike Kelly
Oro Valley resident Rick Bolash
Oro Valley resident Marilyn Rego

Community & Economic Development Director Paul Melcher introduced the Study Session item. Public Works Director and Town Engineer Paul Keesler presented the item and included the following:

- Introduction: 2-Park Discussion
- RV Blvd & Intended Improvements

Discussion ensued among Council and staff regarding the road improvements and development related to the Vistoso Marketplace development located at the intersection of Tangerine Road and Rancho Vistoso Boulevard.

Mr. Mike Pearlstein and Mr.Tom Grace of W.M. Grace Companies provided the following presentation:

- Vistoso Marketplace
- Project Overview
- Site Plan - Option A: Retail Pads
- Site Plan - Option B: Convenience Store PAD

Council provided comments and guidance to staff regarding the road improvements and development related to the Vistoso Marketplace development located at the intersection of Tangerine Road and Rancho Vistoso Boulevard.

**ADJOURNMENT**

Mayor Winfield adjourned the Study Session at 10:44 p.m.

_____
Michelle Stine, MMC, CPM
Deputy Town Clerk

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the regular and study session of the Town of Oro Valley, Arizona held on the 20th day of May 2026. I further certify that the meeting was called and held and that a quorum was present.

_____
Michael Standish, MMC
Town Clerk

**Town Council Regular Session** **B.**

**Meeting Date:** 06/03/2026

**Requested by:** Michael Alexander **Submitted By:** Michael Alexander, Public Works

**Department:** Public Works

**SUBJECT:**

Resolution No. (R)26-25, authorizing and approving an Intergovernmental Agreement (IGA) between the Regional Transportation Authority of Pima County and the Town of Oro Valley for Regional Transit Service Element: Project 250- Dial-a-Ride Services

**RECOMMENDATION:**

Staff recommends approval.

**EXECUTIVE SUMMARY:**

The Town of Oro Valley currently acts as a Regional Transportation Authority (RTA) contractor providing Sun Shuttle Dial-a-Ride service within the Oro Valley area. Pima County voters approved the RTA Next transportation plan on March 10, 2026, passing Propositions 418 and 419 with approximately 60% support. The 20-year, $2.67 billion plan extends a half-cent sales tax to fund roadway, transit, and safety improvements from 2026 to 2046. Under this intergovernmental agreement, the RTA funds over 85%, up to 90%, of all trips within the Sun Shuttle Dial-a-Ride. The Town operates these services under the regional dial-a-ride service policies and regional system brand.

This new IGA represents the new RTA Next plan and operates through June 2031. New amendments will be required for period 2-4 of the plan.

**BACKGROUND OR DETAILED INFORMATION:**

Since 2011, the Town of Oro Valley has operated the Sun Shuttle Dial-a-Ride in partnership with the RTA. After loss of state funding, the Town and RTA formulated a transit service plan to meet the needs of the community in Oro Valley and surrounding areas. This service has proven to be very successful and growing annually. The funding for this service is provided primarily through the RTA sales tax initiative, which was recently reauthorized on March 10, 2026, allowing for the continuation of this service.

The Oro Valley Sun Shuttle Dial-a-Ride is a free, ADA-compliant, door-to-door public transportation service for residents, particularly serving seniors (65+) and individuals with disabilities. Operating Monday–Friday, and weekends for ADA Certified individuals, it offers on-demand rides within designated zones for medical appointments, shopping, and work. The service is funded by the Regional Transportation Authority.

**Service Description**

Door-to-Door: Provides direct, shared-ride service from origin to destination, avoiding long waits in extreme weather.

Eligibility & Areas: Serves the general public within a primary "blue zone," with expanded service areas for seniors (65+) and ADA-certified passengers, including some specialized medical trips.

Fare: Currently FREE as determined regionally.

Reservations: Required by 4 PM the day before the trip, managed by Oro Valley Transit Services.

Hours: Monday – Friday, 6:00 a.m. – 8:00 p.m.  Saturday and Sunday, 9:00 a.m. - 6:00 p.m. (ADA Only)

Booking: Passengers must register first and can book by calling 520-229-4990 or via the online Passenger Portal.

Partnership: The service is operated in partnership with the Regional Transportation Authority (RTA) to connect local residents with the broader Tucson Sun Tran system.

History: The service through the RTA has been provided in Oro Valley for over 15 years. Transit services as a whole will be celebrating their 30 years of service in October of 2026.

Growth: In FY 2025, the service provided over nearly 68,000 passenger trips, with increasing demand, demonstrating its role in fostering independence for residents. For FY 2026, it is anticipated that ridership will exceed 74,000 passenger trips.

**FISCAL IMPACT:**

Transit services (Sun Shuttle Dial-a-Ride) is reliant on RTA half-cent sales tax funds and grants such as 5310 ADOT and 5307 Federal for vehicles.

Adopting this resolution provides a sustainable funding source to meet the transit needs of our community. The agreement parallels the Town Manager's Recommended FY 2027 budget.

**SUGGESTED MOTION:**

I MOVE to (approve/deny) Resolution No. (R)26-25, authorizing and approving an Intergovernmental Agreement between the Regional Transportation Authority of Pima County and the Town of Oro Valley for Regional Transit Service Element: Project 50- Dial-a-Ride Services

or

I MOVE to …

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**Attachments**

(R)26-25 RTA Transit

RTA Next OV IGA

Sun Shuttle Dial-a-Ride Brochure

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**RESOLUTION NO. (R)26-25**

**A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF ORO VALLEY, ARIZONA, AUTHORIZING AND APPROVING AN INTERGOVERNMENTAL AGREEMENT BETWEEN THE REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY AND THE TOWN OF ORO VALLY FOR REGIONAL TRANSIT SERVICE IMPROVEMENTS; AND DIRECTING THE TOWN MANAGER, TOWN CLERK, TOWN ATTORNEY, OR THEIR DULY AUTHORIZED OFFICERS AND AGENTS TO TAKE ALL STEPS NECESSARY TO CARRY OUT THE PURPOSES AND INTENT OF THIS RESOLUTION**

**WHEREAS**, The Town is authorized by A.R.S. § 9-240(B)(3) to design, maintain, control and manage public roads within the boundaries of the Town; and

**WHEREAS,** the Town of Oro Valley and the Regional Transportation Authority of Pima County (RTA) may contract for services and enter into agreements with one another for joint or cooperative action pursuant to A.R.S. § 11-952; and

**WHEREAS,** the Town and the RTA desire to enter into an Intergovernmental Agreement, attached hereto as Exhibit "A", to provide transit services for the greater Oro Valley area while cooperatively working on the design, promotion and regionalization of the Sun Shuttle Dial-a-Ride system.

**NOW, THEREFORE, BE IT RESOLVED** by the Mayor and Town Council of the Town of Oro Valley, Arizona that:

**SECTION 1**. The Intergovernmental Agreement (IGA) between the Regional Transportation Authority of Pima County and the Town of Oro Valley to provide transit services for the greater Oro Valley area while cooperatively working on the design, promotion and regionalization of the Sun Shuttle Dial-a-Ride system, attached hereto as Exhibit "A" and incorporated herein by this reference, is hereby approved.

**SECTION 2**. The Mayor and other administrative officials of the Town of Oro Valley are hereby authorized to take such steps as necessary to execute and implement the terms of the Agreement.

**SECTION 3**. the Town Manager, Town Clerk, Town Attorney, or their duly authorized officers and agents are hereby authorized and directed to take all steps necessary to carry out the purposes and intent of this resolution.

**SECTION 4.** All Oro Valley resolutions or motions and parts of resolutions or motions of the Council in conflict with the provision of this Resolution are hereby repealed.

**SECTION 5.** If any section, subsection, sentence, clause, phrase or portion of this Resolution or the IGA, attached hereto as Exhibit "A" is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

**PASSED AND ADOPTED** by Mayor and Town Council, the Town of Oro Valley, Arizona, this 3rd day of June, 2026.

**TOWN OF ORO VALLEY**

_____
Joseph C. Winfield, Mayor

**ATTEST:**

_____
Michael Standish, Town Clerk

Date: _____

**APPROVED AS TO FORM:**

_____
Steven Zraick, Town Attorney

Date: _____

# EXHIBIT “A”

**INTERGOVERNMENTAL TRANSPORTATION FUNDING AGREEMENT**
**BETWEEN**
**THE REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY**
**AND**
**THE TOWN OF ORO VALLEY**
**FOR**
**REGIONAL TRANSIT SERVICE IMPROVEMENTS:**
**PROJECT 250 DIAL-A-RIDE TRANSIT SERVICES IMPROVEMENTS**

This Agreement (hereinafter "the Agreement") is entered into by and between the Regional Transportation Authority of Pima County ("RTA" or "the Authority"), a special taxing district formed pursuant to Title 48 Chapter 30 of the Arizona Revised Statutes (A.R.S.), and the Town of Oro Valley, a political subdivision of the State of Arizona ("the Lead Agency") pursuant to A.R.S. 11-952.

## RECITALS

A. A.R.S. 48-5301, et seq., authorizes the Authority to act as a regional taxing authority for the purpose of funding multi-model transportation operations and improvements identified in the Regional Transportation Plan ("the Plan") approved by the voters at the special election held in Pima County, Arizona on March 10, 2026.

B. The governing board of the Authority is composed of representatives of each member of the regional council of governments in accordance with A.R.S. 48-5303.

C. Pursuant to A.R.S. 48-5304 (12) the governing board of the Authority has sole authority to implement the elements of the Plan.

D. Pursuant to A.R.S. 48-5304 (13), the governing board of the Authority shall coordinate the implementation of the Plan among the local jurisdictions.

E. A Regional Transportation Fund was established by the Arizona Legislature per A.R.S. 48-5307 to be the repository for those funds collected for the purpose of funding the transportation projects identified in the Plan.

F. The Authority is authorized by A.R.S. 48-5304 (16) and 48-5308 to administer and distribute the regional transportation funds to the members of the Authority and to sell bonds in furtherance of that purpose to fund those projects of programs identified in the Plan.

G. It is the policy of the Authority to require that a Lead Agency be identified and an intergovernmental agreement (IGA) be approved and entered into by the Authority and the Lead Agency before requests for funding reimbursement or payment can be processed by the Authority.

H. The Town of Oro Valley has been identified as the Lead Agency for the Project and will be responsible for all aspects of project implementation including, but not limited to: planning, project management, risk management, design, right of way acquisition, service delivery and operation, administration, advertisement, award, execution and administration of the Project.

I. The Lead Agency is authorized by A.R.S. Title 9, and its Mayor and Council, to oversee design, operation and management of RTA-funded transit services within the Lead Agency's jurisdictional boundaries.

J. The Lead Agency may have a legal contract with one or more jurisdictions within Pima County empowering the Lead Agency to perform transit service and improvements outside the Lead Agency's jurisdictional boundaries.

K. The Project is one of the transportation projects included in the Plan or is eligible for funding as part of a categorical program included in the Plan.

L. The Authority intends to fund the Project under the terms and conditions contained in this Agreement and has entered into this Agreement for that purpose.

M. The Authority and the Lead Agency may contract for services and enter into agreements with one another for joint and cooperative action pursuant to A.R.S. 11-951, et seq.

NOW, THEREFORE, the Town of Oro Valley and the Authority, pursuant to the above and in consideration of the matters and things set forth herein, do mutually agree as follows:

**AGREEMENT**

1. **Purpose**. The purpose of this Agreement is to set forth the responsibilities of the parties for the design, construction, maintenance of the Project, as defined in Exhibit A, and to address the legal and administrative matters among the parties.

2. **Dial-a-Ride (DAR) Transit Service**. The proposed DAR transit service is to operate in a call and ride service mode with connections to the regional transit services. This service is more fully depicted in the attached Exhibit(s), including the following:
    a. Detailed Service scope and schedule.
    b. Service budget and cost breakdown of items eligible for reimbursement by the Authority including any proposed billing of staff time directly attributable to the Project.
    c. Total amount of RTA funding allowed for the Service plus a breakdown of any other regional, local, federal or state funding available.
    d. Designation of Service implementation phases, if applicable, and any additional related agreements.
    e. Estimated service start date and duration of Service.
    f. Projected cost reimbursement timeline.
    g. Any anticipated capital or direct costs.
    h. Identified of the Lead Agency's duly authorized representative for signing and submitting payment requests.

3. **Effective Date; Term.** This Agreement shall become effective upon filing a fully executed original with the office of the Pima County Recorder and shall continue in effect for the duration of the service proposed in Exhibit A. Expenditures for approved RTA projects made prior to the filing of this Agreement may be eligible for reimbursement.

4. **Responsibilities of the Lead Agency.**

    a. The Lead Agency shall be responsible for the design, construction and/or operation of the Project in accordance with this Agreement and all applicable public transit facility design and construction standards, RTA minimum equipment specification, Americans with Disability Act (ADA) policies and standards, and Federal Transit Administration (FTA) policies and standards. Design Standards are federal, state, county or municipal standards for engineering, traffic, safety, accessibility, service operations, or public works

facilities design. Examples of standards include: ADA design guidelines for accessible transit vehicles; facilities and bus stops; ADA rider eligibility policies; FTA vehicle procurement requirements; and FTA guidelines for the design of vehicle maintenance facilities, park-and-ride facilities, and bus stops.

b. The Lead Agency shall adhere to all policies adopted by the RTA for seamless transit service delivery.

c. The Lead Agency shall perform public outreach prior to the initiation of this service or changes to the service once the service has been established. The Lead Agency shall coordinate its public outreach efforts with the Authority and other transit providers to ensure consistent public information is provided and adhere to all federal requirements.

d. If consultants or contractors are employed to perform any portion of the Service, the Lead Agency shall be responsible for the contracts for design, construction, operation, and administration of the Service and shall select the consultants and contractors to be used on the Service. The Lead Agency shall immediately provide to the Authority copies of any and all contract documents and related materials upon request by the Authority. The Lead Agency shall retain the usual rights of the owner of a public contract including the authority to approve changes and make payments.

e. Any changes to the Service which would result in the final project cost deviating, by ten or more percent, from the Authority's budget amount for the Service, must be approved by the Authority in advance of any changes being made, regardless of the fact that the Authority will not be paying for them.

f. The Lead Agency shall be responsible for the assuming all risks associated with the Service except those that are assigned to another agency or jurisdiction that has agreed to that assumption.

g. The Lead Agency shall require its contractors performing any portion of the Service to name the Authority as additionally insured and additional indemnitee in all of the Lead Agency's contracts for the Service. The Lead

Agency shall also require its contractors to name the Authority as an additional beneficiary in any performance.

h. The Lead Agency shall be responsible for then preparing and submitting to the Authority, within the first week of each month or as otherwise specified herein, invoices for payment signed by a dully authorized representative of the Lead Agency and which include sufficient background information documenting payments made to contractors, vendors or any other eligible costs identified in this Agreement or the RTA's Administrative Code. The Lead Agency must retain and certify all vendor receipts, invoices and related Service records as needed and ensure that they are available for review for a minimum of five (5) years after final payment is made unless otherwise specified herein.

i. The Lead Agency shall be responsible for submitting a status report describing its progress and adherence to the Service scope, schedule and budget with each request for payment.

**5. Responsibilities of Authority.**

a. Upon receipt of authorized payment requests, the Authority shall convey to the Lead Agency RTA funds in the amount specified in Exhibit A on a reimbursement basis unless otherwise specified herein. It is acknowledged that the amount identified in Exhibit A is an estimated cost. Actual reimbursements may be less than or greater than the amount reflected in Exhibit A. All payments and reimbursements shall follow the policies outlined in the RTA's Administrative Code.

b. The reimbursement rate will be at a net cost per hour, the rate paid will be the actual cost incurred, negotiated bi-annually. Other RTA direct costs may be included in Lead Agency billings. Other RTA direct costs are generally of a non-recurring nature and typically do not impact the daily operations of the system. The Authority and Lead Agency will mutually agree upon the eligible other RTA direct costs and said expenditures will be noted on the exhibits attached hereto. Lead Agency will be reimbursed for all other direct RTA costs, subject to receipt of appropriate and sufficient documentation.

c. Reimbursements will generally be based on the Service schedules established by the Lead Agency and contained in the Exhibit A.

d. The RTA staff will review all payment requests to confirm that the request is for reimbursement of costs incurred by the Lead Agency for the Service. If the Authority determines that additional information is needed, the Lead Agency will be notified of the request for additional information within five days of receipt of the invoice by RTA.

e. Upon approval of the request by RTA, the invoice will be processed for payment within ten working days of the invoice submittal.

f. RTA shall provide all necessary cooperation and assistance to its fiscal agent to process all payment requests from the Lead Agency.

6. **Termination**. Either party may terminate this Agreement for material breach of the Agreement by the other party. Prior to any termination under this paragraph, the party allegedly in default shall be given written notice by the other party of the nature of the alleged default. The party said to be in default shall have forty-five days to cure the default. If the default is not cured within that time, the other party may terminate this Agreement. Any such termination shall not relieve either party from liabilities or costs already incurred under this Agreement.

   Termination. This Agreement may be terminated at any time, without cause, by providing written notice of such termination to the other party at least (90) days prior to the termination date.

   Non-appropriation. It is acknowledged that all obligations of the Authority and Town of Oro Valley hereunder to make payments to or incur costs for project items specified in Exhibit A shall be subject to annual appropriation by the respective governing bodies.

7. **Indemnification**

   a. <u>Mutual Indemnity</u> To the fullest extent permitted by law, each party to this Agreement shall indemnify, defend and hold the other party, its governing board or body, officers, departments, employees and agents, harmless from and against any and all suits, actions, legal or administrative proceedings, claims, demands, liens, losses, fines or penalties, damages, liability, interest,

attorney's, consultant's and accountant's fees or costs and expenses or whatsoever kind and nature, resulting from or arising out of any act or omission of the indemnifying party, its agents, employees or anyone acting under its direction or control, in connection with or incident to the performance of this Agreement.

b. Notice. Each party shall notify the other party in writing within thirty (30) days of the receipt of any claim, demand, suit or judgement against the receiving party for which the receiving party intends to invoke the provisions of this Article. Each party shall keep the other party informed on a current basis of its defense of any claims, demands, suits or judgements under this Article.

c. Negligence of indemnified party. The obligations under this Article shall not extend to the negligence of the indemnified party, its agents or employees.

8. **Insurance**

When requested by the other party, each party shall provide proof to the other party of their worker's compensation, automobile, accident, property damage, and liability coverage or program of self-insurance.

Lead Agency shall include the RTA as an additional insured on Lead Agency's liability insurance policy as part of this Agreement.

9. **Books and Records.** Each party shall keep and maintain proper and complete books, records and accounts, which shall be open for inspection and audit by dully authorized representatives of any other party at all reasonable times.

10. **Non-assignment.** Neither party to the Agreement shall assign its rights under this Agreement to any other party without written permission from the other party to this Agreement.

11. **Construction of Agreement.**

a. Entire agreement. This instrument continues the entire agreement between the parties pertaining to the subject matter hereof, and all prior or contemporaneous agreements and understandings, oral or written, are

hereby superseded and merged herein. Any exhibits to this Agreement are incorporated herein by this reference.

b. Amendment. This Agreement may be modified, amended, altered or changed only by written agreement signed by both parties.

c. Interpretation. All provisions of this Agreement shall be construed to be consistent with the intention of the parties as expressed in the Recitals hereof.

d. Captions and Headings. The headings used in this Agreement are for convenience only and are not intended to affect the meaning of any provisions of this Agreement.

e. Severability. In the event that any provision of this Agreement or the application thereof is declared invalid or void by statue or judicial decision, such action shall have no effect on other provisions and their application, which can be given effect without the invalid or void provision or application, and to this extent the provisions or the Agreement are severable. In the event that any provision of this agreement is declared invalid or void, the parties agree to meet promptly upon request of the other party in an attempt to reach an agreement on a substitute provision.

12. **Ownership of Improvements.** Ownership and title to all materials, equipment and appurtenances installed pursuant to this Agreement shall automatically vest in the Lead Agency. Should the Service be terminated prior to the end of this Agreement, the Lead Agency shall dispose of the assets reimbursed by the RTA, with all proceeds returned to the RTA.

13. **Legal Jurisdiction.** Nothing in this Agreement shall be construed as either limiting or extending the legal jurisdiction of the Lead Agency or the Authority.

14. **No Joint Venture.** It is not intended by this Agreement to, and nothing contained in this Agreement shall be construed to, create any partnership, joint venture or employment relationship between the parties or create any employer-employee relationship between the Lead Agency and any Authority employees, or between Authority and any Lead Agency employees. Neither party shall be liable for any debts, accounts, obligations, nor other liabilities whatsoever of the other, including

(without limitation) the other party's obligation to withhold Social Security and income taxes for itself or any of its employees.

15. **No Third Party Beneficiaries.** Nothing in the provisions of this Agreement is intended to create duties or obligations to or rights in third parties not parties to this Agreement or affects the legal liability of either party to the Agreement by imposing any standard of care different from the standard of care imposed by law.

16. **Compliance with Laws.** The parties shall comply with all applicable federal, state and local laws, rules, regulations, standards and executive orders, without limitation to those designated within this Agreement.

    a. Anti-Discrimination. The provisions of A.R.S. 41-1463 and Executive Order Number 99-4 issued by the Governor of the State of Arizona are incorporated by this reference as a part of this Agreement.

    b. Americans with Disabilities Act. This Agreement is subject to all applicable provisions of the Americans with Disabilities Act (Public Law 101-336, 42 U.S.C. 12101-12213) and all applicable federal regulations under the Act, including 28 CFR Parts 35 and 36.

    c. Worker's Compensation. An employee of either party shall be deemed to be an "employee" of both public agencies, while performing pursuant to this Agreement, for purposes of A.R.S. 23-1022 and the Arizona Worker's Compensation laws. The primary employer shall be solely liable for any workers' compensation benefits, which may accrue. Each party shall post a notice pursuant to the provisions of A.R.S 23-906 in substantially the following form:

> All employees are hereby further notified that they may be required to work under the jurisdictions or control or within the jurisdictional boundaries of another public agency pursuant to an intergovernmental agreement or contract, and under such circumstances they are deemed by laws of Arizona to be employees of both public agencies for the purposes of worker's compensation.

17. **Waiver.** Waiver by either party of any breach of any term, covenant or condition herein contained shall not be deemed a waiver of any other term, covenant or condition, or any subsequent breach of the same or any other term, covenant, or condition herein contained.

18. **Force Majeure.** A party shall not be in default under this Agreement if it does not fulfill any of its obligations under this Agreement because it is prevented or delayed in doing so by reason of uncontrollable forces. The term "uncontrollable forces" shall mean, for the purpose of this Agreement, any cause beyond the control of the party affected, including but not limited to failure of facilities, breakage or accident to machinery or transmission facilities, weather conditions, flood, earthquake, lightning, fire, epidemic, war, riot, civil disturbance, sabotage, strike, lockout, labor dispute, boycott, material or energy shortage, casualty loss, acts of God, or action or non-action by governmental bodies in approving of failing to act upon applications for approvals or permits which are not due to the negligence or willful action of the parties, order of any government officer or court (excluding orders promulgated by the parties themselves), and declared local, state, or national emergency, which, by exercise of due diligence and foresight, such party could not reasonably have been expected to avoid. Either party rendered unable to fulfill any obligations by reason of "uncontrollable forces" shall exercise due diligence to remove such inability with all reasonable dispatch.

19. **Notification.** All notices or demands upon any party to this Agreement shall be in writing, unless other forms are designated elsewhere, and shall be delivered in person or sent by mail addressed as follows:

| The Authority | Town of Oro Valley |
|---|---|
| Michael Ortega | Jeff Wilkins |
| Executive Director | Town Manager |
| Regional Transportation Authority | 11000 N La Canada |
| 1 E. Broadway Blvd., Suite 401 | Oro Valley, AZ 85757 |
| Tucson, AZ, 85701 | |

Steven Zraick
Town Attorney
11000 N La Canada
Oro Valley, AZ 85757

20. **Remedies.** Either party may pursue any remedies provided by law for the breach of this Agreement. No right or remedy is intended to be exclusive of any other right or remedy and each shall be cumulative and in addition to any other right or remedy exiting at law or in equity or by virtue of this Agreement.

21. **Counterparts.** 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 one and the same instrument. The signature pages from one or more counterparts may be removed from such counterpart and attached to a single instrument.

In Witness Whereof, the Town of Oro Valley has caused this Agreement to be executed by the Mayor and Council, upon resolution of the Mayor and Council attested to by the Town Clerk, and the Authority has caused this Agreement to be executed by its Chair of the Board.

**REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY:**

_____

Tom Murphy, Board Chair Date

**TOWN OF ORO VALLEY:**

_____

Joe Winfield, Mayor Date

**ATTEST:**

Michael Standish, Town Clerk Date

The foregoing Agreement between the Town of Oro Valley and the Authority has been approved as to content and is hereby recommended by the undersigned.

Michael Ortega, Executive Director RTA Date

Jeff Wilkins, Town of Oro Valley Date

## ATTORNEY CERTIFICATION

The foregoing Agreement by and between the Regional Transportation Authority of Pima
County and the Town of Oro Valley has been reviewed pursuant to A.R.S. Section 11-952 by the undersigned who have determined that it is in proper form and is within the powers and authority granted under the laws of the State of Arizona to those parties to the Agreement.

Regional Transportation Authority of Pima County:

Lisa Anne Smith, Attorney for the Authority Date

Town of Oro Valley:

Steven Zraick, Town Attorney Date

**Exhibit A**

**Project 250 – Oro Valley Sun Shuttle Dial-a-Ride Transit Service**

RTA Ballet Project/Program Number: **Project 250– Oro Valley Sun Shuttle Dial-a-Ride Transit Service**

1. RTA Plan Project Element or Program Category: **Transit Element**

2. RTA 1 TIP Project Number: 42.13

3. Project Name: **Oro Valley – Sun Shuttle Dial-A-Ride**

4. Type of Work (Pre-design, Design, Right-of-way, Construction, Transit Operations, other)
   Pre-Design _____
   Design _____
   Right-of-Way _____
   Construction _____
   Transit Operations ____X_____
   Transit Capital _____X_____
   Other _____

5. Project Manager for Status Reports (Include Contact Information)
   Michael Alexander, Transit Administrator, Town of Oro Valley, 520-229-4980
   malexander@orovalleyaz.gov

   and/or

   Karl Steinnecker, Transit Supervisor, Town of Oro Valley, 520-229-4987
   ksteinnecker@orovalleyaz.gov

6. Authorized representative for signing and submitting payment requests
   Michael Alexander, Transit Administrator, Town of Oro Valley, 520-229-4980
   malexander@orovalleyaz.gov

   and/or

Roseanne Flores, Administrative Services Manager, Town of Oro Valley, 520-229-4832
rflores@orovalleyaz.gov

7. Map of transit routes effected by IGA – Attachment A

8. Narrative description of scope of Project, what improvements are included and intent of Project (Discuss any problems and how Project addresses same.)

It is the intent of the Regional Transit Plan to enhance transit service throughout the greater Oro Valley area. The service contemplated under this Exhibit is scheduled to operate in a dial-a-ride service mode with connections to other regional transit services.

**Characteristics Sun Shuttle – General Public (Blue zone only)**

- Service Hours:
  6:00 a.m. – 8:00 p.m. Weekdays
- No Operations on Saturday or Sunday
- No Operations on the following holidays:
  - New Year's Day
  - Memorial Day
  - Independence Day
  - Labor Day
  - Thanksgiving
  - Christmas
- Origin to Destination in predefined area (see map – Attachment A)

**Characteristics Sun Shuttle – ADA trips & Seniors**

- Service Hours:
  6:00 a.m. – 8:00 p.m. Weekdays
  9:00 a.m. – 6:00 p.m. Weekends and Holidays
- 7 days a week
- Door to Door in predefined area (see map – Attachment A)

9. Fares

The Oro Valley Sun Shuttle DAR is a prepaid service. The proposed fares for the services will follow the regionally set service fares for the RTA services.

10. Estimated service start date and duration of service:

    This IGA covers the first period from: July 1, 2026 until June 30, 2031. An addendum will be submitted for each period.

11. Projected cost reimbursement rate assuming a 3.0% annual increase. Costs are estimated based on service hours to provide a timeline and estimation to be used by the Authority for cash flow planning.

Cash Flow Projection First Period

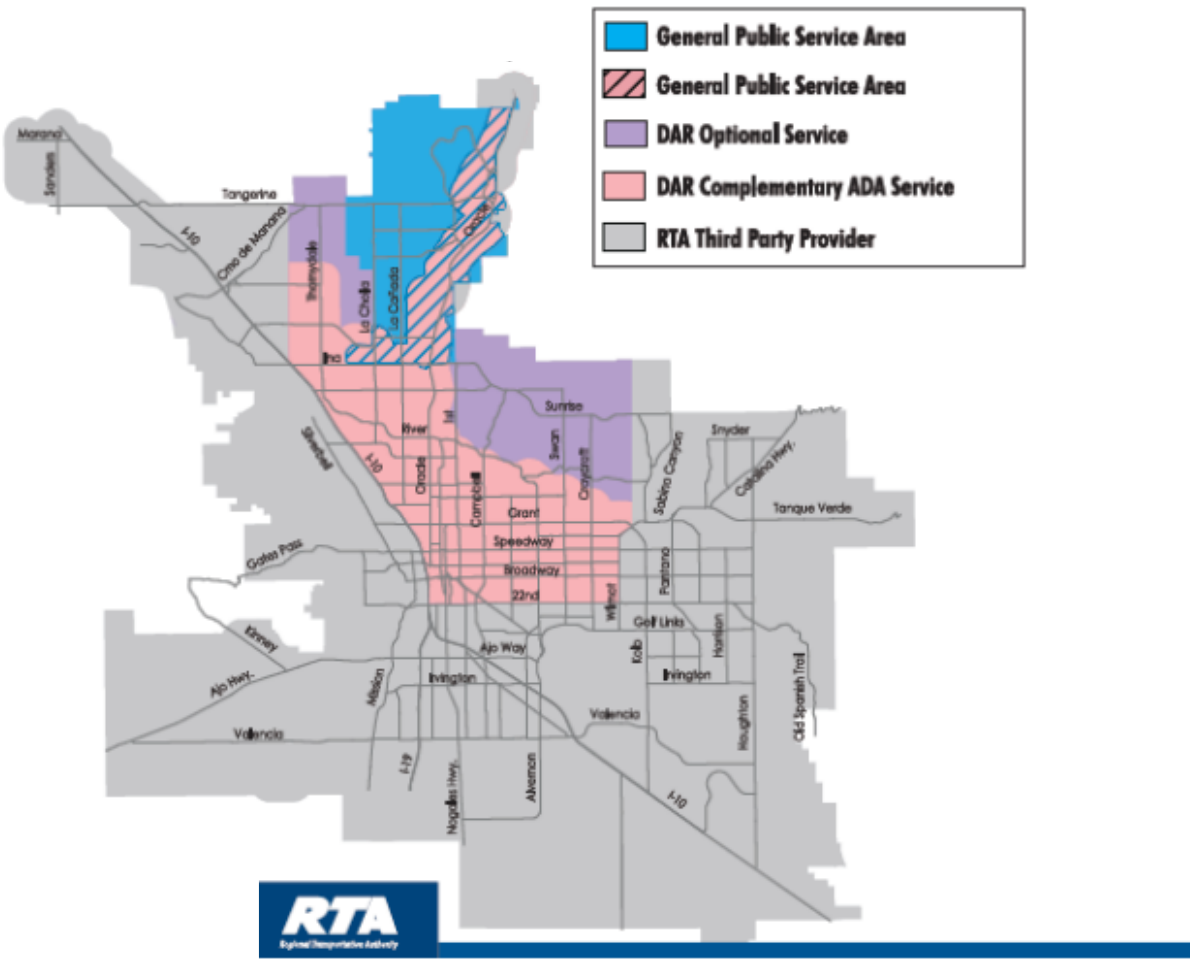
| Reimbursement Rate CPH | | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 |
|---|---|---|---|---|---|---|
| Begins July 1, 2026* | | $ 62.00 | $ 63.86 | $ 65.78 | $ 67.75 | $ 69.78 |
| Estimated | Hours | 40,759 | 41,370 | 41,991 | 42,621 | 43,260 |
| Estimated | Cost | $ 2,527,042 | $ 2,641,896 | $ 2,761,971 | $ 2,887,502 | $ 3,018,739 |
| Estimated | Passengers | 74,000 | 75,150 | 76,300 | 77,450 | 78,650 |
| Estimated | MOE | $ 113,000 | $ 116,400 | $ 119,900 | $ 123,500 | $ 127,250 |
| RTA Reimbursement Total | | $ 2,414,042 | $ 2,525,496 | $ 2,642,071 | $ 2,764,002 | $ 2,891,489 |

- Attachment B – Sample Billing Invoice

12. Administrative modifications may be made to both the service and rate reimbursement rate during the annual service review process. It is the lead agencies responsibility to provide both effective and efficient transit service to the maximum extent possible. To this end both service modifications and rates are subject to performance and variable outside material costs. Administrative modifications may be requested by the Lead Agency and require Town Manager and RTA Executive Director approval before implementation.

13. Monthly Performance Measure will be submitted with monthly reimbursement requests.

Attachment A - Oro Valley Sun Shuttle Service Area Map

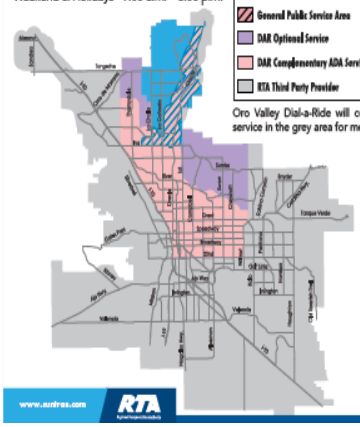


# Attachment B – Oro Valley Sun Shuttle Brochure

## ADA SERVICE AREA FOR PERSONS WITH DISABILITIES

**WHO IS ELIGIBLE FOR ADA SERVICE?**
Under the Americans with Disabilities Act (ADA), any individual who has a disability that prohibits riding fixed-route service, and has an ADA Eligibility letter from the City of Tucson's ADA Eligibility Office is eligible to ride Sun Shuttle in the ADA service area indicated by the map below. For details on ADA qualification, visit 149 N. Stone Ave., Tucson, or call (520) 791-5409.

**SERVICE HOURS**
Monday-Friday 6:00 a.m. – 8:00 p.m.
Weekend & Holidays 9:00 a.m. – 6:00 p.m.




Oro Valley Dial-a-Ride will continue to provide service in the grey area for medical appointments

**CUSTOMER SERVICE HOURS**
**Monday – Friday: 7:00 a.m. – 4:00 p.m.**
**Call (520) 229-4990 or visit orovalleyaz.gov and click on Need a Ride.**

Reservations are required one to seven days in advance.

Trip requests must be made no later than 4 p.m. the day before the trip.

**SERVICE AREA**
All ADA-qualified passengers must originate a round-trip in the General Public Service Area.

**COMPLEMENTARY ADA VS. OPTIONAL TRIPS**
Sun Shuttle provides two types of paratransit services: Complementary ADA - paratransit service required by the ADA, and Optional Service - service that goes above and beyond what is required by the ADA.

**Complementary ADA Service**
- Trips within ¾ mile of Sun Shuttle, Sun Tran and Sun Link fixed-route service.
- Trips provided during scheduled hours for nearby Sun Shuttle, Sun Tran and Sun Link fixed routes.
- Trips within General Service Area and to Complementary Service Area (excluding weekends and holidays.)

**Optional Service**
- Trips beyond the ¾-mile limit and beyond scheduled hours for nearby Sun Shuttle, Sun Tran and Sun Link fixed-route service.
- Same day requests
- Will Call scheduling
- Weekends and Holidays

*Customer service can assist in determining whether your trip is considered Optional service.*

**FARES**
Fares are currently FREE.

**ALL DIAL-A-RIDE TRIPS REQUIRE A RESERVATION**

www.suntran.com RTA

## RULES FOR RIDING

Sun Shuttle is available on a first-come, first-served basis. Do your part to help us create a pleasant and comfortable ride for everyone.

**Be Safe and Respect Other Riders**
- Shirt, pants and shoes are required.
- No smoking on board, including electronic cigarettes.
- Never interfere with the driver's ability to drive safely.
- Always keep arms, head and hands inside the vehicle.
- Gasoline-powered (GP) bicycles, GP scooters and GP skateboards are not allowed on vehicles or bike racks.
- Vehicle batteries and gas containers are not allowed inside transit vehicles.
- Except for service animals, keep pets leashed or enclosed in a cage or cardboard box.

**Take Care of Your Bus**
- Keep food and drinks in closed containers. No eating on the transit vehicle. No alcoholic beverages.
- Do not litter or create unsanitary conditions. Take your trash with you.
- Do not damage transit property.

**POLICIES**
Sun Shuttle has various policies in place to ensure safe and efficient service to our community. To learn about the policies, please call (520) 229-4990 or visit orovalleyaz.gov and click on Need a Ride.

What do you think of our services? Email your ideas to sunshuttle@rtanobility.com

Title VI Policy: Sun Shuttle operates public transit service without regard to race, color or national origin. If you would like additional information on Sun Shuttle's nondiscrimination obligations or would like to file a complaint, please call (520) 792-9222 (TDD: 628-1568).

Requests for Reasonable Modification Policy: It is the Americans with Disabilities Act, regional transit practice and RTA policy that reasonable modifications are considered to responding to request for reasonable modification of the policies, practices or procedures.

For more information, visit suntran.com/accessible_modification.php

## FARES AND ADDITIONAL INFORMATION

Fares are currently FREE.

**TRANSIT CONNECTIONS**
Sun Tran Routes 1-99 operate 365 days a year. Sun Express Routes 101X-204X operate during peak morning and afternoon commute times Monday through Friday. Or connect to any of the Tucson area Sun Shuttles routes from Ronstadt Transit Center. If in the Downtown area, Sun Link streetcar commutes from San Augustin Mercado to the University of Arizona.

To view Sun Tran, Sun Express and Sun Link schedules or connect to any of the Tucson area Sun Shuttle routes, pick up a Ride Guide on the bus or visit www.suntran.com or pick up a Sun Shuttle booklet. Call (520) 792-9222 for trip planning assistance.

**CANCELLATIONS**
Please call by 4 p.m. the day before your scheduled trip to cancel.

**CONTACT US**
**(520) 229-4990**
**or visit orovalleyaz.gov and click on Need a Ride.**

**CUSTOMER SERVICE HOURS**
**Monday – Friday: 7:00 a.m. – 4:00 p.m.**

**HOLIDAY SERVICE**
Holiday service available to ADA-certified passengers only. For a list of observed holidays, call (520) 229-4990

Information in alternate formats available upon request.
Para información en Español, favor de llamar al (520) 792-9222.

# Oro Valley – Catalina
**Dial-a-Ride**
**General Public, Disabled & Senior Service**
**Effective November 2023**

sun shuttle dial-a-ride



Neighborhood transportation & connection to Sun Tran routes.

(520) 229-4990
www.suntran.com

## WELCOME TO SUN SHUTTLE DIAL-A-RIDE!

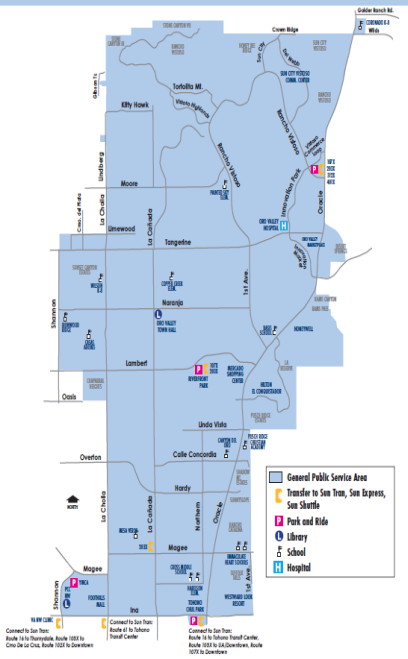
**WHAT IS DIAL-A-RIDE?**
Sun Shuttle provides dial-a-ride service for individuals traveling in Oro Valley. Service areas vary for seniors, persons with disabilities or the general public. For service area boundary details, call (520) 229-4990 or visit www.suntran.com/sunshuttle.

**WHICH SERVICE IS FOR YOU?**
There are three types of dial-a-ride services available with varying qualifications. See what service you qualify for.

- General Public - Everyone qualifies to ride in the blue service area.
- ADA-Certified Passengers – Must originate a round-trip in the General Public Service Area and can travel to the DAR Complementary ADA and Optional Service Areas.
- Seniors 65 & Older – Must originate a round-trip in the blue zone and can travel to the yellow or green zones.

**HOW TO DIAL-A-RIDE**
- To schedule a ride call (520) 229-4990 one to seven days in advance, or visit orovalleyaz.gov and click on Need a Ride.
- When scheduling your trip, provide your name, date of travel, departure location, destination and desired arrival time.
- Be ready at your scheduled pick-up location at least 5 minutes early. Wait where the Sun Shuttle driver can see you.
- When you board, verify your desired drop-off location with the driver.
- Gather personal belongings before you exit. If you have a bike stored in the bike rack, let the driver know you need to unload your bike. Sun Shuttle is not responsible for items left on the vehicle.

## GENERAL PUBLIC SERVICE AREA




**WHO IS ELIGIBLE?**
Anyone can ride the Sun Shuttle Dial-a-Ride general public service who is traveling within the area indicated on the blue map. Qualified senior and disabled passengers can travel outside this area, but round-trips must originate in the blue zone. View qualified senior and disabled service areas for details.

**SERVICE HOURS**
Monday - Friday 6:00 a.m. – 8:00 p.m.

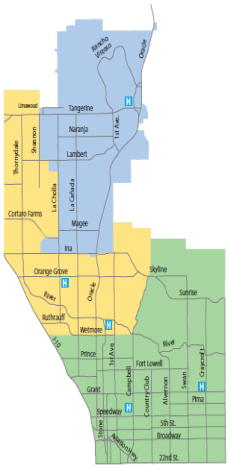
**FARES**
Fares are currently FREE.

**RESERVATIONS**
Reservations are required one to seven days in advance. Trip requests must be made no later than 4 p.m. the day before the trip. Please call (520) 229-4990 to make your reservation or visit: orovalleyaz.gov and click on Need a Ride.

**CUSTOMER SERVICE HOURS:**
**Monday – Friday 7:00 a.m. – 4:00 p.m.**



## SENIOR SERVICE AREA




**WHO IS ELIGIBLE FOR SENIOR SERVICE?**
Individuals aged 65 or older are eligible to use Sun Shuttle's Dial-a-Ride service in the senior service area as long as a round-trip originates in the blue zone. Previous Coyote Run passengers under the age of 65 who w... are still eligible. All ... passengers must be age 65 or older.

Document was last saved: ...

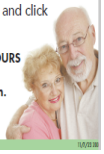
**SERVICE AREA**
Qualified seniors must originate a round-trip in the Blue Zone, and travel within the Blue Zone, or to the Yellow or Green Zones. Transportation to "major medical facilities" beyond the Green Zone is also provided. For trips with multiple destinations or one-way trips, ask your reservationist.

**FARES**
Fares are currently FREE.

**SERVICE HOURS**
Monday - Friday 6:00 a.m. – 8:00 p.m.

**RESERVATIONS**
Reservations are required one to seven days in advance. Trip requests must be made no later than 4 p.m. the day before the trip. Please call (520) 229-4990 to make your reservation or visit: orovalleyaz.gov and click on Need a Ride.

**CUSTOMER SERVICE HOURS**
**Monday – Friday**
**7:00 a.m. – 4:00 p.m.**



# Attachment C – Sample Billing Invoice

**TOWN OF ORO VALLEY**
**PUBLIC WORKS DEPARTMENT**
**TRANSIT SERVICES DIVISION**

**INVOICE FOR TRANSIT SERVICES**

RTA Transit Project #50 - Dial a Ride
TIP# 42.10
Oro Valley Dial-a-Ride

**INVOICE DATE:** 7/1/2026
**DUE DATE:** 7/30/2026
**INVOICE No:** 2027-01

Bill to:
**Regional Transportation Authority of Pima County**
ATTN: Project Representative
1 E. Broadway Ste 401
Tucson, AZ 85701-1719

**Remit to:**
Town of Oro Valley - Transit
11000 N La Canada
Oro Valley, AZ 85737

**Make checks payable to:** Town of Oro Valley - Transit

**TERMS: NET 30 DAYS**

| Month End Date | DESCRIPTION | | | AMOUNT DUE |
|---|---|---|---|---|
| | RTA Project 47 Sun Shuttle Dial a Ride Transit Services | | | |
| | Sun Shuttle Dial-a-Ride Transit Services | | | |
| 7/31/2022 | **Days in Service Month** | 31 | | |
| | **I. Service Cost** | | | |
| | **Cost per Hour - DAR Service** | | | |
| | RTA Service Hours | 3,034.00 | | |
| | Fully Allocated Cost per Hour | $ 62.00 | | |
| | **Sub-total Cost per Hour ADA** | | **$ 188,108** | |
| | **Service Cost** | | | **$ 188,108** |
| | **II. Direct Cost** | | | |
| | Other Direct Costs (non-recurring): | | | |
| | Driver Training (Expansion) | $ - | | |
| | Vehicle Repair Invoices | $ - | | |
| | **Sub-total Direct non-recurring Costs** | | $ - | |
| | **Direct Cost** | | | **$ -** |
| | | | **Total Cost:** | **$ 188,108** |
| | **III. Credits** | | | |
| | Other funding sources | - | | |
| | **Less Total Credits:** | - | | **$ -** |
| | | | **Total Amount Due from RTA:** | **$ 188,108** |

| | | |
|---|---|---|
| **RTA Projected Amount FY 2026/27** | **$** | **2,414,042** |
| **Year to Date Projected RTA Expenditures** | **$** | - |
| **Year to Date Actual Billing:** | **$** | - |
| **Remaining RTA Balance** | **$** | **2,414,042** |

**Project Comments, Status, etc.**

Sun Shuttle Dial-a-Ride is the integrations of all dial-a-ride services within Oro Valley. This service became operational in February 2012 and reauthorized in March 2026.

DO NOT MAIL CASH.
Retain a copy for your records and return one copy with your payment.

I certify that the information contained in this pay request is true and accurate. I further certify that RTA funds have been expended in accordance with applicable RTA Policies and Procedures.

3/11/2026

XXXXXXXXX, Transit Services Administrator — Date

**For RTA Use Only**

| | Yes | No |
|---|---|---|
| **RTA funds are available in the current year budget:** | | |
| **Project funding has been authorized in the current TIP:** | | |
| **IGA/Project Agreement has been executed:** | | |
| **Additional Insured/Beneficiary documentation provided:** | | |
| **Sufficient documentation provided:** | | |

**RTA Approval & Title** — **Date**

FORD E-450 STARCRAFT – 14 PASS – 3W/C POS











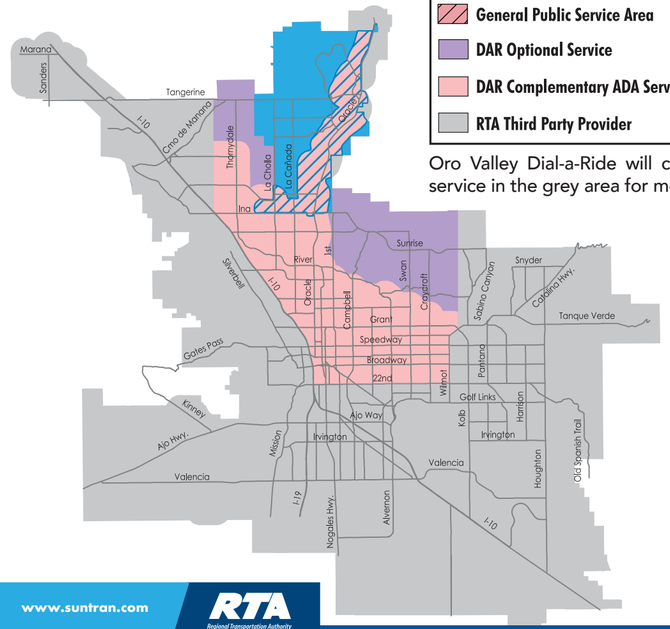

## ADA SERVICE AREA FOR PERSONS WITH DISABILITIES

### WHO IS ELIGIBLE FOR ADA SERVICE?

Under the Americans with Disabilities Act (ADA), any individual who has a disability that prohibits riding fixed-route service, and has an ADA Eligibility letter from the City of Tucson's ADA Eligibility Office is eligible to ride Sun Shuttle in the ADA service area indicated by the map below. For details on ADA qualification, visit 149 N. Stone Ave., Tucson, or call (520) 791-5409.

### SERVICE HOURS

| | |
|---|---|
| Monday-Friday | 6:00 a.m. – 8:00 p.m. |
| Weekend & Holidays | 9:00 a.m. – 6:00 p.m. |




- General Public Service Area
- General Public Service Area
- DAR Optional Service
- DAR Complementary ADA Service
- RTA Third Party Provider

Oro Valley Dial-a-Ride will continue to provide service in the grey area for medical appointments

### CUSTOMER SERVICE HOURS

**Monday – Friday: 7:00 a.m. – 4:00 p.m.**
**Call (520) 229-4990 or visit orovalleyaz.gov and click on Need a Ride.**

Reservations are required one to seven days in advance.

Trip requests must be made no later than 4 p.m. the day before the trip.

### SERVICE AREA

All ADA-qualified passengers must originate a round-trip in the General Public Service Area.

### COMPLEMENTARY ADA VS. OPTIONAL TRIPS

Sun Shuttle provides two types of paratransit services: Complementary ADA - paratransit service required by the ADA, and Optional Service - service that goes above and beyond what is required by the ADA.

**Complementary ADA Service**

- Trips within ¾ mile of Sun Shuttle, Sun Tran and Sun Link fixed-route service.
- Trips provided during scheduled hours for nearby Sun Shuttle, Sun Tran and Sun Link fixed routes.
- Trips within General Service Area and to Complementary Service Area (excluding weekends and holidays.)

**Optional Service**

- Trips beyond the ¾-mile limit and beyond scheduled hours for nearby Sun Shuttle, Sun Tran and Sun Link fixed-route service.
- Same day requests
- Will Call scheduling
- Weekends and Holidays

*Customer service can assist in determining whether your trip is considered Optional service.*

### FARES

Fares are currently FREE.

**ALL DIAL-A-RIDE TRIPS REQUIRE A RESERVATION**

www.suntran.com

RTA Regional Transportation Authority

## RULES FOR RIDING

Sun Shuttle is available on a first-come, first-served basis. Do your part to help us create a pleasant and comfortable ride for everyone.

### Be Safe and Respect Other Riders

- Shirt, pants and shoes are required.
- No smoking on board, including electronic cigarettes.
- Never interfere with the driver's ability to drive safely.
- Always keep arms, head and hands inside the vehicle.
- Gasoline-powered (GP) bicycles, GP scooters and GP skateboards are not allowed on vehicles or bike racks.
- Vehicle batteries and gas containers are not allowed inside transit vehicles.
- Except for service animals, keep pets leashed or enclosed in a cage or cardboard box.

### Take Care of Your Bus

- Keep food and drinks in closed containers. No eating on the transit vehicle. No alcoholic beverages.
- Do not litter or create unsanitary conditions. Take your trash with you.
- Do not damage transit property.

### POLICIES

Sun Shuttle has various policies in place to ensure safe and efficient service to our community. To learn about the policies, please call (520) 229-4990 or visit orovalleyaz.gov and click on Need a Ride.

What do you think of our services? Email your ideas to sunshuttle@rtamobility.com

**Title VI Policy:** *Sun Shuttle operates public transit services without regard to race, color or national origin. If you would like additional information on Sun Shuttle's nondiscrimination obligations or would like to file a complaint, please call (520) 792-9222 (TDD: 628-1565).*

**Requests for Reasonable Modification Policy:** *Per the Americans with Disabilities Act, regional transit providers who receive federal financial assistance are committed to responding to requests for reasonable modifications of their policies, practices or procedures.*

*For more information, visit suntran.com/reasonable_modifications.php*

## FARES AND ADDITIONAL INFORMATION

Fares are currently FREE.

### TRANSIT CONNECTIONS

Sun Tran Routes 1-99 operate 365 days a year. Sun Express Routes 101X-204X operate during peak morning and afternoon commute times Monday through Friday. Or connect to any of the Tucson area Sun Shuttles routes from Ronstadt Transit Center. If in the Downtown area, Sun Link streetcar commutes from San Augustin Mercado to the University of Arizona.

To view Sun Tran, Sun Express and Sun Link schedules or connect to any of the Tucson area Sun Shuttle routes, pick up a Ride Guide on the bus or visit www.suntran.com or pick up a Sun Shuttle booklet. Call (520) 792-9222 for trip planning assistance.

### CANCELLATIONS

Please call by 4 p.m. the day before your scheduled trip to cancel.

### CONTACT US

**(520) 229-4990**
**or visit orovalleyaz.gov and click on Need a Ride.**

### CUSTOMER SERVICE HOURS

**Monday – Friday: 7:00 a.m. – 4:00 p.m.**

### HOLIDAY SERVICE

Holiday service available to ADA-certified passengers only. For a list of observed holidays, call (520) 229-4990

Information in alternate formats available upon request.
Para información en Español, favor de llamar al (520) 792-9222.

# Oro Valley – Catalina

## Dial-a-Ride

**General Public, Disabled & Senior Service**
**Effective November 2023**

sun shuttle dial-a-ride



Neighborhood transportation & connection to Sun Tran routes.

**(520) 229-4990**
www.suntran.com

## WELCOME TO SUN SHUTTLE DIAL-A-RIDE!

### WHAT IS DIAL-A-RIDE?

Sun Shuttle provides dial-a-ride service for individuals traveling in Oro Valley. Service areas vary for seniors, persons with disabilities or the general public. For service area boundary details, call (520) 229-4990 or visit www.suntran.com/sunshuttle.

### WHICH SERVICE IS FOR YOU?

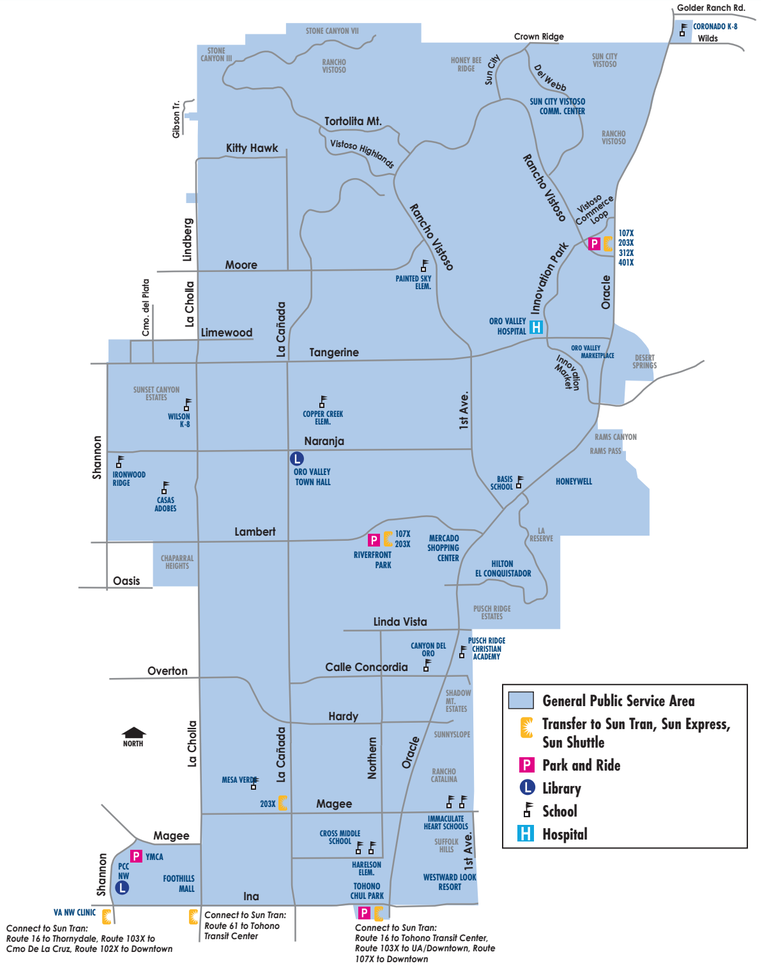
There are three types of dial-a-ride services available with varying qualifications. See what service you qualify for.

- General Public - Everyone qualifies to ride in the blue service area.
- ADA-Certified Passengers – Must originate a round-trip in the General Public Service Area and can travel to the DAR Complementary ADA and Optional Service Areas.
- Seniors 65 & Older – Must originate a round-trip in the blue zone and can travel to the yellow or green zones.

### HOW TO DIAL-A-RIDE

- To schedule a ride call (520) 229-4990 one to seven days in advance, or visit orovalleyaz.gov and click on Need a Ride.
- When scheduling your trip, provide your name, date of travel, departure location, destination and desired arrival time.
- Be ready at your scheduled pick-up location at least 5 minutes early. Wait where the Sun Shuttle driver can see you.
- When you board, verify your desired drop-off location with the driver.
- Gather personal belongings before you exit. If you have a bike stored in the bike rack, let the driver know you need to unload your bike. Sun Shuttle is not responsible for items left on the vehicle.

## GENERAL PUBLIC SERVICE AREA




### WHO IS ELIGIBLE?

Anyone can ride the Sun Shuttle Dial-a-Ride general public service who is traveling within the area indicated on the blue map. Qualified senior and disabled passengers can travel outside this area, but round-trips must originate in the blue zone. View qualified senior and disabled service areas for details.

### SERVICE HOURS

Monday - Friday 6:00 a.m. – 8:00 p.m.

### FARES

Fares are currently FREE.

### RESERVATIONS

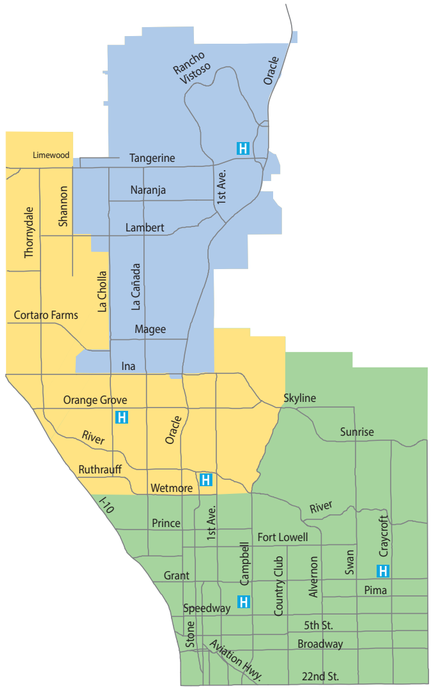
Reservations are required one to seven days in advance. Trip requests must be made no later than 4 p.m. the day before the trip. Please call (520) 229-4990 to make your reservation or visit: orovalleyaz.gov and click on Need a Ride.

### CUSTOMER SERVICE HOURS:

**Monday – Friday 7:00 a.m. – 4:00 p.m.**



## SENIOR SERVICE AREA




### WHO IS ELIGIBLE FOR SENIOR SERVICE?

Individuals aged 65 or older are eligible to use Sun Shuttle's Dial-a-Ride service in the senior service area as long as a round-trip originates in the blue zone. Previous Coyote Run passengers under the age of 65 who were eligible to ride are still eligible. All new senior service passengers must be age 65 or older.

### SERVICE AREA

Qualified seniors must originate a round-trip in the Blue Zone, and travel within the Blue Zone, or to the Yellow or Green Zones. Transportation to "major medical facilities" beyond the Green Zone is also provided. For trips with multiple destinations or one-way trips, ask your reservationist.

### FARES

Fares are currently FREE.

### SERVICE HOURS

Monday - Friday 6:00 a.m. – 8:00 p.m.

### RESERVATIONS

Reservations are required one to seven days in advance. Trip requests must be made no later than 4 p.m. the day before the trip. Please call (520) 229-4990 to make your reservation or visit: orovalleyaz.gov and click on Need a Ride.

### CUSTOMER SERVICE HOURS

**Monday – Friday**
**7:00 a.m. – 4:00 p.m.**



11/7/23 2000c

**Town Council Regular Session** **C.**

**Meeting Date:** 06/03/2026

**Requested by:** Anizza Alvarez **Submitted By:** Anizza Alvarez, Magistrate Court

**Department:** Magistrate Court

**SUBJECT:**

Resolution No. (R)26-26, authorizing and approving an Intergovernmental Agreement (IGA) between the Town of Oro Valley and Pima County regarding payment for the incarceration of municipal prisoners

**RECOMMENDATION:**

Staff recommends approval.

**EXECUTIVE SUMMARY:**

The annual Intergovernmental Agreement (IGA) with Pima County, which permits Pima County to house Oro Valley municipal prisoners in the Pima County Jail, is up for renewal as of June 30, 2026. Payment for incarceration of municipal prisoners in county jail is necessary because of a state law passed in 1989 mandating that cities and towns pay for this service.

Pima County has set the incarceration fees for FY 2026/2027 as follows: $527.42 to cover booking and intake expenditures, and prisoner housing for the first day, and $134.76 per subsequent day for each prisoner. The alternative is for the Town to house its own municipal prisoners, which would be cost prohibitive.

**BACKGROUND OR DETAILED INFORMATION:**

N/A

**FISCAL IMPACT:**

The FY 26/27 custody of prisoners budget has been recommended in the amount of $175,000, and it is anticipated that this will be sufficient budget capacity even with the projected prisoner housing costs outlined above.

**SUGGESTED MOTION:**

I MOVE to (Approve or Deny) Resolution No. (R)26-26, authorizing and approving an Intergovernmental Agreement between the Town of Oro Valley and Pima County regarding payment for the incarceration of municipal prisoners.

**Attachments**

(R)26-26 IGA Incarceration of Municipal Prisoners

IGA Pima County Inmate Housing

**RESOLUTION NO. (R)26-26**

**A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF ORO VALLEY, ARIZONA, AUTHORIZING AND APPROVING AN INTERGOVERNMENTAL AGREEMENT BETWEEN THE TOWN OF ORO VALLEY AND PIMA COUNTY FOR PAYMENT FOR THE INCARCERATION OF MUNICIPAL PRISONERS; AND DIRECTING THE TOWN MANAGER, TOWN CLERK, TOWN ATTORNEY, OR THEIR DULY AUTHORIZED OFFICERS AND AGENTS TO TAKE ALL STEPS NECESSARY TO CARRY OUT THE PURPOSES AND INTENT OF THIS RESOLUTION**

**WHEREAS,** pursuant to A.R.S. § 11-952, *et. seq.,* Pima County and the Town of Oro Valley may contract for services and enter into agreements with one another for joint or cooperative action; and

**WHEREAS**, the Town of Oro Valley is authorized to establish and maintain the Oro Valley Police Department, pursuant to A.R.S. § 9-240(B)(12); and

**WHEREAS,** pursuant to A.R.S. § 31-121(D), an individual may be incarcerated in a county jail and the costs of incarceration shall be paid by the municipality having established the municipal court in which the charges have been filed; and

**WHEREAS,** Pima County shall receive and detain all municipal prisoners who are medically fit to be incarcerated in the detention facilities maintained and operated by Pima County; and

**WHEREAS**, the Town desires to enter into an Intergovernmental Agreement with Pima County to set forth the terms and conditions for the incarceration of municipal prisoners in the detention facilities maintained and operated by Pima County; and

**WHEREAS,** it is in the best interest of the Town to enter into the Intergovernmental Agreement, attached hereto as "Exhibit "A" and incorporated herein by this reference, in order to set forth the terms and conditions relating to the incarceration of municipal prisoners in the detention facilities maintained and operated by Pima County for a term effective July 1, 2026 through June 30, 2027.

**NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Town of Oro Valley, Arizona, that**

**SECTION 1.** the Intergovernmental Agreement attached hereto as "Exhibit "A", between the Town of Oro Valley and Pima County for the incarceration of municipal prisoners is hereby authorized and approved.

**SECTION 2.** the Mayor and any other administrative officials of the Town of Oro Valley are hereby authorized to take such steps as are necessary to execute and implement the terms of the Intergovernmental Agreement.

**SECTION 3.** The Town Manager, Town Clerk, Town Attorney, or their duly authorized officers and agents are hereby authorized and directed to take all steps necessary to carry out the purposes and intent of this resolution.

**SECTION 4.** All Oro Valley resolutions or motions and parts of resolutions or motions of the Council in conflict with the provision of this Resolution are hereby repealed.

**SECTION 5.** If any section, subsection, sentence, clause, phrase or portion of this Resolution or the Intergovernmental Agreement attached hereto as Exhibit "A" is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

**PASSED AND ADOPTED** by the Mayor and Council of the Town of Oro Valley, Arizona, this 3rd day of June, 2026.

**TOWN OF ORO VALLEY, ARIZONA**

_____
Joseph C. Winfield, Mayor

**ATTEST:**

_____
Michael Standish, Town Clerk

Date: _____

**APPROVED AS TO FORM:**

_____
Steven Zraick, Town Attorney

Date: _____

# EXHIBIT “A”

**INTERGOVERNMENTAL AGREEMENT**
**BETWEEN**
**PIMA COUNTY**
**AND**
**TOWN OF ORO VALLEY**
**FOR**
**PAYMENT FOR THE INCARCERATION**
**OF MUNICIPAL PRISONERS**

This Intergovernmental Agreement (IGA) is entered into by and between Pima County, a body politic and corporate of the State of Arizona ("County") and the Town of Oro Valley, a municipal corporation ("Town") pursuant to A.R.S. § 11-952.

## Recitals

County and Town may contract for services and enter into agreements with one another for joint or cooperative action pursuant to A.R.S. § 11-951, et seq.

County and Town desire to enter into an agreement to incarcerate Town's municipal prisoners in the Pima County Adult Detention Complex ("PCADC").

NOW, THEREFORE, County and Town, pursuant to the above, mutually agree as follows:

## Agreement

### I. Purpose

This IGA sets forth the terms and conditions under which Town's municipal prisoners shall be incarcerated in the PCADC.

### II. Scope

County shall receive and detain all Town municipal prisoners who are medically fit to be incarcerated by County. County shall provide booking services, and after booking provide for the care, feeding and medical care (via contracted medical provider) of said prisoners.

"Town municipal prisoner" shall mean any person who has been incarcerated as a result of a charge pending in the Town of Oro Valley Court, or as a result of an agreement between the Town and another jurisdiction to allow the person to serve his sentence locally, or has been sentenced pursuant to an order of the Oro Valley Town Court and for whom the Town has the legal obligation to provide or pay for prisoner housing. A prisoner arrested by Town of Oro

Valley Police Department solely on another governmental entity's warrant is not a Town prisoner.

In regard to booking and related services and procedures, upon submission of the completed booking document to the PCADC Intake Support Specialist, County will immediately accept into custody all Town arrestees that present no obvious health issues that make the prisoner medically unacceptable for booking. Town agrees that such conditional acceptance will shorten the time officers spend in the booking process and benefit the Town. Within the initial ninety (90) minutes, County contracted medical providers shall make a determination as to the prisoner's medical condition. Town agrees that if the prisoner presents a serious, emergent medical problem requiring hospital examination or medical rejection for booking within ninety (90) minutes of the time of conditional acceptance, Town shall send an officer to the PCADC to transport the prisoner for such medical examination or care as may be medically required as soon as possible. If a prisoner is taken from the PCADC for medical evaluation and returned to be incarcerated, Town shall not be charged twice for the first day billing rate of $527.42. By conditionally accepting the prisoner for the initial ninety (90) minute evaluation period, County does not in any way accept responsibility for the cost of medical care to be provided to that prisoner should it be determined by County that the prisoner requires hospitalization or that the prisoner is medically unacceptable for booking.

Transportation of prisoners to Town of Oro Valley Court or other locations, only as ordered by Town of Oro Valley Court, shall be the responsibility of the Town. County shall be responsible for transportation of prisoners for medical care after the prisoner has been in PCADC custody for ninety (90) minutes or more.

## III. Financing

Town shall pay a first day billing rate of $527.42 to cover booking and intake expenditures. For each billable day following the first day, Town shall pay $134.76 per day. The two rates are applicable to the period July 1, 2026 through June 30, 2027. The billing day as defined herein applies to each Town prisoner who is an inmate in, or under the control of the PCADC.

A. Criteria and Rules Governing Billing:

1. A "billable day" means that period commencing at 0000 hours and ending as 2359 hours that same day, or any fractional part thereof, of any day the Town prisoner is in the custody or control of the PCADC.

2. A "modified billable day" means a billable day which is modified to reduce billing to one billable day at the first rate. "Modified billable days" are only applicable when applied to pretrial Town defendants who are booked between 1800-2359 hours one day and released on the Town charge at the first AM initial appearance the following day.

3. "Local limited jurisdiction courts" means those courts whose criminal jurisdiction is limited to misdemeanor offenses.

B. Criteria for Assessment of Billing:

1. The costs of incarceration of Town prisoners shall commence on the day the prisoner is booked or held based on a Town charge into, or sentenced by, Town Of Oro Valley Court. Costs for incarceration shall cease under the guidelines established under the definition of "billable day." For Town pretrial defendants booked between 1800 and 2400 hours one day and released on all Town charges at or by the AM initial appearance the following morning, the Town shall be billed according to the guidelines established under the definition of "modified billable day."

2. When a prisoner is in custody for a charge or sentence from more than one local limited jurisdiction court, the billing charges for days of joint custody shall be apportioned. Costs for incarceration for days of joint custody shall be apportioned evenly based on the guidelines established under the definition of "billable day" among those jurisdictions from which the joint custody arises.

3. A Town prisoner who is subsequently charged into Pima County Superior Court and held in-custody on felony charges will cease to accrue billing charges after 2359 hours on the date that custody for felony charges is established. Felony custody shall take effect on the date when charging information is received in the PCADC Records Section and the prisoner is actually being held in-custody on the felony charges.

4. In the event of an escape, billing charges will cease to accrue after 2359 hours on the day of escape. In the event of a failure to report from authorized leave, billing charges will cease after 2359 hours of the last day of custody. Billing charges will begin again on the day the prisoner is recaptured or returned to custody and is actually being held in the PCADC.

County will submit a statement of Town prisoner charges on a monthly basis. This statement shall provide information in alphabetical order as follows: name of prisoner, booking date, release date, indication of booking day billing or subsequent day billing, billing period, daily rates, total billing days, and the total bill.

Any individual prisoner charges disputed shall be made known to the County within thirty (30) days after receipt of the monthly billing. If Town notifies County of a dispute within thirty (30) days of receipt of the monthly billing, Town may withhold payment on those specific prisoners for whom billing is disputed until the dispute is resolved. No dispute will be accepted if not made within thirty (30) days after receipt of the monthly billing. Disputes about the billing statement shall be jointly reviewed by both parties and satisfactorily resolved within forty-five (45) days of the monthly billing. All charges shall be paid within sixty (60) days of receipt of the

monthly billing, excluding disputed charges. Disputed charges shall be paid within thirty (30) days of resolution of the dispute. Charges remaining unresolved after the sixty (60) day period may be arbitrated by a mutually accepted third party. Town agrees to pay interest on outstanding charges beginning on the tenth day after resolution of the billing at a rate of 10% per annum until paid. Town agrees that when a check is sent to County in payment of a previously disputed charge, Town will attach an invoice detailing what specific charges are being paid. Town agrees that when funds are withheld due to a disputed charge, the specific charge disputed and the amount of payment being withheld will be specified on an invoice attached to the payment check for the period in which the disputed charge was included. Town agrees to attach to each check submitted to County an invoice indicating the dates for which that check is to be applied.

Neither Party shall be obligated to the other for any costs incurred pursuant to this IGA except as proved herein.

## IV. Term

This IGA is for the period July 1, 2026 through June 30, 2027 and shall be effective upon execution by the governing boards of the Parties. The Parties shall have the option of extending this IGA for four (4) additional one-year periods or any portion thereof. Any revisions or extensions of this IGA shall be by written amendment executed by the governing boards of the Parties.

## V. Termination

Either Party may at any time and without cause terminate this IGA by providing the other Party ninety (90) days written notice of intent to terminate.

## VI. Jurisdiction

Nothing in this IGA shall be construed as either limiting or extending the statutory jurisdiction of the Parties.

## VII. Indemnification

To the extent permitted by law, 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 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, officials, agents, employees, or volunteers.

## VIII. Insurance

Each Party shall obtain and maintain at its own expense, during the entire term of this IGA the following type(s) and amounts of insurance:

a) Commercial General Liability in the amount of $2,000,000.00 combined single limit Bodily Injury and Property Damage.

b) Commercial or Business automobile liability coverage for owned, non-owned and hired vehicles used in the performance of this Contract with limits in the amount of $1,000,000.00 combined single limit or $1,000,000.00 Bodily Injury, $1,000,000.00 Property Damage.

c) If required by law, workers' compensation coverage including employees' liability coverage.

Parties to this IGA shall provide thirty (30) days written notice to all other Parties of cancellation, non-renewal or material change of coverage.

The above requirement may be alternatively met through self insurance pursuant to A.R.S. §§ 11-261 and 11-981 (or if a school district, § 15-382) or participation in an insurance risk pool under A.R.S. § 11.952.01 (if a school district, § 15-382), at no less than the minimal coverage levels set forth in this article. Parties to this agreement shall provide thirty (30) days written notice to all other Parties of cancellation, non-renewal or material change of coverage.

## IX. Compliance With Laws

The Parties shall comply with all federal, state and local laws, rules, regulations, standards and Executive Orders, without limitation to those designated within this IGA. The laws and regulations of the State of Arizona shall govern the rights of the Parties, the performance of this IGA and any disputes hereunder. Any action relating to this IGA shall be brought in an Arizona court in Pima County.

## X. Arbitration

The Parties agree to be bound by arbitration, as provided by in Arizona Revised Statutes § 12-1501 *et. seq*., to resolve disputes arising out of this IGA where the sole relief sought is monetary damages not in excess of the jurisdictional limit set by the Pima County Superior Court.

## XI. Non-Discrimination

The Parties shall not discriminate against any County or Town employee, client or any other individual in any way because of that person's age, race, creed, color, religion, sex, disability or national origin in the course of carrying out their duties pursuant to this IGA. The Parties shall comply with the provisions of Executive Order 75-5, as amended by Executive Order 99-4, which is incorporated into this IGA by reference, as if set forth in full herein.

## XII. ADA

The Parties shall comply with all applicable provisions of the Americans with Disabilities Act (Public Law 101-336, 42 U.S.C. 12101-12213) and all applicable federal regulations under the Act, including 28 CFR Parts 35 and 36.

## XIII. Severability

If any provision of this IGA, or any application thereof to the Parties or any person or circumstances, is held invalid, such invalidity shall not affect other provisions or applications of this IGA which can be given effect, without the invalid provision or application and to this end the provisions of this IGA are declared to be severable.

## XIV. Conflict of Interest

This contract is subject to cancellation for conflict of interest pursuant to A.R.S. § 38-511, the pertinent provisions of which are incorporated herein by reference.

## XV. Non-Appropriation

Notwithstanding any other provision in this IGA, this IGA may be terminated if for any reason the Pima County Board of Supervisors does not appropriate sufficient monies for the purpose of maintaining this IGA. In the event of such cancellation, County shall have no further obligation to Town other than for payment for services rendered prior to cancellation.

## XVI. Legal Authority

Neither Party warrants to the other its legal authority to enter into this IGA. If a court, at the request of a third person, should declare that either Party lacks authority to enter into this IGA, or any part of it, then the IGA, or parts of it affected by such order, shall be null and void, and no recovery may be had by either Party against the other for lack of performance or otherwise.

## XVII. Worker's Compensation

Each Party shall comply with the notice of A.R.S. § 23-1022 (E). For purposes of A.R.S. § 23-1022, irrespective of the operations protocol in place, each Party is solely responsible for the payment of worker's compensation benefits for its employees.

## XVIII. No Joint Venture

It is not intended by this IGA to, and nothing contained in this IGA shall be construed to, create any partnership, joint venture or employment relationship between the Parties or create any employer-employee relationship between County and any Town employees, or between Town and any County employees. Neither Party shall be liable for any debts, accounts, obligations or other liabilities whatsoever of the other, including (without limitation) the other party's obligation to withhold Social Security and income taxes for itself or any of its employees.

## XIX. No Third Party Beneficiaries

Nothing in the provisions of this IGA is intended to create duties or obligations to or rights in third parties not parties to this IGA or affects the legal liability of either Party to the IGA by imposing any standard of care with respect to the maintenance of public facilities different from the standard of care imposed by law.

## XX. Notices

Any notice required or permitted to be given under this IGA shall be in writing and shall be served by delivery or by certified mail upon the other Party as follows (or at such other address as may be identified by a party in writing to the other party):

County:

Pima County Sheriff's Department
Corrections Bureau Chief
1750 E. Benson Hwy.
Tucson, AZ 85714

Town:

TOWN OF ORO VALLEY
11000 North La Canada Dr.
Oro Valley, AZ 85737

*With copies to*:

County Administrator
115 North Church Avenue
2nd Floor, Suite 231
Tucson, Arizona 85701

Clerk of the Board
33 North Stone Avenue, Suite 100
Tucson, Arizona 85701

## XXI. Entire Agreement

This document constitutes the entire Agreement between the Parties pertaining to the subject matter hereof, and all prior or contemporaneous agreements and understandings, oral or written, are hereby superseded and merged herein. This IGA shall not be modified, amended, altered or extended except through a written amendment signed by the Parties.

This agreement may be executed in counterparts, each of which, when taken together, will constitute one original agreement.

*In Witness Whereof*, County has caused this Intergovernmental Agreement to be executed by the Chair of its Board of Supervisors, upon resolution of the Board and attested to by the Clerk of the Board, and Town has caused this Intergovernmental Agreement to be executed by the Mayor upon resolution of the Town Council and attested to by the Town Clerk:

| **PIMA COUNTY:** | **TOWN OF ORO VALLEY** |
| --- | --- |
| Chair, Board of Supervisors | Mayor |
| Date | Date |
| Clerk, Board of Supervisors | Town of Oro Valley Clerk |
| Date | Date |

## Intergovernmental Agreement Determination

The foregoing Intergovernmental Agreement between Pima County and the Town Of Oro Valley has been reviewed pursuant to A.R.S. § 11-952 by the undersigned, who have determined that it is in proper form and is within the powers and authority granted under the laws of the State of Arizona to those parties to the Intergovernmental Agreement represented by the undersigned.

**PIMA COUNTY:**

Deputy County Attorney

**TOWN OF ORO VALLEY**

Town of Oro Valley Attorney

**Town Council Regular Session** **D.**

**Meeting Date:** 06/03/2026

**Submitted By:** Catherine Hendrix, Police Department

**Department:** Police Department

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**SUBJECT:**

Resolution No. (R)26-27, authorizing and approving a first amendment to the Intergovernmental Agreement (IGA) between Pima County and the Town of Oro Valley for the Pima County Wireless Integrated Network (PCWIN) subscriber services

**RECOMMENDATION:**

Staff recommends approval.

**EXECUTIVE SUMMARY:**

Authorizing and approving this amendment to the IGA between Pima County and the Town of Oro Valley for the PCWIN subscriber services will continuously allow Pima County to provide repair and maintenance services to PCWIN radios.

**BACKGROUND OR DETAILED INFORMATION:**

On April 21, 2021, Council approved Resolution No. (R)21-12, authorizing and approving an IGA between Pima County and the Town of Oro Valley for the PCWIN Subscriber Services in order to provide repair and maintenance services to PCWIN radios. Pima County is amending the contract to extend the terms of the agreement. The extension will provide another five (5) years of service. This agreement may be renewed for an additional five (5) years through a written amendment. This agreement provides for the continuance of necessary repair and maintenance for the radios utilized by the Oro Valley Police Department.

**FISCAL IMPACT:**

The related expenses are included in the current budget along with the recommended budget for FY26/27.

**SUGGESTED MOTION:**

I MOVE to (adopt or deny) Resolution No. (R)26-27, authorizing and approving a first amendment to the Intergovernmental Agreement between Pima County and the Town of Oro Valley for the Pima County Wireless Integrated Network (PCWIN) subscriber services.

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**Attachments**

(R)26-27 PCWIN Amendment

PCWIN IGA Amendment

PCWIN Exhibit Monthly Subscriber Maintenance Services

PCWIN Exhibit OVPD Radios

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**RESOLUTION NO. (R)26-27**

**A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF ORO VALLEY, ARIZONA, AUTHORIZING AND APPROVING A FIRST AMENDMENT TO THE INTERGOVERNMENTAL AGREEMENT BETWEEN PIMA COUNTY AND THE TOWN OF ORO VALLEY FOR THE PIMA COUNTY WIRELESS INTEGRATED NETWORK SUBSCRIBER SERVICES; AND DIRECTING THE TOWN MANAGER, TOWN CLERK, TOWN ATTORNEY, OR THEIR DULY AUTHORIZED OFFICERS AND AGENTS TO TAKE ALL STEPS NECESSARY TO CARRY OUT THE PURPOSES AND INTENT OF THIS RESOLUTION**

**WHEREAS**, pursuant to A.R.S. § 11-952, the Town is authorized to enter into or renew agreements for joint and cooperative action with other public agencies; and

**WHEREAS**, the Town is authorized to establish and maintain the Oro Valley Police Department, pursuant to A.R.S. § 9-240 (B)(12); and

**WHEREAS**, The Pima County Wireless Integrated Network (PCWIN) communications system provides opportunity for Public Safety Service providers to migrate their communications services to a regional shared system governed by a Cooperative Board of Directors; and

**WHEREAS**, the Town entered into an Intergovernmental Agreement (IGA) with Pima County to operate, maintain, sustain, improve and finance the PCWIN on April 21, 2021, via Resolution (R)21-12 for a term of five (5) years commencing on June 22, 2021; and

**WHEREAS**, the Town and Pima County desire to extend the terms of this IGA for an additional 5 years; and

**WHEREAS**, it is in the best interest of the Town to enter into the First Amendment to the IGA, attached hereto as Exhibit "A" and incorporated herein by this reference, to provide for the health, safety and welfare of the residents in the Town of Oro Valley.

**NOW, THEREFORE, BE IT RESOLVED by the Mayor and Town Council of the Town of Oro Valley, Arizona, that:**

**SECTION 1.** The First Amendment to the Intergovernmental Agreement between the Town of Oro Valley and Pima County, attached hereto as Exhibit "A", for Pima County Wireless Integrated Network Subscriber Services is hereby authorized and approved.

**SECTION 2.** The Mayor and any other administrative officials are hereby authorized to take such steps as necessary to execute and implement the terms of the Agreement.

**SECTION 3.** The Town Manager, Town Clerk, Town Attorney, or their duly authorized officers and agents are hereby authorized and directed to take all steps necessary to carry out the purposes and intent of this resolution.

**SECTION 4.** If any section, subsection, sentence, clause, phrase, or portion of the resolution or any part of the First Amendment to the Intergovernmental Agreement between the Town of Oro Valley and Pima County, attached hereto as Exhibit "A", is for any reason held to be 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 5.** All Oro Valley ordinances, resolutions, or motions and parts of ordinances, resolutions or motions of the Council in conflict with the provisions of this Resolution are hereby repealed

**PASSED AND ADOPTED** by the Mayor and Town Council of the Town of Oro Valley, Arizona, this 3rd day of June, 2026.

**TOWN OF ORO VALLEY**

_____
Joseph C. Winfield, Mayor

**ATTEST:**

_____
Michael Standish, Town Clerk

Date: _____

**APPROVED AS TO FORM:**

_____
Steven Zraick, Town Attorney

Date: _____

**EXHIBIT “A”**

**Pima County Wireless Integrated Network (PCWIN)**

**Project: Subscriber Services**

**Agency: Town of Oro Valley Police Department**

**Contract No.: CTN-WIN-21000000000000000117 (FKA CTN-WIN 21-117)**

**Contract Amendment No.: One**

| | | | |
|---|---|---|---|
| **Orig. Contract Term:** | 06/22/2021 – 6/21/2026 | **Orig. Amount:** | $52,456.75 |
| **Termination Date Prior Amendment:** | N/A | **Prior Amendments Amount:** | $0 |
| **Termination Date This Amendment:** | 6/20/2031 | **This Amendment Amount:** | $46,800.00 |
| | | **Revised Total Amount:** | $99,256.75 |

## FIRST AMENDMENT TO INTERGOVERNMENTAL AGREEMENT BETWEEN PIMA COUNTY AND TOWN OF ORO VALLEY POLICE DEPARTMENT FOR PCWIN SUBSCRIBER SERVICES

The parties agree to amend the above-referenced contract as follows:

1. **Background and Purpose.**

   1.1. Background. On June 22, 2021, County and Agency entered into the above referenced agreement to provide subscriber services.

   1.2. Purpose. Town of Oro Valley wishes extend the terms of the agreement for 5 years with the option to renew for additional 5-year terms.

2. **Term.** The parties agree to extend the contract term for five additional years commencing on June 22, 2026 and terminating on June 21, 2031. This Agreement may be renewed for an additional five year term via written agreement signed by the Parties so long as Agency maintains membership in PCWIN.

3. **Exhibit A.** Exhibit A is replaced in its entirety by new Exhibit A attached hereto.

4. **Exhibit B.** Exhibit B has been amended to reflect current subscriber fees and Town of Oro Valley Police Department's updated radio count.

All other provisions of the Contract not specifically changed by this Amendment remain in effect and are binding upon the parties.

**Signature Page to Follow**

**PIMA COUNTY**

_____
Chair, Board of Supervisors

_____
Date

ATTEST

_____
Clerk of the Board

_____
Date

APPROVED AS TO FORM

_____
Deputy County Attorney

_____
Print DCA Name

_____
Date

**TOWN OF ORO VALLEY**

_____
Authorized Officer Signature

_____
Printed Name and Title

_____
Date

**Exhibit A**

# PCWIN Wireless Services

## Monthly Subscriber Maintenance Services

| ITEM | PRICE |
|---|---|
| Subscriber Services Provided;<br>• Programming<br>• New radio activation<br>• Basic troubleshooting<br>• Load/remove encryption key<br>• Radio inhibit (lost or stolen) -Documentation will need to be provided<br>• Loaner radio during radio repairs, if available | **$13.00 per radio, monthly fee (Effective July 1, 2023)** |
| Parts/accessories replaced;<br>• Knobs<br>• Belt Clips<br>• Batteries<br>• Antennas<br>• Dust Covers<br>• Single Unit Desk Chargers<br>• Dual Head Conversion Kits | **No Charge** |
| **Radio Reactivation/Deactivation fee** | **$60 per occurrence, per radio** |
| | |
| **FedEx Shipping Flat Rate Fee** | **$20** |
| | |
| **Annual Preventative Maintenance** | **No Charge** |
| Preventative Maintenance includes:<br><u>Portable Radios</u><br>✓ Inspect and clean<br>✓ Test/tune radio to factory specifications<br><u>Mobile Radios</u><br>✓ Inspect and clean<br>✓ Pre/post inspection of vehicle<br>✓ Test coax and antenna<br>✓ Removal and installation of radio<br>✓ Test/tune radio to factory specifications<br><u>Control Station</u><br>✓ Inspect and clean<br>✓ Test/tune radio to factory specifications | No Charge |

**NOTES**

1. Motorola depot cost(s) and applicable taxes are the responsibility of the agency.
2. Damage caused by physical abuse, chemicals, or liquids are NOT covered.
3. Covered replacement parts are a 1 for 1 swap; damaged/malfunctioning parts must be turned in to receive replacement.
4. Lost or stolen parts will be charged to the agency/department.
5. Repair or replacement of coax and wiring is not covered.

# PCWIN Wireless Services

## Time and Material Subscriber Maintenance Services

| ITEM | PRICE |
|---|---|
| Subscriber Services Provided;<br>• New radio activation<br>• Reprogramming repaired radio<br>• UID changes<br>• Talkgroup changes<br>• Fleetmap modification<br>• Load/remove encryption key<br>• Radio inhibit (lost or stolen). Documentation will need to be provided | **$60.00 per hour, 1 hour minimum charge (Effective July 1, 2020)** |
| | |
| **Radio Reactivation/Deactivation fee** | **$60 per occurrence, per radio** |
| | |
| **FedEx Shipping Flat Rate Fee** | **$20** |
| | |
| **Mileage** | **$1.16 per mile**[1] |
| | |
| **Annual Preventative Maintenance** | **$30 per radio (Effective July 1 ,2023)** |
| T&M Subscriber Services customers are required to have an annual preventative maintenance check performed on their radios which includes:<br><u>Portable Radios</u><br>✓ Inspect and clean<br>✓ Test/tune radio to factory specifications<br><u>Mobile Radios</u><br>✓ Inspect and clean<br>✓ Pre/post inspection of vehicle<br>✓ Test coax and antenna<br>✓ Removal and installation of radio<br>✓ Test/tune radio to factory specifications<br><u>Control Station</u><br>✓ Inspect and clean<br>✓ Test/tune radio to factory specifications | |

**NOTES**

1. Motorola depot cost(s) and applicable taxes are the responsibility of the agency.
2. Parts and materials used for repairs will be billed at current approved rate.

[1] Mileage computed from PCWIN Wireless Services, 3434 E. 22nd St., Tucson, AZ

# EXHIBIT B

| | |
|---|---|
| **Agency Name** | Oro Valley Police Department |
| **Monthly / T&M / Both** | T&M |

| | Totals |
|---|---|
| # of Mobiles | 162 |
| # of Portables | 148 |
| # of Control Stations | 2 |
| # of DVRSs | 0 |
| **Totals** | 312 |

## Time and Materials Maintenance Services

| **T&M** | # of Radios | *Preventive Maintenance Annual Fee ($30 per radio) |
|---|---|---|
| Mobiles | 162 | $4,860 |
| Portables | 148 | $4,440 |
| Control Stations | 2 | $60 |
| DVRs | 0 | $0 |
| **Totals** | 312 | **$9,360** |

| | | |
|---|---|---|
| **Estimated Grand Total ( 5 years)** | | **$46,800** |

*Preventive maintenance is required annually on all radios.

DRAFT

**Town Council Regular Session** **E.**

**Meeting Date:** 06/03/2026

**Requested by:** Kara Riley **Submitted By:** Catherine Hendrix, Police Department

**Department:** Police Department

## SUBJECT:

Resolution No. (R)26-28, delegating authority to the Oro Valley Chief of Police to sign and enter a subrecipient agreement between the Town of Oro Valley and the Arizona Department of Homeland Security to fund overtime and mileage under the Operation Stonegarden program

## RECOMMENDATION:

Staff recommends approval.

## EXECUTIVE SUMMARY:

For several years, the Arizona Department of Homeland Security (AZDOHS) has partnered with the Town of Oro Valley Police Department (OVPD), providing funding for Operation Stonegarden to include overtime and mileage, as well as the purchase of critical equipment. On May 8, 2026, OVPD was provided a notice awarding the funding for overtime and mileage. OVPD wishes to enter into a subgrantee agreement with AZDOHS to fund overtime and mileage for officers to be deployed under the Operation Stonegarden program.

## BACKGROUND OR DETAILED INFORMATION:

The grant application was made in order to work in a regional partnership with other local law enforcement agencies and the U.S. Border Patrol Tucson Sector to reduce crime and improve the quality of life for the residents and visitors of Oro Valley. This grant will use targeted deployments of officers to impact the flow of smugglers engaged in human trafficking and illegal contraband, as well as possible terrorists who intend to cause harm or commit crimes against this nation.

## FISCAL IMPACT:

The capacity exists in the current FY 25/26 budget, and it is requested in the FY 26/27 budget to accept this grant award for a total of $143,000.

## SUGGESTED MOTION:

I MOVE to (approve or deny) Resolution No. (R)26-28, delegating authority to the Oro Valley Chief of Police to sign and enter a subrecipient agreement between the Town of Oro Valley and the Arizona Department of Homeland Security to fund overtime and mileage under the Operation Stonegarden program.

## Attachments

(R)26-28 Stonegarden OT & Mileage

Stonegarden Subrecipient Agreement

**RESOLUTION NO. (R)26-28**

**A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF ORO VALLEY, ARIZONA, DELEGATING AUTHORITY TO THE ORO VALLEY CHIEF OF POLICE TO SIGN AND ENTER A SUBRECIPIENT AGREEMENT BETWEEN THE TOWN OF ORO VALLEY AND THE ARIZONA DEPARTMENT OF HOMELAND SECURITY TO FUND OVERTIME AND MILEAGE UNDER THE OPERATION STONEGARDEN PROGRAM; AND DIRECTING THE TOWN MANAGER, TOWN CLERK, TOWN ATTORNEY, OR THEIR DULY AUTHORIZED OFFICERS AND AGENTS TO TAKE ALL STEPS NECESSARY TO CARRY OUT THE PURPOSES AND INTENT OF THIS RESOLUTION**

**WHEREAS**, the Arizona Department of Homeland Security (AZDOHS) requires participating jurisdictions to enter into a Subrecipient Agreement to receive the funds granted under the Operation Stonegarden Program; and

**WHEREAS**, the Town of Oro Valley's allocation under the grant is a maximum of $143,000 which will be used to fund overtime and mileage under the Operation Stonegarden Program for deployments with the U.S. Department of Homeland Security Bureau of Customs and Border Protection; and

**WHEREAS**, it is in the best interest of the Town of Oro Valley to delegate authority to the Oro Valley Chief of Police to enter the Subrecipient Agreement (attached hereto as Exhibit "A" and incorporated herein by this reference) in order to receive funds which will be used to fund overtime and mileage under the Operation Stonegarden Program for deployments with the U.S. Department of Homeland Security Bureau of Customs and Border Protection.

**NOW THEREFORE BE IT RESOLVED by the Mayor and Town Council of the Town of Oro Valley, Arizona, that:**

**SECTION 1.** Authority is delegated to the Oro Valley Chief of Police to enter the Subrecipient Agreement between the Town of Oro Valley, for the benefit of the Oro Valley Police Department, and the Arizona Department of Homeland Security, attached hereto as Exhibit "A" and incorporated herein by this reference, to fund overtime and mileage under the Operation Stonegarden Program for deployments with the U.S. Department of Homeland Security Bureau of Customs and Border Protection.

**SECTION 2.** The Town Manager, Town Clerk, Town Attorney, or their duly authorized officers and agents are hereby authorized and directed to take all steps necessary to carry out the purposes and intent of this resolution.

**SECTION 3.** All Oro Valley resolutions or motions and parts of resolutions or motions of the Council in conflict with the provision of this Resolution are hereby repealed.

**SECTION 4.** If any section, subsection, sentence, clause, phrase or portion of this Resolution, or the Subrecipient Agreement attached hereto as Exhibit "A" is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

**PASSED AND ADOPTED** by the Mayor and Town Council of the Town of Oro Valley, Arizona, this 3rd day of June, 2026.

**TOWN OF ORO VALLEY, ARIZONA**

_____
Joseph C. Winfield, Mayor

**ATTEST:**

_____
Michael Standish, Town Clerk

Date: _____

**APPROVED AS TO FORM:**

_____
Steven Zraick, Town Attorney

Date: _____

# EXHIBIT “A”

# SUBRECIPIENT AGREEMENT
# 25-AZDOHS-OPSG- 250426-01
# Between

## The Arizona Department of Homeland Security ("AZDOHS")

## And

## Oro Valley Police Department

## UEI Number: M1KGM1EJMNJ4

WHEREAS, A.R.S. §41-4254 makes the Arizona Department of Homeland Security (AZDOHS) responsible for administering the funds covered by this agreement ("Agreement"), the parties hereby agree to the following terms:

1. **Purpose of Agreement** This Agreement is to specify the rights and responsibilities of AZDOHS in administering the distribution of homeland security grant funds to Subrecipient, and to specify the rights and responsibilities of Subrecipient as the recipient of these funds.

2. **Period of Performance** This Agreement shall become effective on **May 11, 2026** and shall terminate on **April 30, 2027** (the "Period of Performance"). The obligations of Subrecipient herein survive termination of this Agreement.

3. **Description of Services** Subrecipient must fulfill all obligations set forth in Subrecipient's approved grant application titled: **"OPSG OVERTIME-MILEAGE"** and funded at **$143,000** (as may have been modified by the award letter).

4. **Financing and Fiscal Responsibility** Under the U.S. Department of Homeland Security ("DHS") grant #EMW-2025-SS-05003 and Catalog of Federal Domestic Assistance ("CFDA") #97.067, AZDOHS shall provide up to **$143,000** to Subrecipient under this Agreement.

   Payment to Subrecipient must be on a reimbursement basis only, conditioned upon Subrecipient providing AZDOHS with proof of payment and applicable, accurate and complete reimbursement documents, as deemed necessary by AZDOHS. A list of acceptable documentation is at www.azdohs.gov. Payments are contingent on Subrecipient performing all its obligations under this Agreement. Subrecipient may use the funds provided under this Agreement only as provided in the application and award documentation. If Subrecipient does not complete all its obligations, Subrecipient must immediately reimburse all previously provided funds to AZDOHS. If Subrecipient completes its obligations at a lower than the budgeted cost, the amount reimbursed to Subrecipient will be only the amount actually spent by Subrecipient in accordance with the approved application. For any expenditure disallowed after or otherwise by AZDOHS, or the State or Federal government, Subrecipient must immediately reimburse such funds to AZDOHS.

**5.** **Reporting Requirements** Subrecipient must submit quarterly programmatic reports to AZDOHS as follows:

**January 15** (for the period from October 1– December 31)
**April 15** (for the period from January 1 – March 31)
**July 15** (for the period from April 1 – June 30)
**October 15** (for the period from July 1 – September 30)

Subrecipient must use the Quarterly Programmatic Report form (https://azdohs.gov/grant-program-forms) for these reports. Subrecipient must provide detailed information on the status of completion of the planned activities in the approved application satisfactory to AZDOHS in its sole discretion. Failure to adequately provide such information will result in the Quarterly Programmatic Report being rejected by AZDOHS and resubmission will be required. If the program has been fully completed so that there will be no further updates, then the quarterly report for the quarter in which the program was completed will be the final report; the report should be marked as "final" and must include all pertinent information regarding the program as determined solely by AZDOHS.

Final Quarterly Programmatic Report: The final quarterly programmatic report is due no more than **15** calendar days after the end of the performance period. Subrecipient may submit a final quarterly report prior to the end of the performance period if the scope of the project has been fully completed and implemented. The Property Control Form is due with the final quarterly report (if applicable).

**6.** **Reimbursements** Subrecipient must provide AZDOHS with requests for reimbursement as frequently as monthly but not less than quarterly; submissions must be made via US Mail, delivery service (FedEx, UPS, etc.) or in person; **submissions via fax or by any electronic means will not be accepted**. Reimbursement requests shall be submitted with the Reimbursement Form provided by AZDOHS staff. AZDOHS has the right to require Subrecipient to provide any documentation and/or information AZDOHS deems necessary to process submissions.

Reimbursement requests are only required when expenses have been incurred. The Subrecipient shall submit a final reimbursement request, marked as such, for expenses received and invoiced prior to the end of the period of performance. The final reimbursement must be **received** by AZDOHS no more than **45** calendar days after the end of the period of performance. Requests for reimbursement received by AZDOHS later than 45 calendar days after the end of the period of performance will not be paid.

Subrecipients will only be reimbursed for expenses that have been obligated, expended and received within the authorized Period of Performance as identified in Paragraph 2 of this Agreement. Subrecipients are not authorized to obligate or expend funds prior to the start date of the Period of Performance. Any expenses obligated or expended prior to the Period of Performance start date will be deemed unallowable and will not be reimbursed. Any expenses/services that occur beyond the Period of Performance (e.g. cell phone service) will be deemed unallowable and will not be reimbursed.

**7.** **Environmental Planning and Historic Preservation** Subrecipient **must** comply with Federal, State, and Local environmental and historical preservation (EHP) regulations,

laws and Executive Orders as applicable. *See* https://www.fema.gov/emergency-managers/practitioners/environmental-historic/laws/ehp-directive-instruction and https://azdohs.gov/environmental-and-historic-preservation-ehp. Subrecipients proposing programs with potential environmental impact **must** participate in the DHS/Federal Emergency Management Agency (FEMA) EHP review process. Subrecipient **must** complete the EHP review process before funds will be released by AZDOHS. If Subrecipient engages in ground disturbing activities, Subrecipient must monitor ground disturbance. If archeological resources are discovered, Subrecipient must immediately (a) cease construction and (b) notify FEMA, AZDOHS, and the Arizona State Historic Preservation Office. AZDOHS/DHS/FEMA **will not fund or reimburse** projects that are initiated without the required EHP review.

8. **Procurement (including Noncompetitive Procurement)** Subrecipient must comply with its procurement rules/policies, all Federal procurement rules/policies, including provisions of 2 CFR Part 200, which were updated by OMB in April of 2024, and all Arizona Procurement Code provisions and rules, the most restrictive of which will apply. Subrecipient **must not** enter into a noncompetitive procurement unless AZDOHS grants **prior written approval** via the Noncompetitive Procurement Request form at https://azdohs.gov/grant-program-forms.

9. **Property Control** Subrecipient must safeguard and maintain control and accountability for all property/equipment purchased under this Agreement, and Subrecipient must assure that it is used only for purposed authorized under this Agreement and maintained as provided in 2 CFR 200.313. Such property/equipment shall be used by Subrecipient in the program for which it was acquired as long as needed, whether or not the program continues to be supported by Federal grant funds. Subrecipient must immediately investigate and report to AZDOHS any loss, damage, or theft. Subrecipient must replace any property/equipment lost, damaged or stolen at Subrecipient's expense, and must immediately submit an updated Property Control Form (https://azdohs.gov/grant-program-forms) to AZDOHS.

   "Nonexpendable Property/Equipment" is property that has a continuing use, is not consumed in use, has an expected life of one year or more, costs $10,000 or more per unit, and does not become a fixture or lose its identity as a component of other equipment/systems, while a "Capital Asset" is personal or real property or a fixture costing $10,000 or more per unit with an expected life of one year or more. Subrecipient is solely responsible for the proper maintenance of all Nonexpendable Property/Equipment and Capital Assets acquired under this Agreement Subrecipient must take a physical inventory of all such Nonexpendable Property/Equipment and Capital Assets and reconcile the results with the Property Control Form at least once every two years. Subrecipient must maintain a control system to prevent loss, damage, or theft of such Nonexpendable Property/Equipment and Capital Assets, and Subrecipient must immediately report any loss, damage, or theft to AZDOHS. A Property Control Form (if applicable) shall be maintained for the entire scope of the program or project for which property was acquired through the end of its useful life and/or disposition. All Nonexpendable Property and Capital Assets must be included on the Property Control Form. **The Subrecipient, if applicable, shall provide AZDOHS a copy of the Property Control Form with the final quarterly programmatic report**. The Property Control Form can be located at https://azdohs.gov/grant-program-forms. The Subrecipient agrees to be subject to equipment monitoring and auditing by state or federal authorized representatives to verify information.

When Nonexpendable Property/Equipment and/or Capital Assets acquired under this Agreement are no longer needed by the Subrecipient for the original program or for other activities currently or previously supported by a federal awarding agency, Subrecipient must immediately submit an updated Property Control Form to AZDOHS, and any disposition must be in compliance with AZDOHS Disposition Guidance (https://azdohs.gov/grant-program-forms) and 2 CFR Part 200, including specifically 2 CFR 200.313. If Subrecipient seeks disposition of such Nonexpendable Property/Equipment or Capital Assets for any reason other than theft, destruction, or loss, Subrecipient must submit an Equipment Disposition Request Form (https://azdohs.gov/grant-program-forms) to AZDOHS and receive approval from AZDOHS prior to disposition. Subrecipient must update the Property Control Form and provide a copy to AZDOHS within 45 calendar days after disposition. Per 2 CFR 200.333(c), Subrecipient must retain all records relating to such Nonexpendable Property/Equipment and Capital Assets for 3 years after disposition.

10. **Training and Exercise** All training and/or exercise events must be included in Subrecipient's application. Alternate/additional training/exercise requests must be approved in advance by AZDOHS. Subrecipient must submit a Project Modification Request Form (https://azdohs.gov/grant-program-forms) for review and approval by AZDOHS prior to scheduling alternate/additional training/exercise events. For those projects that are managed by DEMA, alternate/additional training requests must be approved in advance by DEMA and AZDOHS using the Pre-approval form (https://dema.az.gov/emergency-management/preparedness/training-branch). All exercises must comply with FEMA Homeland Security Exercise and Evaluation Program (https://www.fema.gov/emergency-managers/national-preparedness/exercises/hseep; "HSEEP") guidance. Subrecipient will (a) Submit an exercise summary and attendance/sign-in roster; and (b) Email the After Action Report/Improvement Plan to the local County Emergency Manager, AZDOHS, and the DEMA Exercise Branch, within 90 days of completion of an exercise or as prescribed by HSEEP.

11. **Consultants/Trainers/Training Providers** Invoices for consultants/trainers/training providers must include: a description of services; dates of services; number of hours for services performed; rate charged; and the total cost of services. Rates must be within the prevailing rates; must be consistent with Subrecipient's procurement policies and 2 CFR Part 200; and shall not exceed **$650** per day per consultant/trainer/training provider unless AZDOHS grants prior written approval. This includes internal personnel hired on backfill/overtime to deliver training. Subrecipient will not be reimbursed costs other than travel, lodging, meals, and incidentals on travel days for consultants/trainers/training providers, at rates not to exceed State rates, and itemized receipts are required. See Travel Costs below, at Paragraph 12.

12. **Travel Costs** All grant funds expended for travel, lodging, meals and incidentals are subject to the standards of Subrecipient's policies and procedures, and the State of Arizona Accounting Manual (https://gao.az.gov/publications/saam), which Subrecipient must apply uniformly to both Federally financed and its other activities. AZDOHS will reimburse at the most restrictive allowability and rates. At no time will Subrecipient's reimbursements exceed the State rates established by the Arizona Department of Administration: https://gao.az.gov/travel.

**13.** **Contractors/Subcontractors** Subrecipient may enter into written subcontract(s) in accordance with 2 CFR Part 200 and the NOFO. No subcontract that the Subrecipient enters into relieves Subrecipient of any responsibilities under this Agreement. Subrecipient must give AZDOHS immediate notice in writing of any action filed or claim made against Subrecipient by any subcontractor or vendor.

**14.** **Allowable Costs** The allowability of costs incurred under this Agreement shall be determined by AZDOHS in its sole discretion and in accordance with the general principles and standards set forth in the CFR, FEMA Authorized Equipment List (https://www.fema.gov/grants/tools/authorized-equipment-list), and guidance documents (i.e. NOFO, Preparedness Grants Manual, Information Bulletins). Subrecipient's use of grant funds for indirect costs must be in accordance with 2 CFR Part 200, including 2 CFR 200.211(b)(16) and the NOFO. Subrecipient must apply to AZDOHS for its written approval of indirect costs prior to expenditure. Subrecipient may not expend grant funds for Management and Administrative costs for administering such funds without prior written approval of AZDOHS.

**15.** **Amendments** Any change in this Agreement including but not limited to the Description of Services, Period of Performance and budget described herein, whether by modification or supplementation, must be accomplished by a formal Agreement amendment signed and approved by and between the duly authorized representatives of the Subrecipient and the AZDOHS. Any such amendment shall specify: 1) an effective date; 2) any increases or decreases in the amount of the Subrecipient's reimbursement, if applicable; 3) be titled as an "Amendment," and 4) be signed by the parties identified in the preceding paragraph. The Subrecipient expressly and explicitly understands and agrees that no other method of communication, including any other document, correspondence, act, or oral communication by or from any person, shall be used or construed as an amendment or modification or supplementation to this Agreement.

**16.** **Audit/Monitoring**

a. Subrecipient must comply with the record-keeping and other requirements of ARS 35-214 and 35-215, and shall ensure that its contractors and subcontractors at all tiers also comply.

b. Under 31 USC 7501-7507and 2 CFR 200.501, Subrecipient will be subject to audit per 2 CFR Part 200, if Subrecipient expended $1,000,000 or more in Federal awards in its previous fiscal year. If Subrecipient has met or exceeded this threshold, Subrecipient must submit to AZDOHS a copy of Subrecipient's single audit or program specific audit report for the previous fiscal year (and for subsequent fiscal years that fall within the Period of Performance) annually, within 9 months of Subrecipient's fiscal year end. Subrecipients not subject to this requirement must submit to AZDOHS via audits@azdohs.gov a statement that they do not meet the threshold and therefore do not have to complete a single audit or program specific audit.

c. Failure of Subrecipient to comply with any requirements resulting from an audit will suspend reimbursement by AZDOHS to Subrecipient and Subrecipient will not be eligible for any new award, until Subrecipient is in complete compliance.

AZDOHS will monitor Subrecipient to ensure that program goals, objectives, performance requirements, timelines, planned objectives, budgets, and all other related program criteria are being met. Subrecipient must comply with applicable provisions governing DHS

access to records, accounts, documents, information, facilities, and staff and must require any contractors, successors, transferees, and assignees to comply with these same provisions pursuant to 2 CFR § 200.337. Subrecipient must cooperate with any review or investigation conducted by DHS and/or AZDOHS. Subrecipient must give DHS and AZDOHS access to and the right to copy records, accounts, and other documents and sources of information related to the grant and permit access to facilities, personnel, and other individuals and information as deemed necessary by DHS or AZDOHS. Subrecipient must submit timely, complete, and accurate reports to the appropriate DHS and AZDOHS officials and maintain appropriate backup documentation. Subrecipient must comply with all other reporting, data collection, and evaluation requirements prescribed by law or in program guidance.

**17.** **NOFO, DHS Standard Terms, Agreement Articles, and PGM** Subrecipient must comply with all applicable terms within the Notice of Funding Opportunity (NOFO), the FY 2025 DHS Standard Terms and Conditions, the Agreement Articles attached to the FEMA Award Letter to AZDOHS, and the Preparedness Grant Manual (PMG). The applicable terms of each of the NOFO, FY 2025 DHS Standard Terms and Conditions, Agreement Articles, and PMG are hereby incorporated into this Agreement, and many, but not all, of the applicable terms are also included or restated within this Agreement. If a condition in the NOFO is inconsistent with FY 2025 DHS Standard Terms and Conditions, the condition shall be invalid to the extent of the inconsistency.

However;

Notwithstanding their inclusion in the Agreement Articles and 2025 DHS Standard Terms and Conditions, the following terms and Agreement Articles do not apply: (1) paragraph C.IX (Communication and Cooperation with the Department of Homeland Security and Immigration Officials) of the 2025 DHS Standard Terms and Conditions and the Agreement Article titled “Communication and Cooperation with the Department of Homeland Security and Immigration Officials”; and (2) paragraph C.XVII(2)(a)(iii) (Anti-Discrimination Grant Award Certification regarding immigration) of the 2025 DHS Standard Terms and Conditions and paragraph (2)(a)(iii) of the Agreement Article titled “Anti-Discrimination.”

AND

In regard to SHSP and UASI Programs, Pursuant to the memorandum and order issued on September 24, 2025, in State of Illinois, et al. v. Federal Emergency Management Agency, et. al, No. 25-206 (D.R.I.) and the preliminary injunction order issued on August 22, 2025, in City and County of San Francisco, et al. v. Trump, et al., No. 3:25-cv-01350 (N.D. Cal.), the following terms and conditions do not apply to awards or subawards subject to the orders while the orders remains in effect: (1) paragraph C.IX (Communication and Cooperation with the Department of Homeland Security and Immigration Officials) of the DHS Standard Terms and Conditions and the Agreement Article titled “Communication and Cooperation with the Department of Homeland Security and Immigration Officials” in this award package; (2) paragraph C.XVII(2)(a)(iii) (Anti-Discrimination Grant Award Certification regarding immigration) of the DHS Standard Terms and Conditions and paragraph (2)(a)(iii) of the Agreement Article titled “Anti-Discrimination” in this award package; and (3) the “State Homeland Security Program: Compliance with Federal Immigration Law” Agreement Article. If

memorandum and order or preliminary injunction in either of these matters are stayed, vacated, or extinguished, the "State Homeland Security Program: Compliance with Federal Immigration Law" Agreement Article (Article 61) will immediately become effective.

**18.** **National Incident Management System** Subrecipient must remain in compliance with National Incident Management System implementation initiatives as provided in the NOFO.

**19.** **Communications Equipment** All Land Mobile Radio equipment purchased must comply with: (a) P25 (Project 25) standards (https://www.cisa.gov/safecom); (b) SAFECOM Guidance (https://www.cisa.gov/safecom); (c) Land Mobile Radio Minimum Equipment Standards as approved by the Statewide Interoperability Executive Committee (https://www.azdps.gov/content/basic-page/127); and (d) Arizona's State Interoperable Priority Programming Guide (https://www.azdps.gov/content/basic-page/127).

**20.** **Nonsupplanting Agreement** Subrecipient must not use funds received under this Agreement to supplant Federal, State, Tribal or Local funds or other resources, and may be required to document this. If a position created by this Agreement is filled from within, the resulting vacancy must be filled within 30 days, and if not, Subrecipient must stop charging the grant for the new position; upon filling the vacancy, Subrecipient may resume charging for the position. A cost allocable to a particular Federal award provided for in 2 CFR Part 200 Subpart E may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal award(s), or any other reason. However, Subrecipient from may shift costs allowable under two or more Federal awards if allowed by Federal statute, regulation, or the terms of the Federal award(s).

**21.** **E-Verify** Subrecipient must comply with all State and Federal immigration laws and regulations relating to its employees and to employees of any contractor or subcontractor retained through Subrecipient to provide goods or services related to this Agreement, including but not limited to ARS 23-214(A) and ARS 41-4401. A breach of this obligation is a material breach of this Agreement and Subrecipient may be subject to penalties to be determined at AZDOHS's discretion, up to and including termination of this Agreement. AZDOHS will have the right to inspect the papers of any Subrecipient employee who works on this Agreement, and to those of any employee of any contractor or subcontractor retained through Subrecipient.

**22.** **Research and Development** Subrecipient may not use funds obtained under this Agreement for research/development.

**23.** **Funds Management** Subrecipient must maintain funds received under this Agreement in separate accounts and cannot mix these funds with funds from other sources. Subrecipient must manage funds according to all applicable Federal regulations, including 2 CFR Part 200 and specifically 2 CFR 200.302. Subrecipient must maintain the following business systems:

- Financial Management
- Procurement
- Personnel

- Property
- Travel

To be adequate, a business system must be 1) complete and in writing; and 2) consistently followed – Subrecipient must apply it in all circumstances, regardless of funding source.

**24.** **Reporting of Matters Related to Recipient Integrity and Performance** If the total of Subrecipient's currently active grants, cooperative agreements, and procurement contracts from all Federal assistance offices exceeds $10,000,000 at any time during the Period of Performance, Subrecipient must comply with Appendix XII to 2 CFR Part 200.

**25.** **Mandatory Disclosures** Subrecipient must disclose, in a timely manner and in writing, to AZDOHS all violations of federal criminal law involving, fraud, bribery, or gratuity violations potentially affecting the Federal award, as required by 2 CFR 200.113.

**26.** **Nondiscrimination** Subrecipient must comply with the following that apply to this Federally-funded program:

a. 29 USC 794, which bars discrimination against qualified handicapped individuals solely by reason of the handicap;

b. 42 USC 2000d *et seq.*, 6 CFR Part 21, and 44 CFR Part 7, which bar discrimination on grounds of race, color, or national origin (which requires Subrecipient to take reasonable steps to provide accommodation to persons with Limited English Proficiency; Subrecipient must refer to the DHS Guidance at https://www.dhs.gov/guidance-published-help-department-supported-organizations-provide-meaningful-access-people-limited and the resources at http://www.lep.gov);

c. All State and Federal equal opportunity and non-discrimination requirements and conditions of employment, including but not limited to Arizona Executive Order 2023-01 (https://azgovernor.gov/office-arizona-governor/executive-order/1-0) and 42 USC 12101-12213 (which bar discriminating on the basis of disability;

d. 42 USC 6101 *et seq.*, which prohibits discrimination on the basis of age;

e. The equal treatment policies and requirements contained in 6 CFR Part 19 and other applicable statutes, regulations, and guidance governing faith-based organizations;

f. 20 USC 1681 *et seq.* and 6 CFR Part 17 and 44 CFR Part 19, which bars discrimination on the basis of sex; and

g. 42 USC 3601 *et seq.* and 24 CFR Part 100, which prohibit discrimination in the sale, rental, financing, and advertising of dwellings, or in the provision of related services, on the basis of race, color, national origin, religion, disability, familial status, and sex.

**27.** **Anti-discrimination** Subrecipient must comply with all applicable Federal anti-discrimination laws material to the government's payment decisions for purposes of 31 U.S.C. 3729(b)(4).

(1) Definitions. As used in this clause;

(a) DEI means “diversity, equity, and inclusion.”

(b) DEIA means “diversity, equity, inclusion, and accessibility.”

(c) Discriminatory equity ideology has the meaning set forth in Section 2(b) of Executive Order 14190 of January 29, 2025.

(d) Federal anti-discrimination laws mean Federal civil rights law that protect individual Americans from discrimination on the basis of race, color, sex, religion, and national origin.

(2) Grant award certification.

(a) By accepting the grant award, recipients are certifying that:

(i) They do not, and will not during the term of this financial assistance award, operate any programs that advance or promote DEI, DEIA, or discriminatory equity ideology in violation of Federal anti-discrimination laws; and

(ii) They do not engage in and will not during the term of this award engage in, a discriminatory prohibited boycott.

(3) DHS reserves the right to suspend payments in whole or in part and/or terminate financial assistance awards if the Secretary of Homeland Security or her designee determines that the recipient has violated any provision of subsection (2).

(4) Upon suspension or termination under subsection (3), all funds received by the subrecipient shall be deemed to be in excess of the amount that the subrecipient is determined to be entitled to under the Federal award for purposes of 2 CFR § 200.346. As such, all amounts received will constitute a debt to the Federal Government that may be pursued to the maximum extent permitted by law.

**28.** **Intellectual Property** Subrecipient must affix the copyright notices required by 17 USC 401 and 402 and include an acknowledgement of Government sponsorship (including award number) to any work first produced under this Agreement. Unless otherwise provided by law, Subrecipient is subject to 35 USC 200-212 and is subject to the specific requirements governing the development, reporting, and disposition of rights to inventions and patents resulting from financial assistance awards that are in 37 CFR Part 401, including specifically 37 CFR 401.14. Subrecipient must obtain DHS’s approval prior to using the DHS seal(s), logos, crests or reproductions of flags or likenesses of DHS agency officials. Subrecipient agrees that DHS and AZDOHS have a royalty-free, non-exclusive, and irrevocable license to reproduce, publish, or otherwise use, and authorize others to use: (a) the copyright in any work developed under an award or sub-award; and (b) any rights of copyright to which Subrecipient purchases ownership with Federal support. Subrecipient must acknowledge its use of Federal funding when issuing statements, press releases, requests for proposals, bid invitations, and other documents describing programs funded in whole or in part with Federal funds. Subrecipient must not advertise or publish information for commercial benefit concerning this Agreement without the prior written approval of AZDOHS.

**29.** **Activities Conducted Abroad** Subrecipient must ensure that program activities carried on outside the United States are coordinated as necessary with appropriate government authorities and that appropriate licenses, permits, or approvals are obtained.

**30.** **Federal Debt Status** Subrecipient must not be delinquent on any Federal obligations, including but not limited to payroll and other taxes, audit disallowances, and benefit overpayments. See OMB Circular A-129 (https://www.whitehouse.gov/wp-content/uploads/legacy_drupal_files/omb/circulars/A129/a-129.pdf)

**31.** **Required Use of American Iron, Steel, Manufactured Products, and Construction Materials** Subrecipients must comply with 2 CFR Part 184, which codifies the Build America, Buy America Act (BABAA) Preference applicable to Federal financial assistance programs for infrastructure projects.

In addition to the DHS Standard Terms and Conditions regarding Required Use of American Iron, Steel, Manufactured Products, and Construction Materials, recipients and subrecipients of FEMA financial assistance for programs that are subject to BABAA must include a Buy America preference contract provision as noted in 2 CFR§ 184.4 and a self-certification as required by the FEMA BABAA Preference in FEMA Financial Assistance Programs for Infrastructure (FEMA Interim Policy #207-22-0001). This requirement applies to all subawards, contracts, and purchase orders for work performed, or products supplied under the FEMA award subject to BABAA.

**32.** **Compliance with Certain Federal Statutes, Regulations, and Requirements**

a. Subrecipient must comply with the 31 USC 3729-3733, which prohibits the submission of false or fraudulent claims for payment to the Federal government; 31 USC 3801-3812 detail the remedies for false or fraudulent claims made.

b. Subrecipient must comply with the Energy Policy and Conservation Act, 42 USC 6201 *et seq.*, which contain policies relating to energy efficiency that are defined in the State energy conservation plan issued in compliance with this Act.

c. Subrecipient must comply with the drug-free workplace requirements in 2 CFR Part 3001 and 41 USC 8101-8106.

d. Subrecipient, and any contractors or subcontractors of Subrecipient are subject to the prohibitions described in section 889 of the John S. McCain National Defense Authorization Act for Fiscal Year 2019, Pub. L. No. 115-232 (2018) and 2 CFR §§200.216, 200.327, 200.471, and Appendix II to 2 CFR Part 200. The statute prohibits obligating or expending federal award funds on certain telecommunications and video surveillance products and contracting with certain entities for national security reasons.

e. If grant funds are used for construction, Subrecipient and its contractors and subcontractors at all tiers must comply with the Davis-Bacon Act (40 USC 3141 *et seq.*). Subrecipients must obtain AZDOHS' written approval before using Homeland Security Grant Program ("HSGP") funds for construction/renovation per https://www.dol.gov/whd/govcontracts/dbra.htm.

f. Subrecipient must maintain insurance coverage as provided in 2 CFR § 200.310. Subrecipient must provide at least the equivalent insurance coverage for real property and equipment acquired or improved under this Agreement as provided to property owned by Subrecipient.

g. Subrecipient must comply with 42 USC 6962 and 2 CFR § 200.323, including procuring only items designated in the Environmental Protection Agency ("EPA") guidelines at 40 CFR Part 247 as containing the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition.

h. Subrecipient must comply with all Federal whistleblower protections, including 41 USC 4712.

i. Subrecipient must comply with the USA PATRIOT Act, Pub. L. 107-56, Section 817 and 18 USC 175-175c.

j. Subrecipient must comply with the System for Award Management and Universal Identifier Requirements in 2 CFR, Appendix A to Part 25.

k. Subrecipient must comply with the Trafficking Victims Protection Act, 22 USC 7101 *et seq.*, as required by 2 CFR § 175.105.

l. Subrecipient must comply with US Executive Order 13224 (https://www.state.gov/executive-order-13224/) and all US laws that prohibit transactions with, and the provision of resources and support to, individuals and organizations associated with terrorism.

m. Subrecipient must comply with the requirements on Reporting Subawards and Executive Compensation in Appendix A to 2 CFR Part 170 for Federal awards that total or exceed $30,000.

n. Subrecipient is subject to the debarment and suspension regulations in US Executive Order 12549 (https://www.archives.gov/federal-register/codification/executive-order/12549.html), US Executive Order 12689 (https://www.federalregister.gov/executive-order/12689), 2 CFR Part 180, including 2 CFR §180.335, and 2 CFR Part 3000. These restrict Federal awards, subawards, and contracts with parties debarred, suspended, or otherwise excluded from or ineligible for Federal programs or activities.

o. If Subrecipient collects Personally Identifiable Information ("PII"), it must have a publicly-available privacy policy stating its standards for the usage and maintenance of PII. PII is any information that permits the identity of an individual to be directly or indirectly inferred, including information linked or linkable to that individual. Subrecipient must follow DHS guidance (https://www.dhs.gov/publication/privacy-impact-assessment-guidance).

p. Subrecipient must complete either the Office of Management and Budget (OMB) Standard Form 424B Assurances - Non-Construction Programs (https://omb.report/icr/202011-0560-005CF), or OMB Standard Form 424D Assurances - Construction Programs (https://omb.report/icr/200906-4040-008), as applicable. The DHS financial assistance office (DHS FAO) may determine that

certain assurances in these documents may not apply, or may require additional assurances; Subrecipient must contact the DHS FAO with any questions. Subrecipient must follow the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in 2 CFR Part 200 and 2 CFR Part 3002.10. By entering into this Agreement, Subrecipient and its executives, as defined in 2 CFR § 170.315, certify that Subrecipient's policies comply with 2 CFR Part 200, all applicable Federal laws, and applicable guidance.

q. Subrecipient must comply with the National Environmental Policy Act ("NEPA") 42 USC 4321 *et seq.*, and Council on Environmental Quality regulations (40 CFR Parts 1500-1508) regarding NEPA.

r. Subrecipient must comply with 31 USC 1352 and 6 CFR Part 9, and may not use funds provided under this Agreement to pay any person to influence or attempt to influence an officer or employee of any government agency, Member of Congress, officer or employee of Congress, or an employee of a Member of Congress, relating in any way to a Federal award or contract. Per 6 CFR Part 9, recipients must file a lobbying certification form and a lobbying disclosure form, which are available on Grants.gov as the Disclosure of Lobbying Activities (SF-LLL).

s. In accordance with 15 USC 2201 *et seq.* and 15 USC 2225a in particular, Subrecipient must ensure that all conference, meeting, convention, or training space funded in whole or in part with Federal funds complies with all applicable fire prevention and control guidelines.

t. Subrecipient must comply with the International Air Transportation Fair Competitive Practices Act (IATFCPA) of 1974, 49 USC 40118, and the interpretative guidelines in Comptroller General Decision B-138942 (https://www.gao.gov/products/b-138942). International travel, however, is not an allowable cost unless approved in advance by DHS/FEMA.

u. Subrecipient must comply with the requirements of Presidential Executive Orders related to grants (also known as federal assistance and financial assistance), the full text of which are incorporated by reference.

v. Subrecipient must include in all contracts and purchase orders for work or product a contract provision encouraging domestic preference for procurements.

**33.** **Applicability of DHS Standard Terms and Conditions to Tribal Nations** The DHS Standard Terms and Conditions are a restatement of general requirements imposed upon recipients and flow down to subrecipients as a matter of law, regulation, or Executive Order. If the requirement does not apply to Tribal Nations, or there is a federal law or regulation exempting its application to Tribal Nations, then the acceptance by Tribal Nations, or acquiescence to DHS Standard Terms and Conditions does not change or alter its inapplicability to a Tribal Nation. The execution of grant documents is not intended to change, alter, amend, or impose additional liability or responsibility upon the Tribal Nations where it does not already exist.

**34.** **Cancellation for Conflict of Interest** AZDOHS may, by written notice to Subrecipient, immediately cancel this Agreement without penalty or further obligation pursuant to ARS

38-511 if any person significantly involved in initiating, negotiating, securing, drafting, or creating this Agreement for AZDOHS is an employee or agent of Subrecipient in any capacity, or a consultant to Subrecipient with respect to this Agreement's subject matter. Cancellation shall be effective when Subrecipient receives AZDOHS' written notice, unless the notice specifies a later time.

**35.** **Assignment and Delegation** Subrecipient may not assign any rights hereunder without an express written agreement signed by authorized representatives of both parties.

**36.** **Third Party Antitrust Violations** Subrecipient hereby assigns to the State of Arizona any claim for overcharges resulting from antitrust violations, to the extent that such violations concern materials or services supplied by third parties to Subrecipient toward fulfilling this Agreement.

**37.** **Availability of Funds** AZDOHS' payment obligations under this Agreement are conditioned on the availability of funds appropriated or allocated for this purpose, per ARS 35-154. If funds are not allocated and available, AZDOHS may terminate this Agreement at the end of the period for which funds are available. No liability shall accrue to AZDOHS in the event this provision is exercised, and AZDOHS shall not be obligated or liable for any future payments or for any damages as a result of termination under this Paragraph, including purchases and/or contracts entered into by Subrecipient in the execution of this Agreement.

**38.** **Force Majeure** If either party is delayed or prevented from the performance of any act required in this Agreement by reason of acts of God, strikes, lockouts, labor disputes, civil disorder, or other causes without fault and beyond the control of the party obligated, performance of such act will be excused for the period of the delay.

**39.** **Dispute Resolution** In the event of a dispute regarding this Agreement, written notice must be provided to the other party within 30 calendar days of the relevant events. Any claim made by or against AZDOHS relating to this Agreement shall be resolved through the administrative claims process. The parties agree to resolve all disputes relating to this Agreement through arbitration, after exhausting applicable administrative review, to the extent required by ARS 12-1518 except as may be required by other applicable statutes. The forum for any dispute arising out of this Agreement shall be Maricopa County, Arizona.

**40.** **Governing Law and Interpretation of This Agreement** This Agreement is governed by the laws of the State of Arizona, without regard to its conflict of laws provisions. This Agreement is the parties' complete agreement and replaces the parties' prior and contemporaneous agreements, representations, and understandings pertaining to its subject matter, whether oral or written. No course of dealings or usage of the trade supplements or explains any terms. A party's failure to insist on strict performance of any term is not a waiver of that term, even if the party accepting or acquiescing in the nonconforming performance knows the nature of the performance and fails to object. If any new legislation, laws, ordinances, or rules affect this Agreement, this Agreement automatically incorporates the terms of such legislation, laws, ordinances, or rules. Any term of this Agreement that is declared contrary to any current or future law, order, regulation, or rule, or that is otherwise invalid, shall be deemed stricken without impairing the validity of the remainder of this Agreement. In the event FEMA determines that changes are necessary to this Agreement after it has been entered into, including changes to Period of Performance or other terms, Subrecipient will be notified of the changes in

writing; once notification is made, any subsequent request for funds by Subrecipient will constitute Subrecipient's acceptance of the changes and will incorporate the changes into this Agreement. Except as expressly provided in this Paragraph, any amendment to or extension of this Agreement may be made only in a writing signed by authorized representatives of both parties. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in interpreting this Agreement.

**41.** **Licensing** Unless otherwise exempted by law, Subrecipient must obtain and maintain all licenses, permits, and authority necessary to perform its obligations under this Agreement.

**42.** **Sectarian Requests** Funds disbursed under this Agreement may not be used for any sectarian purpose or activity, including worship or instruction in violation of the US or Arizona Constitutions.

**43.** **Closed-Captioning of Public Service Announcements** Any television public service announcement funded in whole or in part by this Agreement must include closed captioning.

**44.** **Indemnification** Each party (as "Indemnitor") agrees to defend, indemnify, 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 bodily injury to any person (including death) or property damage, but only to the extent 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, officials, agents, employees, or volunteers. The State of Arizona and AZDOHS are self-insured per ARS 41-621. If Subrecipient utilizes contractor(s) and/or subcontractor(s), the indemnification clause between Subrecipient and contractor(s) and subcontractor(s) shall include the following:

*Contractor shall defend, indemnify, and hold harmless the Arizona Department of Homeland Security and the State of Arizona, and any jurisdiction or agency issuing any permits for any work arising out of this Agreement, and their departments, agencies, boards, commissions, universities, officers, officials, agents, and employees (hereinafter, "Indemnitee") from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as "Claims") for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of the contractor or any of the directors, officers, agents, or employees or subcontractors of such contractor. This indemnity includes any claim or amount arising out of or recovered under the Workers' Compensation Law or arising out of the failure of such contractor to conform to any Federal, State or Local law, statute, ordinance, rule, regulation or court decree. It is the specific intention of the parties that the Indemnitee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnitee, be indemnified by such contractor from and against any and all claims. It is agreed that such contractor will be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable. Additionally on all applicable insurance policies, contractor and its subcontractors shall name the State of Arizona, and its departments, agencies, boards, commissions,*

*universities, officers, officials, agents, and employees as an additional insured and also include a waiver of subrogation in favor of the State.*

**45.** **Termination** Each party has the right to terminate this Agreement if the other party fails to comply with this Agreement. A party invoking the right to terminate shall provide written 30 day advance notice of all reasons for the termination. If Subrecipient chooses to terminate this Agreement before all deliverables have been delivered, AZDOHS has the right to recover all reimbursements made to Subrecipient. On termination, AZDOHS may procure, on terms that it deems appropriate, materials or services to replace those that otherwise would have been provided by Subrecipient, and Subrecipient will be liable to AZDOHS for all excess costs incurred by AZDOHS in procuring such materials or services. Subrecipient must continue to perform this Agreement until the date of termination, as directed in the termination notice. If AZDOHS reasonably believes Subrecipient does not intend to, or is unable to fully perform this Agreement, AZDOHS may demand in writing that Subrecipient give written assurance of its intent and ability to perform. If Subrecipient fails to provide written assurance within the time specified in the demand, AZDOHS may terminate this Agreement.

**46.** **Termination of the Federal Award** In addition to the "Termination" clause above, Subrecipients agree to be bound by the Termination of the Federal Award provisions contained in the NOFO, to the extent such provisions apply to subrecipients. Note that subrecipients are *not* bound by Term XL ("Termination of a Federal Award") of the FY 2025 DHS Standard Terms and Conditions or Article 42 of the Agreement Articles.

**47.** **Paragraph Headings** Paragraph headings in this Agreement are for convenience of reference only and do not define, limit, enlarge, or otherwise affect the interpretation of this Agreement.

**48.** **Counterparts** This Agreement may be executed in any number of counterparts, copies, or duplicate originals. Each such counterpart, copy, or duplicate original shall be deemed an original, and collectively they shall constitute one Agreement.

**49.** **Authority to Execute This Agreement** The person executing this Agreement on behalf of Subrecipient represents and warrants that he/she is duly authorized to do so.

**50.** **Transfer of Funds Prohibition** Subrecipient may not transfer funds between programs (*e.g.*, State Homeland Security Program, Urban Area Security Initiative, and Operation Stonegarden).

**51.** **Parties** This Agreement is for the benefit of AZDOHS and Subrecipient as the only parties to this Agreement, and to their respective successors, assigns, executors and legal representatives. Except as expressly provided in this Agreement, nothing in this Agreement confers on any person other than the parties and their respective successors and assigns, any rights, remedies, obligations, or liabilities.

**52.** **Respective Responsibilities** Except as expressly provided in this Agreement, each party agrees that, to the extent authorized by law, it will be responsible for its own acts or omissions and the results thereof and will not be responsible for the acts or omissions of the other party and the results thereof. In the event that either party becomes aware of any claim made by or expected from a claimant against a party to this Agreement, which

claim relates to the subject matter of this Agreement, that party will immediately notify the other party, and the parties will share all information regarding such matter and cooperate with each other in addressing the matter. The parties are independent contractors, and nothing contained in this Agreement will create the relationship of partnership, joint venture, agency, or employment between the parties or any of their employees, officers, agents, or contractors. Each party hereby agrees to perform any further acts and to execute and deliver any documents that may be reasonably necessary to carry out the provisions of this Agreement.

**53.** **Publicity** Neither party shall use or mention in any publicity, advertising, promotional materials or news release the name or service mark(s) of the other party without the prior written consent of that party.

**54.** **Notices** All communications by either party to this Agreement, shall be in writing, be delivered in person, or shall be sent to the respective parties at the following addresses:

Arizona Department of Homeland Security
1802 West Jackson Street, #117
Phoenix, AZ 85007

Subrecipient must address all notices relative to this Agreement to the appropriate AZDOHS staff; contact information is at www.azdohs.gov.

AZDOHS shall address all notices relative to this Agreement to:

Chief of Police, Kara Riley
Enter Title, First and Last Name Above
Town of Oro Valley Police Department
Enter Agency Name Above
11000 N. La Cañada Dr.
Enter Mailing Address Above
Oro Valley, AZ 85737
Enter City, State, ZIP Above

[Remainder of Page Intentionally Left Blank]

**IN WITNESS WHEREOF**, the parties hereto agree to execute this Agreement.

| **FOR AND BEHALF OF THE** | **FOR AND BEHALF OF THE** |
|---|---|
| Town of Oro Valley Police Department<br>Enter Agency Name Above | Arizona Department of Homeland Security |
| Authorized Signature Above | |
| Kara Riley, Chief of Police<br>Print Name and Title Above | Susan Dzbanko, Deputy Director |
| Enter Date Above | Date |

*(Complete and mail two original documents to the Arizona Department of Homeland Security.)*

**Town Council Regular Session** **1.**

**Meeting Date:** 06/03/2026

**Requested by:** Peter Abraham **Submitted By:** Mary Rallis, Water

**Department:** Water

**SUBJECT:**

PUBLIC HEARING: RESOLUTION NO. (R)26-29, AUTHORIZING AND APPROVING AN INCREASE TO THE POTABLE WATER BASE RATES FOR THE TOWN OF ORO VALLEY WATER UTILITY

**RECOMMENDATION:**

On November 10, 2025, the Water Utility Commission voted to recommend Council approve the water rate increases included in the proposed financial scenario. Staff recommendation is to increase the potable water base rates.

**EXECUTIVE SUMMARY:**

Pursuant to A.R.S. § 9-511.01 the Council adopted a Notice of Intent to increase water rates on March 4, 2026. The Notice of Intent established a public hearing date for June 3, 2026. The Water Rates Analysis Report was made available for public review and was posted on the Town's website on March 5, 2026. The Notice of Intent was published in the Daily Territorial on March 16, 2026 thereby completing the statutory requirements.

The Financial Scenario in the 2026 Water Rates Analysis Report proposes an increase to the potable water base rates.

The financial impact of the proposed increases to the potable base rates and potable commodity rates for a customer with a 5/8-inch meter using 7,000 gallons is $1.86 or 3.6% per month.

If approved, the proposed water rate increases would become effective on July 4, 2026.

**BACKGROUND OR DETAILED INFORMATION:**

Town Code Section 15-2-6 states the Oro Valley Water Utility shall be a self-supporting utility funded solely from revenue generated from utility operations. Revenues include water sales, service fees and interest income. The Utility does not receive any funds from the Town's General Fund.

In accordance with the Mayor and Town Council Water Policies, Water Utility staff review water rates and charges on an annual basis. The Oro Valley Water Utility Commission evaluates staff recommendations based on the water rate analysis to ensure the recommendations meet Town policies and bond covenants. The Commission voted to recommend the Proposed Financial Scenario in the Water Rates Analysis Report on November 10, 2025. The Proposed Financial Scenario includes financial projections for a five-year period; however, the water rates are only approved for the first year of this five-year projection period.

The Proposed Financial Scenario evaluates the impact of future costs and the revenue sources that will be required to meet those costs. The proposed water rates will meet revenue and cash reserve requirements, meet debt service coverage requirements and ensure revenue stability. The recommended water rate changes for FY 2026-27 are as follows:

• Increase the potable water base rates

The financial impact of the proposed increases to the potable base rates and potable commodity rates for a customer with a 5/8-inch meter using 7,000 gallons is $1.86 or 3.6% per month.

If approved, the proposed water rate increase would become effective on July 4, 2026.

**FISCAL IMPACT:**

The proposed increases to the potable water base rates will generate sufficient revenue to maintain the overall financial health of the Town's Water Utility.

**SUGGESTED MOTION:**

I MOVE to approve Resolution No. (R)26-29 authorizing and approving an increase to the potable water base rates.

---

**Attachments**

(R)26-29 Increase to Water Rates

2026 Water Rate Report

Staff Presentation

---

**RESOLUTION NO. (R)26-29**

**A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF ORO VALLEY, ARIZONA, AUTHORIZING AND APPROVING AN INCREASE TO THE POTABLE WATER BASE RATES FOR THE TOWN OF ORO VALLEY WATER UTILITY; AND DIRECTING THE TOWN MANAGER, TOWN CLERK, TOWN ATTORNEY, OR THEIR DULY AUTHORIZED OFFICERS AND AGENTS TO TAKE ALL STEPS NECESSARY TO CARRY OUT THE PURPOSES AND INTENT OF THIS RESOLUTION**

**WHEREAS,** pursuant to ARS § 9-511, *et seq*., the Town has the requisite statutory authority to acquire, own and maintain a water utility for the benefit of the residents within and without the Town's corporate boundaries; and

**WHEREAS,** pursuant to ARS § 9-511, *et seq*., the Town finds it necessary to increase the potable water base rates for the Oro Valley Water Utility, which is described in Exhibit "A" attached hereto; and

**WHEREAS**, on March 4, 2026, Mayor and Council approved Resolution 26-08, providing Notice of Intent to increase potable water base rates; and

**WHEREAS**, on June 3, 2026, Mayor and Council held a Public Hearing to deliberate and vote on the proposed potable water base rate increases.

**NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Town of Oro Valley, Arizona, that:**

**SECTION 1**. The Oro Valley Water Utility increases in the potable water base rates, as described in Exhibit "A" attached hereto and incorporated herein by this reference, are hereby authorized and approved.

**SECTION 2.** The Mayor and other administrative officials of the Town of Oro Valley are hereby authorized to take such steps are necessary to implement the increase to the potable water base rates.

.

**SECTION 3**. The Town Manager, Town Clerk, Town Attorney, or their duly authorized officers and agents are hereby authorized and directed to take all steps necessary to carry out the purposes and intent of this resolution.

**SECTION 4.** If any section, subsection, sentence, clause, phrase or portion of this Resolution is for any reason held to be 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 5.** All Oro Valley resolutions or motions and parts of resolutions or motions of the Council in conflict with the provision of this Resolution are hereby repealed.

**PASSED AND ADOPTED** by the Mayor and Council of the Town of Oro Valley, Arizona, this 3rd day of June, 2026.

**TOWN OF ORO VALLEY**

_____
Joseph C. Winfield, Mayor

**ATTEST:**

_____
Michael Standish, Town Clerk

Date: _____

**APPROVED AS TO FORM:**

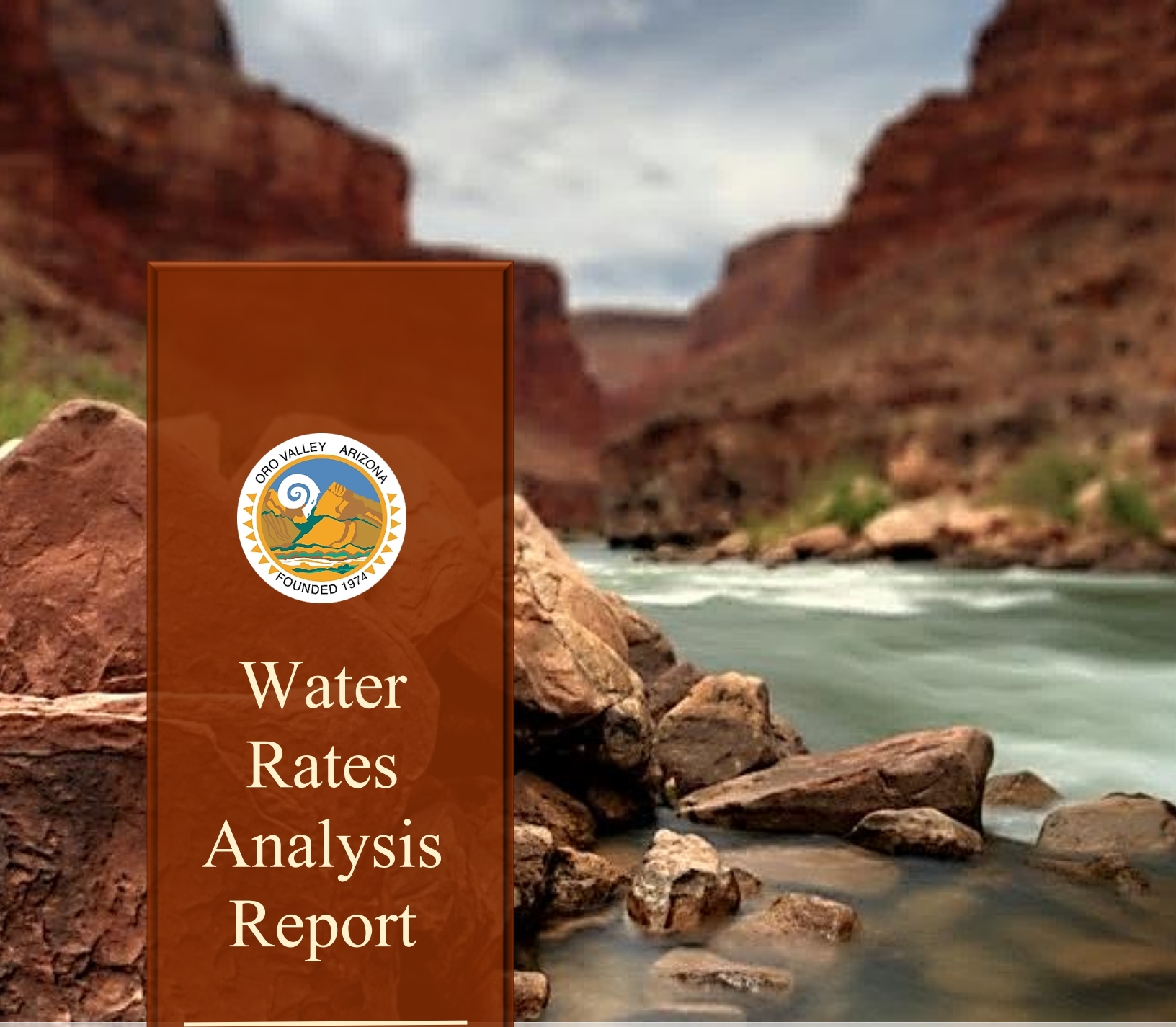
_____
Steven Zraick, Town Attorney

Date: _____

# EXHIBIT "A"

**Potable Water Base Rates:** ***Cost per month***

| Meter Size (Inches) | Current Base Rate | Proposed Base Rate | Monthly Increase |
|---|---|---|---|
| 5/8 | $23.31 | $25.17 | $1.86 |
| 3/4 | $34.93 | $37.72 | $2.80 |
| 1 | $58.23 | $62.89 | $4.67 |
| 1.5 | $116.47 | $125.79 | $9.32 |
| 2 | $186.35 | $201.25 | $14.92 |
| 3 | $372.68 | $402.49 | $29.81 |
| 4 | $582.33 | $628.92 | $46.59 |
| 6 | $1,164.65 | $1,257.82 | $93.17 |
| 8 | $1,863.45 | $2,012.53 | $149.09 |



# Water Rates Analysis Report

March 2026

# TOWN OF ORO VALLEY
# WATER UTILITY
# WATER RATES ANALYSIS REPORT
# MARCH 2026

## ORO VALLEY TOWN COUNCIL

Joseph Winfield, Mayor
Melanie Barrett, Vice Mayor
Harry "Mo" Green, II, MD, Councilmember
Joyce Jones-Ivey, Councilmember
Mary Murphy, Councilmember
Josh Nicolson, Councilmember
Elizabeth Robb, Councilmember

## ORO VALLEY WATER UTILITY COMMISSION

Michael Smjekal, Commission Chair
Joseph Hornat, Vice Chair
Rebecca Badruddoja, Commission Member
Alan Forrest, Commission Member
Greg Hitt, Commission Member
Steven Linder, Commission Member
Naranjan Vescio, Commission Member

## TOWN STAFF

Peter A. Abraham, P.E., Water Utility Director
Mary E. Rallis, CPA, Water Utility Administrator

# TABLE OF CONTENTS


| SECTION TITLE | PAGE |
|---|---|
| Index of Appendix | |
| Executive Summary | 1 |
| Introduction | 3 |
| Methodology | 4 |
| Growth Rates | 5 |
| Water Use Trends | 6 |
| Debt Service | 7 |
| Debt Service Coverage Requirements | 8 |
| Cash Reserve Policy for Operating Fund | 9 |
| Operating Fund | |
| Revenue Forecast | 10 |
| Revenue Requirements | 12 |
| Water Resource and System Development Impact Fee Fund | 14 |
| Proposed Financial Scenario | 16 |
| Recommendation on Water Rates | 18 |
| Conclusion | 20 |
| Appendix | |

# APPENDIX

A. Proposed Financial Scenario Pro Forma
   - A-1 Operating Fund
   - A-2 Groundwater Preservation Fee
   - A-3 Water Resource and System Development Impact Fee Fund
   - A-4 Summary of all Funds

B. Rate Schedules & Tables for Bill Comparisons
   - B-1 Proposed Water Rate Schedule
   - B-2 Tables for Bill Comparisons by Meter Size - Potable
   - B-8 Tables for Bill Comparisons by Meter Size - Reclaimed

C. 5-Year Capital Improvement Schedules
   - C-1 Operating Fund
   - C-2 Groundwater Preservation Fee
   - C-3 Water Resource and System Development Impact Fee Fund

D. Assumptions for Proposed Financial Scenario
   - D-1 Operating Fund
   - D-4 Water Resource and System Development Impact Fee Fund

E. Development Impact Fee Schedule
   - E-1 Water Resource and System Development Impact Fee Schedule

# TOWN OF ORO VALLEY
# WATER UTILITY
# WATER RATES ANALYSIS REPORT
# MARCH 2026

## Executive Summary

An annual review of the revenue requirements and water rates is an integral component in ensuring the long-term financial health of the Water Utility. The Oro Valley Water Utility Commission reviews and makes recommendations for water revenue requirements, water rates and fee structures. The Commission evaluates staff recommendations based on a rates analysis to ensure compliance with Town policies and bond covenants. Water rates and service charges are reviewed annually in accordance with Mayor and Town Council Water Policies – II.A.2.b(4).

The Water Utility has based these financial projections on the American Water Works Associations (AWWA) cash-needs approach. The AWWA is the largest national organization that develops water and wastewater policies, specifications and rate setting guidelines accepted by both government-owned and private water and wastewater utilities worldwide.

This Water Rates Analysis Report contains detailed information on the Operating Fund and the Water Resource and System Development Impact Fee Fund. Funds are analyzed annually to project revenue and revenue requirements. As an enterprise of the Town, the Water Utility generates revenue from rates, fees and service charges and does not receive revenue from taxes or other monies from the General Fund. Additionally, revenue generated by the Water Utility does not fund operating costs of any other Town department.

In accordance with policy, the water rates analysis is prepared annually based on the most up-to-date information available for a five-year period. Although the analysis is for five years, any rate increase considered would be approved only for the first year in the five-year projection period.

The Water Utility Commission has made a recommendation regarding the proposed financial scenario. Under the proposed financial scenario, the Operating Fund is projected to have a cash balance of $7,681,424 at the end of the five-year projection period. This exceeds the cash reserve requirement. In addition, the debt service coverage ratio of 1.3 is exceeded each year. Operational needs and capital improvements are included in the analysis. The proposed financial scenario demonstrates a planned use of cash reserves to finance capital projects.

The proposed financial scenario evaluates the impact of future costs and the revenue sources that will be required to meet those costs. The proposed water rates in the financial scenario will increase the Utility's fixed and variable cost recovery.

The Water Utility Commission and Water Utility staff have made the following recommendations on water rates in the proposed financial scenario for Fiscal Year 2026/27:

A. Increase to the potable water base rates

**A.** Current and proposed monthly base rates for potable water are shown in Table 1 below:

**Table 1**

| Meter Size (Inches) | Current Base Rate | Proposed Base Rate | Monthly Increase |
|---|---|---|---|
| 5/8 | $23.31 | $25.17 | $1.86 |
| 3/4 | $34.93 | $37.72 | $2.79 |
| 1 | $58.23 | $62.89 | $4.66 |
| 1.5 | $116.47 | $125.79 | $9.32 |
| 2 | $186.35 | $201.26 | $14.91 |
| 3 | $372.68 | $402.49 | $29.81 |
| 4 | $582.33 | $628.92 | $46.59 |
| 6 | $1,164.65 | $1,257.82 | $93.17 |
| 8 | $1,863.45 | $2,012.53 | $149.08 |

***Cost per month***

The financial impact of the proposed base and commodity rate increase for a customer with a 5/8-inch meter using 7,000 gallons is $1.86 per month. Customers with a 5/8-inch meter represent 84 percent of the total customer base and include residential, commercial and irrigation classifications with the vast majority of those being residential.

Water Utility staff presents this water rates analysis in support of the recommended rates contained in the proposed financial scenario. The Oro Valley Water Utility Commission and Water Utility staff respectfully recommend the proposed increase to the potable base rates and increase to the potable commodity rates as detailed in the proposed financial scenario.

# TOWN OF ORO VALLEY
# WATER UTILITY
# WATER RATES ANALYSIS REPORT
# MARCH 2026

## Introduction

The Oro Valley Water Utility was established in 1996 as a self-supporting enterprise of the Town. The Water Utility is comprised of two separate funds that have been established for specific purposes. The Funds are as follows:

- Operating Fund
- Water Resource and Development Impact Fee Fund

The Operating Fund is the primary fund for the Water Utility. Revenues for this fund include water sales, service fees, miscellaneous charges and interest income. The expenses in this fund include personnel, operations and maintenance for both potable and reclaimed water systems, capital costs for existing potable water system improvements and related debt service. The Water Utility pays the General Fund for services received including finance, human resources, fleet services, information technology, legal, insurance and rental of office space; however, it does not receive revenue from taxes or other payments from the General Fund. Additional information is provided on page 11 of this report.

Groundwater Preservation Fee (GPF) revenue and expenses are accounted for within the Operating Fund but are segregated because GPF revenue is restricted for specific uses. This is illustrated in Appendix A, Page A-2.

The Water Resource and Development Impact Fee Fund (WRSDIF) is used to account for development impact fees collected. Funds may be used for all types of water resources, the infrastructure to deliver those resources and any related debt including Central Arizona Project (CAP) capital infrastructure repayment costs. Additional information is provided on page 15 of this report.

The revenue and expenses of the Operating Fund and the WRSDIF Fund are combined to determine if the Water Utility meets the debt service coverage requirement established in the Mayor and Town Council water policies and current bond covenants. Revenues and expenses are accounted for separately in each fund.

Pursuant to ARS 9-463.05 Section B.9., impact fees must be placed in a separate fund and accounted for separately. ARS 9-463.05 Section B.5. states that the impact fees may not be used for operations and maintenance of existing facilities.

# Methodology

### Step 1: Five-Year Financial Plan

The first step of the water rates analysis is to develop a five-year financial plan that projects the Water Utility's revenues, expenses, capital project financing, annual debt service, and cash reserve funding. The factors used in determining the projections are growth rates, water use trends, debt service coverage requirements, cash reserve requirements and inflation rates. The financial plan is used to determine the revenue adjustment, which allows the Water Utility to recover adequate revenues to fund expenses and cash reserves.

### Step 2: Revenue Requirement Determination for Test Year

After completing the five-year financial plan, the rate-setting process can begin by determining the revenue requirement for the test year, also known as the rate-setting year. The test year for this water rates analysis is Fiscal Year 2024/25 which will be used to capture the rate impacts resulting from a change in rate structure without a revenue adjustment. The revenue requirement should sufficiently fund the Water Utility's operating and maintenance (O&M) costs, annual debt service, capital improvement plan (CIP) costs, and cash reserve funding for the upcoming Fiscal Year 2026/27 budget.

### Step 3: Water Rates Analysis

The annual cost of providing water service, or the revenue requirements, is then distributed to customer classes and tiers based on their water usage and demand on the system. Fixed and variable costs are analyzed to determine the impact on customer classes and tiers.

### Step 4: Rate Design and Calculation

After allocating the revenue requirements to each customer class and tier, the rate design and calculation process can start. Rates are designed to properly support and optimize the Water Utility's policies and objectives. Rates also act as a public information tool in communicating these policy objectives to customers. This process also includes a rate impact analysis for all proposed water rates and sample customer bill impacts.

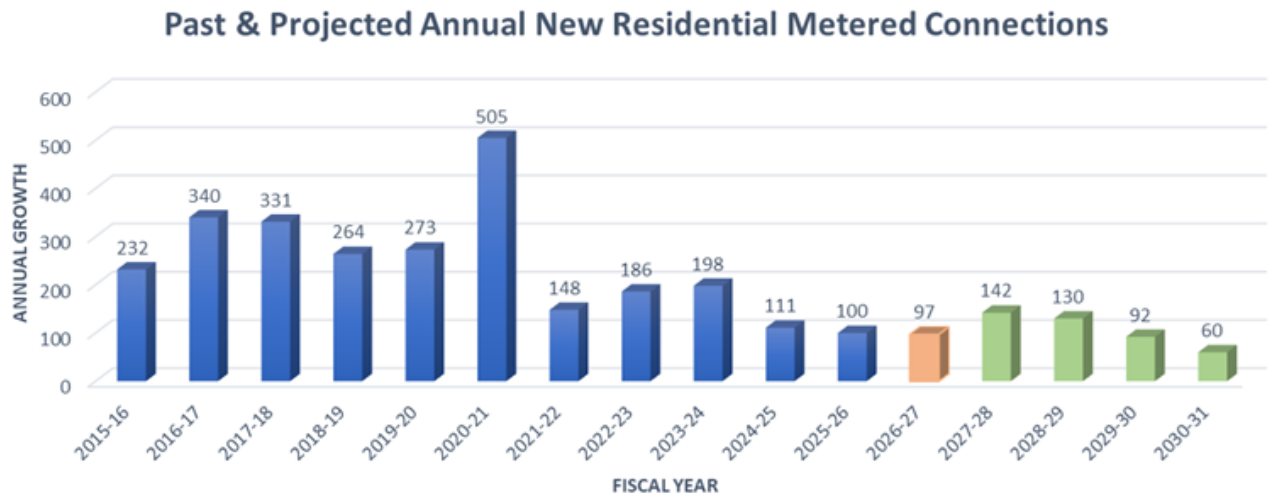
### Step 5: Administrative Record Preparation and Rate Adoption

The final step in a water rates analysis is to develop the administrative record in preparation for the rate adoption process. The administrative record, also known as the Water Rates Analysis Report, documents the results of the water rate analysis and presents the methodologies, rationale, justifications, and calculations utilized to determine the proposed water rates.

## Growth Rates

As indicated in the graph below, new metered connections have been declining due to the slowdown in new development within the Town. The Water Utility had a total of 2,588 new metered connections from Fiscal Year 2015/16 through Fiscal Year 2024/25. At the end of Fiscal Year 2024/25, the customer base totaled 21,609 metered connections.

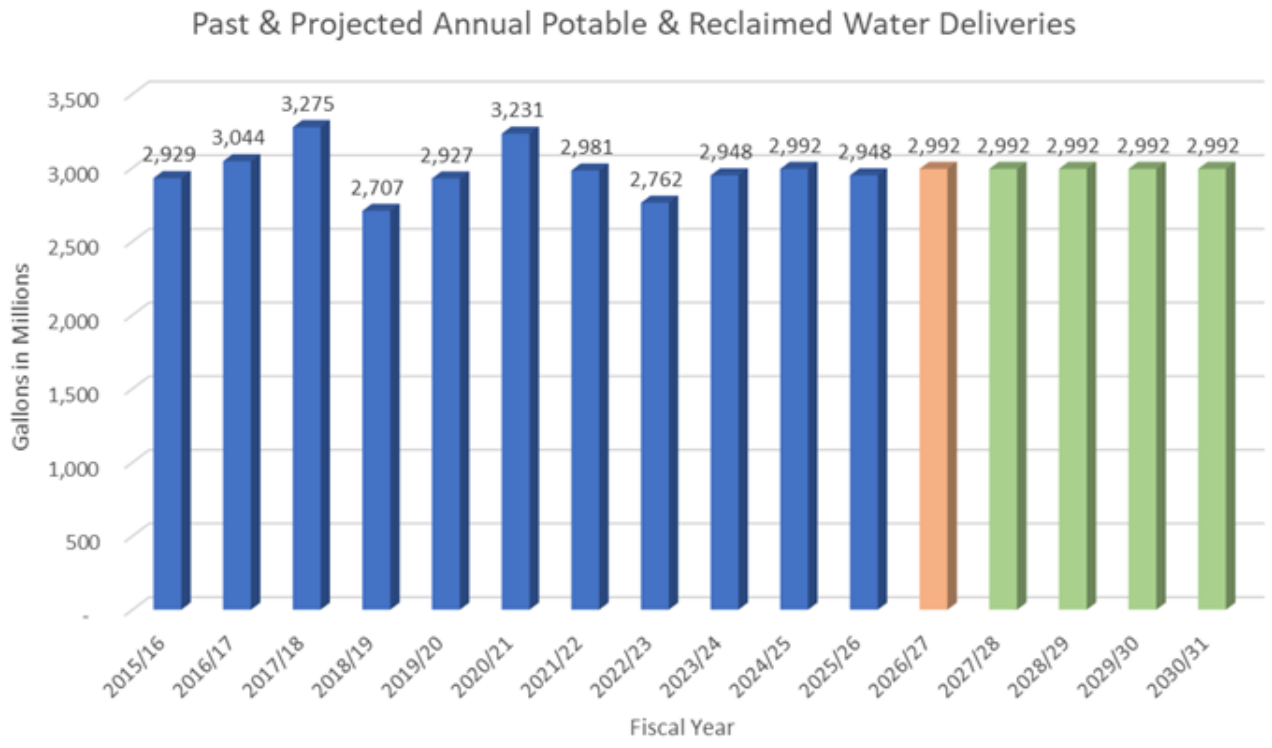
In developing the growth projections, assistance was received from the Town's Community and Economic Development Department for the current housing inventory, along with plans that have been submitted for review, to conservatively estimate future growth. The growth projections used for this report are consistent with the Town's financial forecast.



## Water Use Trends

Water use remains consistent even though the number of connections has increased by 2,588 over the last ten years. The graph below indicates actual water usage from Fiscal Year 2015/16 through Fiscal Year 2024/25. As noted below, in Fiscal Year 2015/16 water usage was at 2,929 million gallons and 2,992 million gallons in Fiscal Year 2024/25. An increase of 63 million gallons. The revenue projections in this water rate analysis compiled water data from Fiscal Year 2024/25 when the average water use was 7,000 gallons per month, which is consistent with prior years.

Historically there has been a decline in water use not only on a local level, but also on regional and national levels. This can be largely attributed to water conservation – both intentional and unintentional. Intentional water conservation is the conscious effort to reduce water use by commonly known measures including changing landscape to drought tolerant plants and the removal of lawns. Unintentional water conservation is a result of plumbing code changes and other regulatory changes regarding water efficiency. For example, all new water using appliances and fixtures are required to be low flow. The consumer's intention may not have been to conserve water when they chose to replace an ageing or broken dishwasher, clothes washer or bathroom faucet.



## Debt Service

The current annual debt service obligations are met with revenue generated from water rates, groundwater preservation fees and impact fees. A summary of the existing debt and the outstanding balances as of June 30, 2025, are shown below in Table 3.

**Table 3**

| Repayment | Year | Description of Debt | Purpose | Balance |
|---|---|---|---|---|
| Water Rates | 2014 | WIFA Loan | AMI Meter Replacement | $1,427,504 |
| Water Rates | 2015 | Excise Tax Bonds-Refinance | Land for MOC | $148,500 |
| Water Rates | 2017 | Excise Tax Bonds-Refinance | Existing Potable System | $3,199,340 |
| Water Rates | 2018 | Excise Tax Bonds | Existing Potable System | $4,050,000 |
| Water Rates | 2021 | Sr. Lien Bonds-Refinance | Existing Potable System | $1,011,282 |
| GPF | 2021 | Sr. Lien Bonds-Refinance | Reclaimed Water System | $1,733,282 |
| WRSDIF | 2021 | Sr. Lien Bonds-Refinance | Potable System Expansion | $206,437 |
| GPF | 2025 | Sr. Lien Revenue Obligations | NWRRDS | $2,433,820 |
| WRSDIF | 2025 | Sr. Lien Revenue Obligations | NWRRDS | $3,650,730 |
| | | | **TOTAL** | **$17,860,894** |

In April 2017, the Town entered into an Intergovernmental Agreement with the Metropolitan Domestic Water Improvement District and the Town of Marana to construct a recharge, recovery and delivery system known as the Northwest Recharge, Recovery, and Delivery System (NWRRDS) project to bring additional Central Arizona Project (CAP) water into the Town.

In FY 2025/26, the water utility will issue approximately $11 million in new debt for the NWRRDS project. Repayment of this debt will be paid with Groundwater Preservation Fees (GPF) and Water Resource and System Development Impact Fees (WRSDIF).

There is no new debt for existing system capital improvements in this analysis. Capital costs in the five-year capital plan for existing system projects will be cash funded.

## Debt Service Coverage Requirements

The method for calculating the debt service coverage ratio is pursuant to the Town Financial and Budgetary Policies adopted by the Town Council in 2023. Section 1-9 Debt, Policy 9.0 - Pledging of Utility Revenues states the following with respect to debt service coverage ratios*: "When utility revenues are pledged as debt service payments, the Town will strive to maintain a 1.3 times debt service coverage ratio to ensure debt coverage in times of revenue fluctuation. This will be in addition to the required ratio of the bond indenture".*

The 2014 Water Infrastructure Finance Authority (WIFA) loan, Series 2021 senior lien water revenue refunding bond and Series 2025 senior lien water revenue obligations are used in the calculation of the debt service coverage requirement. The Water Utility revenues are specifically pledged as the repayment source for these obligations at 1.3 times coverage per the Town's adopted financial policy.

The remaining outstanding debt obligations of the Water Utility are excise tax pledged obligations meaning that the Town's unrestricted sources of sales taxes, fines, permit fees and state shared revenues are pledged as repayment sources for these bonds in the bond indentures. Even though the bond indentures pledge these excise taxes as the repayment source, the Water Utility is responsible for these debt service payments from water sales revenues. However, since excise taxes are pledged as coverage, a calculated debt service coverage ratio of 1.0 is applied to avoid double coverage when calculating the debt service coverage ratio for these excise tax-backed bonds in the water rates analysis.

Bond indentures for the excise tax-backed bonds require that the Town's excise tax collections each fiscal year total at least 2.5 times the annual debt service requirements to avoid funding a debt service reserve fund. These conditions have been met annually in the past and are expected to continue in the future.

This methodology of segregating the water utility revenue-pledged debt from the excise tax-pledged debt in the rates analysis process is an accepted practice in the industry and has been reviewed by the Town's Chief Financial Officer and the Town's financial advisors with Stifel, Nicolaus & Company, Inc.

The debt service coverage ratio is determined by dividing the annual net operating revenue by the annual debt service payments. The methodology described above is in accordance with the 2023 policy and reduces the amount of the required debt service coverage. Applying this methodology has been key in minimizing water rate increases.

Debt service coverage for the Water Utility's outstanding senior lien debt issuances and loans in the proposed financial scenario is shown in Table 4 below. As shown below, debt service coverage increases as existing debt service is paid off.

**Table 4**

| | Fiscal Year 2026/27 | Fiscal Year 2027/28 | Fiscal Year 2028/29 | Fiscal Year 2029/30 | Fiscal Year 2030/31 |
|---|---|---|---|---|---|
| Debt Service Coverage | 2.89 | 2.92 | 3.23 | 4.51 | 4.68 |

## Cash Reserve Policy

The cash reserve policy may be found in the Town of Oro Valley Mayor and Council Water Policies Section II.A.1.d. The policy states "*The Utility shall maintain a cash reserve in the Operating Fund of not less than 20% of the combined total of the annual budgeted amounts for personnel, operations and maintenance, and debt service. This cash reserve amount specifically excludes budgeted amounts for capital projects, depreciation, amortization and contingency. No cash reserve is required for the water utility impact fee funds*".

In the proposed financial scenario, the projected cash reserve balance for the Operating Fund for each year in the analysis is listed below in Table 5 showing compliance in all years. The projected cash reserve balances include annual increases as shown in tables 7 and 8.

**Table 5**

| Operating Fund | Fiscal Year 2026/27 | Fiscal Year 2027/28 | Fiscal Year 2028/29 | Fiscal Year 2029/30 | Fiscal Year 2030/31 |
|---|---|---|---|---|---|
| Cash Reserve Requirement | $ 3,766,449 | $ 3,555,644 | $ 3,645,288 | $ 3,672,820 | $ 3,791,244 |
| Cash Reserve Balance | $ 4,709,476 | $ 5,416,375 | $ 5,954,241 | $ 6,842,013 | $ 7,681,424 |

Cash reserve balances in the Operating Fund are projected to be stable throughout the analysis. This is a result of strategically balancing the required financing of capital projects with the planned use of cash reserves.

There is no cash reserve requirement for revenue from the GPF because these funds are restricted to pay for renewable water resources, infrastructure and associated debt. Although accounted for in the Operating Fund, the GPF cash is segregated from the Operating Fund cash. It is not fiscally prudent to combine cash that has a restricted use with cash that has unrestricted use when determining compliance with a cash reserve policy. Expenses paid by GPF revenue are segregated from the general operating expenses for the purpose of calculating the cash reserve requirement. In the proposed financial scenario, the projected cash reserve balance for the GPF in each year of the analysis is listed below in Table 6.

**Table 6**

| Groundwater Preservation Fee | Fiscal Year 2026/27 | Fiscal Year 2027/28 | Fiscal Year 2028/29 | Fiscal Year 2029/30 | Fiscal Year 2030/31 |
|---|---|---|---|---|---|
| Cash Reserve Balance | $1,369,500 | $2,596,376 | $3,958,224 | $5,563,524 | $7,253,373 |

GPF cash reserve balances are projected to remain stable over the five-year projection period. This is a direct result of balancing the use of cash and new debt service to pay for capital projects associated with the delivery of additional CAP water through the NWRRDS project.

# Operating Fund

## Revenue Forecast

The Operating Fund is projected to have a cash balance of $5,155,412 at the beginning of Fiscal Year 2026-27 and is projected to have a balance of $7,681,424 at the end of Fiscal Year 2030/31. These funds may be used for operating costs including personnel, operations and maintenance, capital improvements for the existing potable water system and debt service.

Groundwater Preservation Fees are included in the Operating Fund; however, the revenues, expenses and cash balances for the GPF are accounted for separately within the Operating Fund and are not included in the cash balance above. The use of GPF funds is restricted to renewable water resources, infrastructure and associated debt.

The following revenue forecast was based on analysis of the Water Utility's historic water use trends and projected growth in the number of new connections. The revenue forecast includes proposed increases in the potable water base rates as shown below in Table 7.

**Table 7**

| **Base Rate Potable Water** Meter Sizes (inches) | Current Base Rates FY 2025/26 | Proposed Base Rates FY 2026/27 | Proposed Base Rates FY 2027/28 | Proposed Base Rates FY 2028/29 | Proposed Base Rates FY 2029/30 | Proposed Base Rates FY 2030/31 |
|---|---|---|---|---|---|---|
| 5/8 | $23.31 | $25.17 | $ 26.75 | $ 28.35 | $ 29.98 | $ 31.63 |
| 3/4 | $34.93 | $37.72 | $ 40.08 | $ 42.49 | $ 44.93 | $ 47.40 |
| 1 | $58.23 | $62.89 | $ 66.82 | $ 70.83 | $ 74.90 | $ 79.02 |
| 1.5 | $116.47 | $125.79 | $ 133.65 | $ 141.67 | $ 149.81 | $ 158.05 |
| 2 | $186.35 | $201.26 | $ 213.84 | $ 226.67 | $ 239.70 | $ 252.88 |
| 3 | $372.68 | $402.49 | $ 427.65 | $ 453.31 | $ 479.37 | $ 505.74 |
| 4 | $582.33 | $628.92 | $ 668.22 | $ 708.32 | $ 749.05 | $ 790.24 |
| 6 | $1,164.65 | $1,257.82 | $ 1,336.44 | $ 1,416.62 | $ 1,498.08 | $ 1,580.47 |
| 8 | $1,863.45 | $2,012.53 | $ 2,138.31 | $ 2,266.61 | $ 2,396.94 | $ 2,528.77 |

The revenue forecast proposes no increases in the potable water commodity rates as shown below in Table 8:

**Table 8**

| Commodity Rates Potable Water Classificatons | Current FY 2025/26 | Proposed FY 2026/27 | Proposed FY 2027/28 | Proposed FY 2028/29 | Proposed FY 2029/30 | Proposed FY 2030/31 |
|---|---|---|---|---|---|---|
| Residential & Irrigation - Tier 1 | $3.02 | $3.02 | $ 3.02 | $ 3.02 | $ 3.02 | $ 3.02 |
| Residential & Irrigation - Tier 2 | $5.02 | $5.02 | $ 5.02 | $ 5.02 | $ 5.02 | $ 5.02 |
| Residential & Irrigation - Tier 3 | $8.17 | $8.17 | $ 8.17 | $ 8.17 | $ 8.17 | $ 8.17 |
| Residential & Irrigation - Tier 4 | $12.32 | $12.32 | $ 12.32 | $ 12.32 | $ 12.32 | $ 12.32 |
| Commercial | $3.02 | $3.02 | $ 3.02 | $ 3.02 | $ 3.02 | $ 3.02 |
| Master Metered Multi-Family | $3.02 | $3.02 | $ 3.02 | $ 3.02 | $ 3.02 | $ 3.02 |

The potable base rates are projected to increase annually, beginning in Fiscal Year 2026/27 and continue with modest increases through Fiscal Year 2030/31. The potable commodity rates are projected to remain the same in Fiscal Year 2026/27 through Fiscal Year 2030/31.

Table 9 below includes the water sales for potable, reclaimed and GPF revenue forecast for the five-year projection period using the proposed base and commodity rates:

**Table 9**

| Revenue Source | Fiscal Year 2026/27 | Fiscal Year 2027/28 | Fiscal Year 2028/29 | Fiscal Year 2029/30 | Fiscal Year 2030/31 |
|---|---|---|---|---|---|
| Potable Water | $18,006,307 | $ 18,525,118 | $19,054,306 | $19,591,872 | $20,135,632 |
| Reclaimed Water | $ 1,500,000 | $ 1,500,000 | $ 1,500,000 | $ 1,500,000 | $ 1,500,000 |
| **Total Water Sales** | $19,506,307 | $ 20,025,118 | $20,554,306 | $21,091,872 | $21,635,632 |
| **GPF Revenue** | $ 2,732,000 | $ 2,732,000 | $ 2,732,000 | $ 2,732,000 | $ 2,732,000 |

Other revenue generated by the Utility consists of service fees and charges. Service fees and charges include funds received from an Intergovernmental Agreement with the Pima County Wastewater Reclamation Department to provide monthly billing services on their behalf. Service fees and charges also include, but are not limited to, new service establishment fees, late fees, reconnection fees, inspection fees and plan review fees. The total of all service fees and charges is projected to generate annual revenue of $850,000.

Projections for interest income for the Operating Fund are a cumulative total of $500,000 over the five-year period. Projected interest income for the GPF monies is a cumulative total of $250,000 over the five-year period.

## Revenue Requirements

Below in Table 10 is a summary of revenue requirements for the Operating Fund that were used in the financial analysis. These revenue requirements exclude expenses to be paid with GPF revenue.

**Table 10**

| Operatng Fund Expenses | Fiscal Year 2026/27 | Fiscal Year 2027/28 | Fiscal Year 2028/29 | Fiscal Year 2029/30 | Fiscal Year 2030/31 |
|---|---|---|---|---|---|
| Personnel | $ 3,900,593 | $ 4,012,978 | $ 4,128,735 | $ 4,247,964 | $ 4,370,770 |
| Operations/Maintenance | $ 3,797,439 | $ 3,911,362 | $ 4,028,704 | $ 4,149,564 | $ 4,274,051 |
| Power for Pumping | $ 1,066,050 | $ 1,098,032 | $ 1,130,972 | $ 1,164,902 | $ 1,199,849 |
| NWRRDS Water Delivery Resale | $ 160,000 | $ 164,800 | $ 169,744 | $ 174,836 | $ 180,081 |
| CAP Wheeling Costs | $ 2,371,392 | $ 2,501,819 | $ 2,639,419 | $ 2,784,587 | $ 2,937,739 |
| CAP Water Delivery Costs | $ 3,303,351 | $ 3,437,316 | $ 3,519,756 | $ 3,674,331 | $ 3,818,601 |
| Reclaimed Personnel | $ 209,621 | $ 215,661 | $ 221,881 | $ 228,289 | $ 234,889 |
| Reclaimed Operations/Maint. | $ 1,146,413 | $ 1,197,368 | $ 1,250,679 | $ 1,306,460 | $ 1,345,653 |
| Reclaimed Power for Pumping | $ 72,100 | $ 74,263 | $ 76,491 | $ 78,786 | $ 81,149 |
| **Subtotal Expenses** | **$16,026,960** | **$ 16,613,599** | **$17,166,381** | **$17,809,718** | **$18,442,783** |
| Debt Service | $ 2,805,283 | $ 1,164,621 | $ 1,060,059 | $ 554,381 | $ 513,438 |
| Capital Outlay | $ 2,070,000 | $ 2,490,000 | $ 2,740,000 | $ 2,790,000 | $ 2,790,000 |
| **Total Operating Fund Expenses** | **$20,902,243** | **$ 20,268,220** | **$20,966,440** | **$21,154,099** | **$21,746,221** |

Projected personnel costs include 3 percent annual merit increases, retirement contributions of 12 percent and 3 percent annual increases in health care costs. There are no new employees being added within the five-year projection period. A portion of the personnel costs are allocated to the reclaimed water system based on a weighted average of 5.10 percent annually.

The projected operations and maintenance (O&M) costs for both the potable and reclaimed water systems are based on the Fiscal Year 2025/26 budget and include inflationary increases of 3 percent annually. A cost allocation model is used to allocate various administrative and operational costs to the reclaimed water system. Costs charged by Tucson Water for wheeling reclaimed water are projected to increase 5.50 percent annually.

Central Arizona Project (CAP) wheeling costs are fees charged by Tucson Water to wheel Oro Valley's CAP water through their recharge and recovery system. The Intergovernmental Agreement with Tucson Water was renegotiated in Fiscal Year 2016/17. Costs are projected to increase by 5.50 percent annually. The total annual delivery of 2,850 acre-feet is projected in the five-year projection period.

Central Arizona Project (CAP) water recharge costs represent costs to take annual delivery of the Utility's entire CAP water allotment of 10,305 acre-feet. This water will be recharged and stored in various recharge facilities including the Tucson Water facilities. Costs to take delivery of and store the CAP water are calculated with the rate schedule adopted by the Central Arizona Project. In Fiscal Year 2026/27 the CAP delivery rate will increase by 7.46% as projected by the CAP rate table.

Projected capital outlay for existing system improvements in this analysis includes well rehabilitation, tank replacement, re-lining of reservoirs, booster station modifications, water main replacements, vehicles and water meters. These projects will be cash-funded in the five-year projection period. The schedule for five-year capital improvements may be found in Appendix C.

Potable existing system debt service is declining as debt is paid. GPF and WRSDIF debt service will increase by approximately $11 million in FY 2025/26 for the NWRRDS project. Repayment of this debt will be paid with GPF and WRSDIF funds.

Expenses paid with GPF funds include the existing customers' portion of CAP water capital costs associated with ownership of the CAP water allotment. These costs increase annually based on projected rates developed by the Central Arizona Project.

Debt service for the reclaimed water system is paid for with GPF funds. Outstanding debt on the reclaimed water system will be paid in full by Fiscal Year 2029/30. Forty percent of NWRRDS debt service will be paid with GPF funds.

Table 11 is a summary of expenses paid with GPF revenue that were used in this financial analysis:

**Table 11**

| **Groundwater Preservaton Fees Expenses** | Fiscal Year 2026/27 | Fiscal Year 2027/28 | Fiscal Year 2028/29 | Fiscal Year 2029/30 | Fiscal Year 2030/31 |
|---|---|---|---|---|---|
| CAP Capital Cost of 7,305 AF | $ 409,080 | $ 423,690 | $ 467,520 | $ 445,605 | $ 430,995 |
| Capital - NWRRDS Project | $ 800,000 | $ - | $ - | $ - | $ - |
| Debt Service | $ 1,066,352 | $ 1,081,434 | $ 902,632 | $ 681,094 | $ 611,156 |
| **Total GPF Expenses** | $ 2,275,432 | $ 1,505,124 | $ 1,370,152 | $ 1,126,699 | $ 1,042,151 |

## Water Resource and System Development Impact Fee Fund

The Water Resource and System Development Impact Fee Fund (WRSDIF) is used to account for development impact fees collected. Revenues are from impact fees collected at the time water meters are purchased and from interest income. Expenses include capital repayment obligation charges for the Town's CAP allotment, CAP infrastructure and associated debt incurred to deliver CAP water to the Town to meet the demands of future growth. In addition, wells, pump stations, reservoirs and mains for the potable water system required to meet the demands of future growth will also be financed with these impact fees.

The WRSDIF Fund is projected to have a cash balance of $1,798,497 at the beginning of FY 2026/27 and is projected to have $842,884 at the end of FY 2030/31. The revenue sources for the WRSDIF Fund are from impact fees collected when a water meter is purchased and from interest earned on cash balances. Projected interest income for the WRSDIF monies is a cumulative total of $375,000 over the five-year period.

The revenue forecast was based on new service units related to the number of new connections. A service unit is the equivalent of one single family residential (SFR) 5/8-inch water meter. The SFR service units are equal to the number of new connections. Other service units are forecasted based on pending development projects within the Town. Other service units include commercial, multi-family and irrigation uses with the number of service units depending on the estimated meter sizes for each project. In addition, the service units are forecasted based on historic trends and pending development projects within the Town.

The impact fee for a SFR 5/8-inch water meter or one service unit is projected to be $6,387. It is assumed that the Development Impact Fees will remain constant throughout the five-year projection period. Table 12 below indicates the projected growth in additional metered connections and the revenue associated with that growth. These growth projections are consistent with the Town's financial planning.

**Table 12**

| Water Resource & System Development Impact Fees | Fiscal Year 2026/27 | Fiscal Year 2027/28 | Fiscal Year 2028/29 | Fiscal Year 2029/30 | Fiscal Year 2030/31 |
|---|---|---|---|---|---|
| Residential Connections | 97 | 142 | 130 | 92 | 60 |
| Other Connections | 12 | 6 | 6 | 6 | 6 |
| Projected Revenue | $ 1,049,427 | $ 1,336,842 | $ 1,260,198 | $ 1,017,492 | $ 813,108 |

WRSDIF funds may be used for capital expenses related to CAP water. Capital costs assessed by the Central Arizona Project for 3,000-acre feet of the Town's CAP water allotment are included under operating expenses.

Capital expenses in Fiscal Year 2026/27 include $1.8 million for the completion of the NWRRDS project which will deliver up to an additional 4,000-acre feet of CAP water to the Town. Completion of this project is expected to be in early 2027. Funds may also be used for capital expenses related to potable water system improvements including wells, booster stations, reservoirs and water mains required to meet the demands of new growth. Capital projects are identified in the five- year capital improvement plan shown in Appendix C.

Debt service for previously constructed growth-related facilities is also paid from impact fee revenue. Sixty percent of impact fee funds will pay debt associated with NWRRDS. The annual expenses and debt service for the WRSDIF Fund are listed in Table 13.

**Table 13**

| Water Resource & System Development Expenses | Fiscal Year 2026/27 | Fiscal Year 2027/28 | Fiscal Year 2028/29 | Fiscal Year 2029/30 | Fiscal Year 2030/31 |
|---|---|---|---|---|---|
| CAP Capital Cost of 3,000 AF | $ 168,000 | $ 174,000 | $ 192,000 | $ 183,000 | $ 177,000 |
| Capital - NWRRDS Project | $ 1,200,000 | $ - | $ - | $ - | $ - |
| Debt Service | $ 946,145 | $ 973,507 | $ 951,965 | $ 925,327 | $ 916,734 |
| **Total WRSDIF Expenses** | $ 2,314,145 | $ 1,147,507 | $ 1,143,965 | $ 1,108,327 | $ 1,093,734 |

## Proposed Financial Scenario

Prior to developing forecasts, financial considerations were evaluated relating to projected operating costs, capital expenses, the Water Utility's existing cash reserves, existing outstanding debt and debt service payments. When developing a proposed financial scenario, the goal of the Water Utility is to ensure all existing rate setting policies are met, cash reserves are utilized to minimize future debt and proposed rate increases do not result in rate shock. A rate setting policy included in the Mayor and Council Water Policies is for the rate structures to be designed to encourage water conservation.

The development of water conservation pricing, also known as a tiered commodity rate, began in 1999 when a second tier was added to the uniform or flat commodity rate. That structure evolved into four tiers by 2007. The Water Utility has increased the tiered commodity rates to a level that encourages water conservation.

This year, the proposed financial scenario includes an increase to the potable base rates, no increase to the potable commodity rates and no increase to the reclaimed rates.

The chart below illustrates potable and reclaimed water deliveries remaining stable over the last ten years even though the Water Utility experienced growth in the customer base.

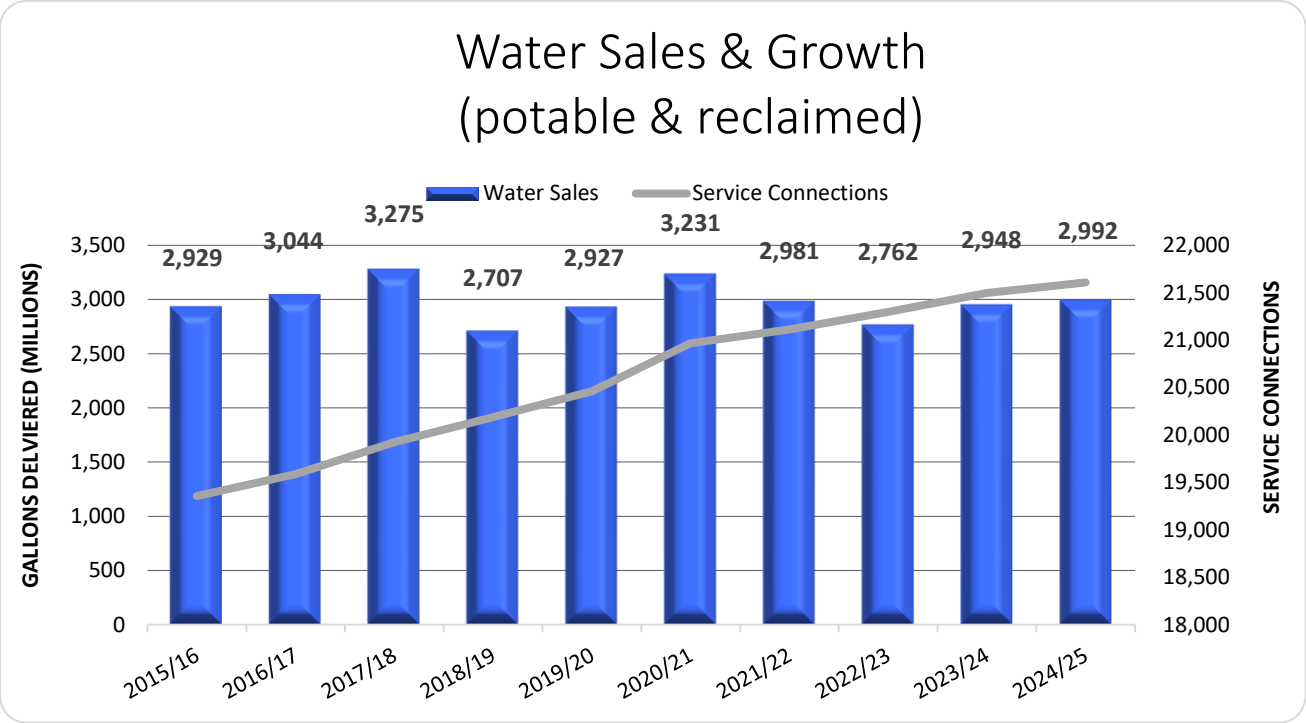


Table 14 below illustrates how regional water providers have increased their base rate for a 5/8-inch meter as compared to the historical and the 2026 proposed rates for Oro Valley.

**Table 14**

| Year | Oro Valley | Metro | Marana | Tucson |
|---|---|---|---|---|
| 2026 | $25.17 | $33.05 | $19.31 | $19.22 |
| 2025 | $23.31 | $33.05 | $19.31 | $18.81 |
| 2024 | $22.20 | $33.05 | $19.31 | $18.81 |
| 2023 | $21.14 | $31.35 | $18.75 | $17.52 |
| 2022 | $19.94 | $30.45 | $15.96 | $16.33 |
| 2021 | $18.99 | $30.45 | $15.96 | $16.33 |
| 2020 | $18.26 | $30.45 | $15.96 | $16.33 |
| 2019 | $18.26 | $29.50 | $19.09 | $16.33 |
| 2018 | $16.45 | $29.50 | $19.09 | $15.00 |
| 2017 | $14.62 | $29.50 | $19.09 | $14.39 |

Table 15 illustrates Oro Valley's proposed potable base and commodity rates per 1,000 gallons. Water rates of other water providers in the region are included for comparison purposes along with water resource fees that are similar to the Oro Valley Water Utility GPF.

**Table 15**

| Water Provider | Monthly Base Rate | Tier 1 | Tier 2 | Tier 3 | Tier 4 | Tier 5 | GPF or Water Resource Fee |
|---|---|---|---|---|---|---|---|
| **Oro Valley Current** | $23.31 | $3.02 | $5.02 | $8.17 | $12.32 | - | **$1.00** |
| **Oro Valley Proposed** | **$25.17** | **$3.02** | **$5.02** | **$8.17** | **$12.32** | | **$1.00** |
| Metro Water | $33.05 | $3.25 | $5.10 | $6.60 | $7.65 | - | $2.40 |
| Marana Water | $19.31 | $3.80 | $5.34 | $6.86 | $8.57 | $12.37 | $1.37 |
| Tucson Water | $19.22 | $2.32 | $4.25 | $8.56 | $12.87 | - | $1.55 |

The Water Utility developed a proposed financial scenario that supports key financial and policy goals. The proposed scenario generates the revenue needed to maintain an adequate cash balance in all funds over the projected five-year period therefore meeting the cash reserve requirements in each year.

The financial projections for the Operating Fund and WRSDIF Fund were combined to evaluate the overall debt service coverage at the end of each fiscal year. Analysis indicates that, under the proposed financial scenario, the Utility will meet the debt service coverage requirement established by the Mayor and Council Water Polices and bond covenants for all five years.

The proforma for the proposed financial scenario may be found in Appendix A. The assumptions used to develop the financial projections in the proposed financial scenario may be found in Appendix D.

## Recommendation on Water Rates

After reviewing the analysis of the two funds and their respective revenue requirements contained in the proposed financial scenario, the Water Utility Commission and Water Utility staff recommend the following for Fiscal Year 2026/27:

A. Increase to the potable water monthly base rates

**A.** Table 16 below are the proposed potable water base rates for each meter size. Approximately 84 percent of Utility customers have a 5/8-inch water meter and consume an average of 7,000 gallons. These customers will see an increase in their bill of $1.86 per month.

**Table 16**

| Meter Size (Inches) | Current Base Rate | Proposed Base Rate | Monthly Increase |
|---|---|---|---|
| 5/8 | $23.31 | $25.17 | $1.86 |
| 3/4 | $34.93 | $37.72 | $2.79 |
| 1 | $58.23 | $62.89 | $4.66 |
| 1.5 | $116.47 | $125.79 | $9.32 |
| 2 | $186.35 | $201.26 | $14.91 |
| 3 | $372.68 | $402.49 | $29.81 |
| 4 | $582.33 | $628.92 | $46.59 |
| 6 | $1,164.65 | $1,257.82 | $93.17 |
| 8 | $1,863.45 | $2,012.53 | $149.08 |

***Cost per month***

Direct comparison of specific base rates and commodity rates is not ideal for cost comparisons because of the varying rate structures of each utility. A more effective comparison is to calculate the cost for specific consumption levels for one month. Table 17 below provides a calculation of a monthly bill amount for a single-family residential customer with a 5/8-inch meter for the water utilities surrounding the Oro Valley Water Utility area. Note: Table 17 does not include the surrounding utilities proposed rate increases for next fiscal year.

**Table 17**

| Water Provider | Cost for 7,000 Gallons | Cost for 15,000 Gallons | Cost for 25,000 Gallons | Cost for 40,000 Gallons |
|---|---|---|---|---|
| **Oro Valley Current** | $51.45 | $99.61 | $188.61 | $358.91 |
| **Oro Valley Proposed** | **$53.31** | **$101.47** | **$190.02** | **$360.77** |
| Metro Water | $57.10 | $105.10 | $179.65 | $307.90 |
| Marana Water | $55.50 | $104.56 | $179.26 | $319.81 |
| Tucson Water | $60.00 | $143.77 | $293.68 | $582.94 |

Proposed rates for all Oro Valley Water Utility meter sizes may be found in Appendix B. In addition, tables that calculate monthly bills under the proposed rates may also be found in Appendix B. Monthly bill amounts are calculated in 1,000-gallon increments for a 5/8-inch meters and a variety of increments for larger meter sizes.

## Conclusion

On an annual basis, the water rates analysis is prepared with the most up-to-date information available. Operational needs and capital improvement requirements change annually and are carefully evaluated when they are included in the analysis. It is important that the Water Utility perform a water rates analysis every year to plan for changes in operating costs, capital costs or debt service.

This Water Rates Analysis Report is presented in support of the water rates contained in the proposed financial scenario. The Oro Valley Water Utility Commission and the Water Utility staff respectfully recommend approval of the water rates detailed in the proposed financial scenario.

The Oro Valley Water Utility staff and Commission are dedicated to serving the Town of Oro Valley and the customers of its water utility and extend their appreciation to the Mayor and Council for consideration of the recommended water rates.

# APPENDIX A

Proposed Financial Scenario Pro Forma

A-1 Operating Fund

A-2 Groundwater Preservation Fee

A-3 Water Resource and System Development Impact Fee Fund

A-4 Summary of All Funds

# Oro Valley Water Utility – Operating Fund

| | Budget FY 2025-26 | FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 |
|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | |
| **Water Sales** | | | | | | |
| Potable Water Sales | $ 17,070,000 | $ 18,006,307 | $ 18,525,118 | $ 19,054,306 | $ 19,591,872 | $ 20,135,632 |
| Reclaimed Water Sales | 1,441,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 |
| **Total Water Sales** | **18,511,000** | **19,506,307** | **20,025,118** | **20,554,306** | **21,091,872** | **21,635,632** |
| **Other Operating Revenue** | | | | | | |
| Service Fees & Charges | 877,000 | 850,000 | 850,000 | 850,000 | 850,000 | 850,000 |
| Interest Income | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| **Total Other Operating Revenue** | **977,000** | **950,000** | **950,000** | **950,000** | **950,000** | **950,000** |
| **Total Operating Revenue** | **$ 19,488,000** | **$ 20,456,307** | **$ 20,975,118** | **$ 21,504,306** | **$ 22,041,872** | **$ 22,585,632** |
| **OPERATING EXPENSES** | | | | | | |
| **Potable Operating Expenses** | | | | | | |
| Personnel | 3,775,595 | 3,900,593 | 4,012,978 | 4,128,735 | 4,247,964 | 4,370,770 |
| Operations & Maintenance | 3,686,834 | 3,797,439 | 3,911,362 | 4,028,704 | 4,149,564 | 4,274,051 |
| Power for Pumping | 1,035,000 | 1,066,050 | 1,098,032 | 1,130,972 | 1,164,902 | 1,199,849 |
| NWRRDS Water Delivery Resale | - | 160,000 | 164,800 | 169,744 | 174,836 | 180,081 |
| CAP Water Wheeling Costs | 2,224,000 | 2,371,392 | 2,501,819 | 2,639,419 | 2,784,587 | 2,937,739 |
| CAP Water Delivery Costs | 3,138,450 | 3,303,351 | 3,437,316 | 3,519,756 | 3,674,331 | 3,818,601 |
| **Total Potable Operating Expenses** | **$ 13,859,879** | **$ 14,598,825** | **$ 15,126,307** | **$ 15,617,329** | **$ 16,196,184** | **$ 16,781,091** |
| **Reclaimed Operating Expenses** | | | | | | |
| Personnel | 210,130 | 209,621 | 215,661 | 221,881 | 228,289 | 234,889 |
| Operating & Maintenance | 988,891 | 1,146,413 | 1,197,368 | 1,250,679 | 1,306,460 | 1,345,653 |
| Power for Pumping | 70,000 | 72,100 | 74,263 | 76,491 | 78,786 | 81,149 |
| **Total Reclaimed Operating Expenses** | **$ 1,269,021** | **$ 1,428,134** | **$ 1,487,292** | **$ 1,549,051** | **$ 1,613,534** | **$ 1,661,692** |
| **Total Operating Expenses** | **$ 15,128,900** | **$ 16,026,960** | **$ 16,613,599** | **$ 17,166,381** | **$ 17,809,718** | **$ 18,442,783** |
| **Net Operating Revenue** | **$ 4,359,100** | **$ 4,429,347** | **$ 4,361,519** | **$ 4,337,925** | **$ 4,232,154** | **$ 4,142,849** |
| **DEBT SERVICE - POTABLE** | | | | | | |
| P&I - 2014 WIFA Loan - Sr. Lien - AMI | 376,298 | 376,178 | 376,054 | 375,927 | - | - |
| P&I - 2015 Excise Tax Bonds - Refinance 2005 | 149,918 | - | - | - | - | - |
| P&I - 2017 Excise Tax Bonds - Refinance 2007 | 1,638,851 | 1,638,703 | - | - | - | - |
| P&I - 2018 Excise Tax Bonds - Exist. System CIP- 15 yrs.$6M | 514,546 | 514,338 | 514,506 | 514,289 | 513,687 | 513,438 |
| P&I - 2021 Sr. Lien Bonds - Refinance 2007 & 2009 WIFA & 2012 | 275,489 | 276,064 | 274,061 | 169,843 | 40,694 | - |
| **Total Potable System Debt Service** | **$ 2,955,102** | **$ 2,805,283** | **$ 1,164,621** | **$ 1,060,059** | **$ 554,381** | **$ 513,438** |
| **Net Balance From Operations before capital outlay** | **$ 1,403,998** | **$ 1,624,064** | **$ 3,196,898** | **$ 3,277,866** | **$ 3,677,773** | **$ 3,629,411** |
| **Capital Outlay** | | | | | | |
| Meters & Equipment & Vehicles | $ 725,000 | $ 1,170,000 | $ 1,240,000 | $ 1,240,000 | $ 1,240,000 | $ 1,240,000 |
| Capital Improvements: Existing System | 1,602,639 | 900,000 | 1,250,000 | 1,500,000 | 1,550,000 | 1,550,000 |
| **Total Capital Outlay** | **$ 2,327,639** | **$ 2,070,000** | **$ 2,490,000** | **$ 2,740,000** | **$ 2,790,000** | **$ 2,790,000** |
| **Net Balance From Operations including capital outlay** | **$ (923,641)** | **$ (445,936)** | **$ 706,898** | **$ 537,866** | **$ 887,773** | **$ 839,411** |
| **Beginning Cash Balance** | $ 6,079,053 | $ 5,155,412 | $ 4,709,476 | $ 5,416,375 | $ 5,954,241 | $ 6,842,013 |
| **Net Balance From Operations** | (923,641) | (445,936) | 706,898 | 537,866 | 887,773 | 839,411 |
| **Ending Cash Balance** | **$ 5,155,412** | **$ 4,709,476** | **$ 5,416,375** | **$ 5,954,241** | **$ 6,842,013** | **$ 7,681,424** |

# Oro Valley Water Utility – Operating Fund

## Groundwater Preservation Fees

| | Budget FY 2025-26 | FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 |
|---|---|---|---|---|---|---|
| **GPF Beginning Balance** | $ 8,742,873 | $ 912,932 | $ 1,369,500 | $ 2,596,376 | $ 3,958,224 | $ 5,563,524 |
| **Revenue** | | | | | | |
| GPF Revenue - Potable | 2,341,500 | 2,400,000 | 2,400,000 | 2,400,000 | 2,400,000 | 2,400,000 |
| GPF Revenue - Reclaimed | 258,500 | 282,000 | 282,000 | 282,000 | 282,000 | 282,000 |
| **Total GPF Revenue** | $ 2,600,000 | $ 2,682,000 | $ 2,682,000 | $ 2,682,000 | $ 2,682,000 | $ 2,682,000 |
| Interest Income | - | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| **Total All Revenue** | $ 2,600,000 | $ 2,732,000 | $ 2,732,000 | $ 2,732,000 | $ 2,732,000 | $ 2,732,000 |
| | | | | | | |
| **GPF Expenses** | | | | | | |
| Capital Cost for CAP Allotment 7305 AF | 409,000 | 409,080 | 423,690 | 467,520 | 445,605 | 430,995 |
| Capital Costs for NWRRDS Project | 9,480,000 | 800,000 | - | - | - | - |
| P&I - 2021 Sr. Lien Water Revenue Refunding Obligations | 472,174 | 473,158 | 469,726 | 291,102 | 69,748 | - |
| P&I - 2025 Sr. Lien-Water Revenue Obligations-NWRRDS | 68,767 | 280,768 | 299,282 | 299,104 | 298,920 | 298,730 |
| P&I - 2025 WIFA Loan - Sr. Lien - NWRRDS | - | 312,426 | 312,426 | 312,426 | 312,426 | 312,426 |
| **Total GPF Expenses** | 10,429,941 | 2,275,432 | 1,505,124 | 1,370,152 | 1,126,699 | 1,042,151 |
| | | | | | | |
| **GPF Ending Balance** | **$ 912,932** | **$ 1,369,500** | **$ 2,596,376** | **$ 3,958,224** | **$ 5,563,524** | **$ 7,253,373** |

# Water Resource and System Development Impact Fee Fund

| | Budget FY 2025-26 | FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 |
|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | |
| Impact Fee Revenue- Residential | $ 728,118 | $ 619,539 | $ 906,954 | $ 830,310 | $ 587,604 | $ 383,220 |
| Impact Fee Revenue- Non-Residential | 201,960 | 429,888 | 429,888 | 429,888 | 429,888 | 429,888 |
| **Subtotal Revenue** | **$ 930,078** | **$ 1,049,427** | **$ 1,336,842** | **$ 1,260,198** | **$ 1,017,492** | **$ 813,108** |
| **Other Operating Revenue** | | | | | | |
| Interest Income | 175,000 | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 |
| **Subtotal Other Operating Revenue** | **175,000** | **75,000** | **75,000** | **75,000** | **75,000** | **75,000** |
| **Total Operating Revenue** | **$ 1,105,078** | **$ 1,124,427** | **$ 1,411,842** | **$ 1,335,198** | **$ 1,092,492** | **$ 888,108** |
| **OPERATING EXPENSES** | | | | | | |
| Capital Cost for CAP Allotment 3000 AF | 168,000 | 168,000 | 174,000 | 192,000 | 183,000 | 177,000 |
| **Total Operating Expenses** | **$ 168,000** | **$ 168,000** | **$ 174,000** | **$ 192,000** | **$ 183,000** | **$ 177,000** |
| **Net Operating Revenue** | **$ 937,078** | **$ 956,427** | **$ 1,237,842** | **$ 1,143,198** | **$ 909,492** | **$ 711,108** |
| **DEBT SERVICE** | | | | | | |
| P&I - 2021 Sr. Lien Bonds - Refinance 2007 & 2009 WIFA & 2012 | 56,237 | 56,354 | 55,945 | 34,671 | 8,307 | - |
| P&I - 2025 Sr. Lien-Water Revenue Obligations-NWRRDS | 103,150 | 421,152 | 448,923 | 448,655 | 448,381 | 448,095 |
| P&I - 2025 WIFA Loan - Sr. Lien - NWRRDS | - | 468,639 | 468,639 | 468,639 | 468,639 | 468,639 |
| **Total Debt Service** | **$ 159,387** | **$ 946,145** | **$ 973,507** | **$ 951,965** | **$ 925,327** | **$ 916,734** |
| **CAPITAL OUTLAY** | | | | | | |
| Capital Improvements: | | | | | | |
| Capital Costs for NWRRDS Projects | 14,220,000 | 1,200,000 | - | - | - | - |
| Capital Costs for Other Potable Projects | 1,264,494 | - | - | - | - | - |
| **Total Capital Outlay** | **$ 15,484,494** | **$ 1,200,000** | **$ -** | **$ -** | **$ -** | **$ -** |
| **Net Balance From Operations** | **$ (14,706,803)** | **$ (1,189,718)** | **$ 264,335** | **$ 191,233** | **$ (15,835)** | **$ (205,626)** |
| **Beginning Cash Balance** | $ 16,505,300 | $ 1,798,497 | $ 608,779 | $ 873,113 | $ 1,064,346 | $ 1,048,511 |
| **Net Balance From Operations** | $ (14,706,803) | $ (1,189,718) | $ 264,335 | $ 191,233 | $ (15,835) | $ (205,626) |
| **Ending Cash Balance** | $ 1,798,497 | $ 608,779 | $ 873,113 | $ 1,064,346 | $ 1,048,511 | $ 842,884 |

# Summary of All Funds

| | Budget FY 2025-26 | FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 |
|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | |
| **Water Sales** | | | | | | |
| Potable Water Sales | $ 17,070,000 | $ 18,006,307 | $ 18,525,118 | $ 19,054,306 | $ 19,591,872 | $ 20,135,632 |
| Reclaimed Water Sales | 1,441,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 |
| **Total Water Sales** | **18,511,000** | **19,506,307** | **20,025,118** | **20,554,306** | **21,091,872** | **21,635,632** |
| | | | | | | |
| **Other Operating Revenue** | | | | | | |
| **Groundwater Preservation Fees** | | | | | | |
| Groundwater Preservation Fee - Potable | 2,341,500 | 2,400,000 | 2,400,000 | 2,400,000 | 2,400,000 | 2,400,000 |
| Groundwater Preservation Fee - Reclaimed | 258,500 | 282,000 | 282,000 | 282,000 | 282,000 | 282,000 |
| **Total Groundwater Preservation Fees** | **2,600,000** | **2,682,000** | **2,682,000** | **2,682,000** | **2,682,000** | **2,682,000** |
| | | | | | | |
| Water Resource & System Development Impact Fees | 930,078 | 1,049,427 | 1,336,842 | 1,260,198 | 1,017,492 | 813,108 |
| Service Fees & Charges | 877,000 | 850,000 | 850,000 | 850,000 | 850,000 | 850,000 |
| Interest Income | 275,000 | 225,000 | 225,000 | 225,000 | 225,000 | 225,000 |
| **Total Other Operating Revenue** | **2,082,078** | **2,124,427** | **2,411,842** | **2,335,198** | **2,092,492** | **1,888,108** |
| | | | | | | |
| **Total Operating Revenue** | **$ 23,193,078** | **$ 24,312,734** | **$ 25,118,960** | **$ 25,571,504** | **$ 25,866,364** | **$ 26,205,740** |
| | | | | | | |
| **OPERATING EXPENSES** | | | | | | |
| **Potable Operating Expenses** | | | | | | |
| Personnel | 3,775,595 | 3,900,593 | 4,012,978 | 4,128,735 | 4,247,964 | 4,370,770 |
| Operations & Maintenance | 3,686,834 | 3,797,439 | 3,911,362 | 4,028,704 | 4,149,564 | 4,274,051 |
| Power for Pumping | 1,035,000 | 1,066,050 | 1,098,032 | 1,130,972 | 1,164,902 | 1,199,849 |
| NWRRDS Water Delivery Resale | - | 160,000 | 164,800 | 169,744 | 174,836 | 180,081 |
| CAP Water Wheeling Costs | 2,224,000 | 2,371,392 | 2,501,819 | 2,639,419 | 2,784,587 | 2,937,739 |
| CAP Water Delivery Costs | 3,138,450 | 3,303,351 | 3,437,316 | 3,519,756 | 3,674,331 | 3,818,601 |
| CAP Capital Costs paid by GPF Revenue | 409,000 | 409,080 | 423,690 | 467,520 | 445,605 | 430,995 |
| **Total Potable Operating Expenses** | **$ 14,268,880** | **$ 15,007,905** | **$ 15,549,997** | **$ 16,084,849** | **$ 16,641,789** | **$ 17,212,086** |
| | | | | | | |
| **Reclaimed Operating Expenses** | | | | | | |
| Personnel | 210,130 | 209,621 | 215,661 | 221,881 | 228,289 | 234,889 |
| Operating & Maintenance | 988,891 | 1,146,413 | 1,197,368 | 1,250,679 | 1,306,460 | 1,345,653 |
| Power for Pumping | 70,000 | 72,100 | 74,263 | 76,491 | 78,786 | 81,149 |
| **Total Reclaimed Operating Expenses** | **$ 1,269,021** | **$ 1,428,134** | **$ 1,487,292** | **$ 1,549,052** | **$ 1,613,535** | **$ 1,661,691** |
| | | | | | | |
| **WRSDIF Operating Expenses** | | | | | | |
| CAP Capital Costs | 168,000 | 168,000 | 174,000 | 192,000 | 183,000 | 177,000 |
| **Total WRSDIF Operating Expenses** | **$ 168,000** | **$ 168,000** | **$ 174,000** | **$ 192,000** | **$ 183,000** | **$ 177,000** |
| | | | | | | |
| **Total Operating Expenses** | **$ 15,705,901** | **$ 16,604,040** | **$ 17,211,289** | **$ 17,825,902** | **$ 18,438,324** | **$ 19,050,777** |
| | | | | | | |
| **Net Operating Revenue** | **$ 7,487,177** | **$ 7,708,694** | **$ 7,907,671** | **$ 7,745,602** | **$ 7,428,040** | **$ 7,154,963** |

# Summary of All Funds

| | Budget FY 2025-26 | FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 |
|---|---|---|---|---|---|---|
| **Debt Service** | | | | | | |
| **Debt Service - Potable- Existing System** | | | | | | |
| P&I - 2014 WIFA Loan - Sr. Lien - AMI | 376,298 | 376,178 | 376,054 | 375,927 | - | - |
| P&I - 2015 Excise Tax Bonds - Refinance 2005 | 149,918 | - | - | - | - | - |
| P&I - 2017 Excise Tax Bonds - Refinance 2007 | 1,638,851 | 1,638,703 | - | - | - | - |
| P&I - 2018 Excise Tax Bonds - Exist. System CIP- 15 yrs. $6M | 514,546 | 514,338 | 514,506 | 514,289 | 513,687 | 513,438 |
| P&I - 2021 Sr. Lien Bonds - Refinance 2007 & 2009 WIFA & 2012 | 275,489 | 276,064 | 274,061 | 169,843 | 40,694 | - |
| **Total Potable Existing System Debt Service** | **$ 2,955,102** | **$ 2,805,283** | **$ 1,164,621** | **$ 1,060,059** | **$ 554,381** | **$ 513,438** |
| **Debt Service - GPF** | | | | | | |
| P&I - 2021 Sr. Lien Bonds - Refinance 2007 & 2009 WIFA & 2012 | 472,174 | 473,158 | 469,726 | 291,102 | 69,748 | - |
| P&I - 2025 Sr. Lien-Water Revenue Obligations-NWRRDS | 68,767 | 280,768 | 299,282 | 299,104 | 298,920 | 298,730 |
| P&I - 2025 WIFA Loan - Sr. Lien - NWRRDS | - | 312,426 | 312,426 | 312,426 | 312,426 | 312,426 |
| **Total GPF Debt Service** | **$ 540,941** | **$ 1,066,352** | **$ 1,081,434** | **$ 902,632** | **$ 681,094** | **$ 611,156** |
| **Debt Service - WRSDIF - Growth Related** | | | | | | |
| P&I - 2021 Sr. Lien Bonds - Refinance 2007 & 2009 WIFA & 2012 | 56,237 | 56,354 | 55,945 | 34,671 | 8,307 | - |
| P&I - 2025 Sr. Lien-Water Revenue Obligations-NWRRDS | 103,150 | 421,152 | 448,923 | 448,655 | 448,381 | 448,095 |
| P&I - 2025 WIFA Loan - Sr. Lien - NWRRDS | - | 468,639 | 468,639 | 468,639 | 468,639 | 468,639 |
| **Total WRSDIF Growth Related Debt Service** | **$ 159,387** | **$ 946,145** | **$ 973,507** | **$ 951,965** | **$ 925,327** | **$ 916,734** |
| **Total Water System Debt Service** | **$ 3,655,430** | **$ 4,817,780** | **$ 3,219,562** | **$ 2,914,656** | **$ 2,160,802** | **$ 2,041,328** |
| | | | | | | |
| **Capital Outlay** | | | | | | |
| Meters & Equipment & Vehicles | $ 725,000 | $ 1,170,000 | $ 1,240,000 | $ 1,240,000 | $ 1,240,000 | $ 1,240,000 |
| Capital Improvements: | | | | | | |
| Existing System | 1,602,639 | 900,000 | 1,250,000 | 1,500,000 | 1,550,000 | 1,550,000 |
| Groundwater Preservation Fees | 9,480,000 | 800,000 | - | - | - | - |
| NWRRDS Projects | 14,220,000 | 1,200,000 | - | - | - | - |
| Other Potable Growth Related Projects | 1,264,494 | - | - | - | - | - |
| **Total Capital Outlay** | **$ 27,292,133** | **$ 4,070,000** | **$ 2,490,000** | **$ 2,740,000** | **$ 2,790,000** | **$ 2,790,000** |
| | | | | | | |
| **Net Balance From Operations** | **$ (23,460,386)** | **$ (1,179,086)** | **$ 2,198,109** | **$ 2,090,946** | **$ 2,477,237** | **$ 2,323,634** |
| | | | | | | |
| Growth - New Metered Connections | 100 | 97 | 142 | 130 | 92 | 60 |
| | | | | | | |
| Monthly (Avg.) increase to residential customer using 7K gals. | N/A | 3.6% | 2.9% | 2.9% | 2.9% | 2.8% |
| Monthly (Avg.) increase to residential customer using 7K gals. | N/A | $1.86 | $1.55 | $1.58 | $1.61 | $1.63 |
| | | | | | | |
| Monthly increase to reclaimed customer using 10M gals. | N/A | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Monthly increase to reclaimed customer using 10M gals. | N/A | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| | | | | | | |
| **Debt Service Coverage Ratio: Sr. Lien & WIFA** | **5.54** | **2.89** | **2.92** | **3.23** | **4.51** | **4.68** |
| Debt Service Coverage Requirement = 1.30 | | | | | | |
| | | | | | | |
| **Required Operating Fund Cash Reserves (20% of personnel, O&M, debt)** | **$ 3,616,801** | **$ 3,766,449** | **$ 3,555,644** | **$ 3,645,288** | **$ 3,672,820** | **$ 3,791,244** |
| (does not include depreciation/amortization) | | | | | | |
| | | | | | | |
| Operating Fund Cash Reserves | $ 5,155,412 | $ 4,709,476 | $ 5,416,375 | $ 5,954,241 | $ 6,842,013 | $ 7,681,424 |
| Groundwater Preservation Fees | 912,932 | 1,369,500 | 2,596,376 | 3,958,224 | 5,563,524 | 7,253,373 |
| WRSD Impact Fee Fund | 1,798,497 | 608,779 | 873,113 | 1,064,346 | 1,048,511 | 842,884 |
| **Total Ending Cash Balance** | $ 7,866,841 | $ 6,687,755 | $ 8,885,864 | $ 10,976,810 | $ 13,454,049 | $ 15,777,682 |

# APPENDIX B

Rate Schedules & Tables for Bill Comparisons

B-1 Proposed Water Rate Schedule

B-2 Tables for Bill Comparisons by Meter Size – Potable

B-8 Tables for Bill Comparisons by Meter Size – Reclaimed

**Town of Oro Valley Water Utility**
**Water Rates and Groundwater Preservation Fee Schedule**
**Proposed Rates Effective July 4, 2026**

The monthly water rate for the various user classifications is comprised of a ***monthly base rate,*** that varies with the meter size, **plus** the cooresponding monthly ***usage rate*** per 1,000 gallons **plus** the groundwater preservation fee per 1,000 gallons for both potable and reclaimed water plus applicable sales taxes.

| Potable Water<br>Residential & Irrigation uses | | | | | |
|---|---|---|---|---|---|
| **Meter Size** | **Base Rate** | **Tier 1 - $3.02<br>Usage Rate: Per 1,000 gallons** | **Tier 2 - $5.02<br>Usage Rate: Per 1,000 gallons** | **Tier 3 - $8.17<br>Usage Rate: Per 1,000 gallons** | **Tier 4 - $12.32<br>Usage Rate: Per 1,000 gallons** |
| 5/8 Inch | $ 25.17 | 0 - 7,000 | 7,001 - 16,000 | 16,001 - 32,000 | OVER 32,000 |
| 3/4 Inch | $ 37.72 | 0 - 10,000 | 10,001 - 24,000 | 24,001 - 48,000 | OVER 48,000 |
| 1 inch | $ 62.89 | 0 - 17,000 | 17,001 - 40,000 | 40,001 - 80,000 | OVER 80,000 |
| 1.5 inch | $ 125.79 | 0 - 35,000 | 35,001 - 80,000 | 80,001 - 160,000 | OVER 160,000 |
| 2 inch | $ 201.26 | 0 - 56,000 | 56,001 - 128,000 | 128,001 - 256,000 | OVER 256,000 |
| 3 inch | $ 402.49 | 0 - 112,000 | 112,001 - 256,000 | 256,001 - 512,000 | OVER 512,000 |
| 4 inch | $ 628.92 | 0 - 175,000 | 175,001 - 400,000 | 400,001 - 800,000 | OVER 800,000 |
| 6 inch | $ 1,257.82 | 0 - 860,000 | 860,001 - 2,000,000 | 2,000,001 - 3,500,000 | OVER 3,500,000 |
| 8 inch | $ 2,012.53 | 0 - 860,000 | 860,001 - 2,000,000 | 2,000,001 - 3,500,000 | OVER 3,500,000 |

| Potable Water<br>Commercial (Buildings, Tenant Improvements) & Multi-Family uses (Apartments, Duplex, Triplex, Fourplex, Assisted Living) | | | | | |
|---|---|---|---|---|---|
| **Meter Size** | **Base Rate** | **$3.02<br>Usage Rate: Per 1,000 gallons** | | | |
| 5/8 Inch | $ 25.17 | Fixed usage rate | | | |
| 3/4 Inch | $ 37.72 | Fixed usage rate | | | |
| 1 inch | $ 62.89 | Fixed usage rate | | | |
| 1.5 inch | $ 125.79 | Fixed usage rate | | | |
| 2 inch | $ 201.26 | Fixed usage rate | | | |
| 3 inch | $ 402.49 | Fixed usage rate | | | |
| 4 inch | $ 628.92 | Fixed usage rate | | | |
| 6 inch | $ 1,257.82 | Fixed usage rate | | | |
| 8 inch | $ 2,012.53 | Fixed usage rate | | | |

| Potable Water<br>Construction Water uses | | | | | |
|---|---|---|---|---|---|
| **Meter Size** | **Base Rate** | **$7.65<br>Usage Rate: Per 1,000 gallons** | | | |
| 5/8 Inch | $ 25.17 | Fixed usage rate | | | |
| 3/4 Inch | $ 37.72 | Fixed usage rate | | | |
| 1 inch | $ 62.89 | Fixed usage rate | | | |
| 1.5 inch | $ 125.79 | Fixed usage rate | | | |
| 2 inch | $ 201.26 | Fixed usage rate | | | |
| 3 inch | $ 402.49 | Fixed usage rate | | | |
| 4 inch | $ 628.92 | Fixed usage rate | | | |
| 6 inch | $ 1,257.82 | Fixed usage rate | | | |
| 8 inch | $ 2,012.53 | Fixed usage rate | | | |

| Reclaimed Water (Turf only)<br>All Uses | | | | | |
|---|---|---|---|---|---|
| **Meter Size** | **Base Rate** | **$2.35<br>Usage Rate: Per 1,000 gallons** | | | |
| 5/8 Inch | $ 14.62 | Fixed usage rate | | | |
| 3/4 Inch | $ 21.93 | Fixed usage rate | | | |
| 1 inch | $ 36.54 | Fixed usage rate | | | |
| 1.5 inch | $ 73.08 | Fixed usage rate | | | |
| 2 inch | $ 116.94 | Fixed usage rate | | | |
| 3 inch | $ 233.86 | Fixed usage rate | | | |
| 4 inch | $ 365.41 | Fixed usage rate | | | |
| 6 inch | $ 730.83 | Fixed usage rate | | | |
| 8 inch | $ 1,169.32 | Fixed usage rate | | | |

| Fees<br>Groundwater Preservation Fees for all uses | | | | |
|---|---|---|---|---|
| **Potable Water** | **$1.00<br>Fee Per 1,000 gallons** | | | |
| **Reclaimed Water** | **$0.47<br>Fee: Per 1,000 gallons** | | | |

TABLE FOR MONTHLY CHARGES & PERCENT INCREASE COMPARISON

**RESIDENTIAL & IRRIGATION CUSTOMERS WITH A 5/8-INCH METER**

Tier Levels

| **GALLONS USED** | CURRENT WATER | CURRENT GPF | **CURRENT MONTHLY BILL** | PROPOSED WATER | PROPOSED GPF | **PROPOSED MONTHLY BILL** | **TOTAL MONTHLY INCREASE** | **PERCENT INCREASED** |
|---|---|---|---|---|---|---|---|---|
| 0 | 23.31 | - | 23.31 | 25.17 | - | 25.17 | **1.86** | 8.0% |
| 1,000 | 26.33 | 1.00 | 27.33 | 28.19 | 1.00 | 29.19 | **1.86** | 6.8% |
| 2,000 | 29.35 | 2.00 | 31.35 | 31.21 | 2.00 | 33.21 | **1.86** | 5.9% |
| 3,000 | 32.37 | 3.00 | 35.37 | 34.23 | 3.00 | 37.23 | **1.86** | 5.3% |
| 4,000 | 35.39 | 4.00 | 39.39 | 37.25 | 4.00 | 41.25 | **1.86** | 4.7% |
| 5,000 | 38.41 | 5.00 | 43.41 | 40.27 | 5.00 | 45.27 | **1.86** | 4.3% |
| 6,000 | 41.43 | 6.00 | 47.43 | 43.29 | 6.00 | 49.29 | **1.86** | 3.9% |
| 7,000 | 44.45 | 7.00 | 51.45 | 46.31 | 7.00 | 53.31 | **1.86** | 3.6% |
| 8,000 | 49.47 | 8.00 | 57.47 | 51.33 | 8.00 | 59.33 | **1.86** | 3.2% |
| 9,000 | 54.49 | 9.00 | 63.49 | 56.35 | 9.00 | 65.35 | **1.86** | 2.9% |
| 10,000 | 59.51 | 10.00 | 69.51 | 61.37 | 10.00 | 71.37 | **1.86** | 2.7% |
| 11,000 | 64.53 | 11.00 | 75.53 | 66.39 | 11.00 | 77.39 | **1.86** | 2.5% |
| 12,000 | 69.55 | 12.00 | 81.55 | 71.41 | 12.00 | 83.41 | **1.86** | 2.3% |
| 13,000 | 74.57 | 13.00 | 87.57 | 76.43 | 13.00 | 89.43 | **1.86** | 2.1% |
| 14,000 | 79.59 | 14.00 | 93.59 | 81.45 | 14.00 | 95.45 | **1.86** | 2.0% |
| 15,000 | 84.61 | 15.00 | 99.61 | 86.47 | 15.00 | 101.47 | **1.86** | 1.9% |
| 16,000 | 89.63 | 16.00 | 105.63 | 91.49 | 16.00 | 107.49 | **1.86** | 1.8% |
| 17,000 | 97.80 | 17.00 | 114.80 | 99.66 | 17.00 | 116.66 | **1.86** | 1.6% |
| 18,000 | 105.97 | 18.00 | 123.97 | 107.83 | 18.00 | 125.83 | **1.86** | 1.5% |
| 19,000 | 114.14 | 19.00 | 133.14 | 116.00 | 19.00 | 135.00 | **1.86** | 1.4% |
| 20,000 | 122.31 | 20.00 | 142.31 | 124.17 | 20.00 | 144.17 | **1.86** | 1.3% |
| 21,000 | 130.48 | 21.00 | 151.48 | 132.34 | 21.00 | 153.34 | **1.86** | 1.2% |
| 22,000 | 138.65 | 22.00 | 160.65 | 140.51 | 22.00 | 162.51 | **1.86** | 1.2% |
| 23,000 | 146.82 | 23.00 | 169.82 | 148.68 | 23.00 | 171.68 | **1.86** | 1.1% |
| 24,000 | 154.99 | 24.00 | 178.99 | 156.85 | 24.00 | 180.85 | **1.86** | 1.0% |
| 25,000 | 163.16 | 25.00 | 188.16 | 165.02 | 25.00 | 190.02 | **1.86** | 1.0% |
| 26,000 | 171.33 | 26.00 | 197.33 | 173.19 | 26.00 | 199.19 | **1.86** | 0.9% |
| 27,000 | 179.50 | 27.00 | 206.50 | 181.36 | 27.00 | 208.36 | **1.86** | 0.9% |
| 28,000 | 187.67 | 28.00 | 215.67 | 189.53 | 28.00 | 217.53 | **1.86** | 0.9% |
| 29,000 | 195.84 | 29.00 | 224.84 | 197.70 | 29.00 | 226.70 | **1.86** | 0.8% |
| 30,000 | 204.01 | 30.00 | 234.01 | 205.87 | 30.00 | 235.87 | **1.86** | 0.8% |
| 31,000 | 212.18 | 31.00 | 243.18 | 214.04 | 31.00 | 245.04 | **1.86** | 0.8% |
| 32,000 | 220.35 | 32.00 | 252.35 | 222.21 | 32.00 | 254.21 | **1.86** | 0.7% |
| 33,000 | 232.67 | 33.00 | 265.67 | 234.53 | 33.00 | 267.53 | **1.86** | 0.7% |
| 34,000 | 244.99 | 34.00 | 278.99 | 246.85 | 34.00 | 280.85 | **1.86** | 0.7% |
| 35,000 | 257.31 | 35.00 | 292.31 | 259.17 | 35.00 | 294.17 | **1.86** | 0.6% |
| 36,000 | 269.63 | 36.00 | 305.63 | 271.49 | 36.00 | 307.49 | **1.86** | 0.6% |
| 37,000 | 281.95 | 37.00 | 318.95 | 283.81 | 37.00 | 320.81 | **1.86** | 0.6% |
| 38,000 | 294.27 | 38.00 | 332.27 | 296.13 | 38.00 | 334.13 | **1.86** | 0.6% |
| 39,000 | 306.59 | 39.00 | 345.59 | 308.45 | 39.00 | 347.45 | **1.86** | 0.5% |
| 40,000 | 318.91 | 40.00 | 358.91 | 320.77 | 40.00 | 360.77 | **1.86** | 0.5% |
| 41,000 | 331.23 | 41.00 | 372.23 | 333.09 | 41.00 | 374.09 | **1.86** | 0.5% |
| 42,000 | 343.55 | 42.00 | 385.55 | 345.41 | 42.00 | 387.41 | **1.86** | 0.5% |
| 43,000 | 355.87 | 43.00 | 398.87 | 357.73 | 43.00 | 400.73 | **1.86** | 0.5% |
| 44,000 | 368.19 | 44.00 | 412.19 | 370.05 | 44.00 | 414.05 | **1.86** | 0.5% |
| 45,000 | 380.51 | 45.00 | 425.51 | 382.37 | 45.00 | 427.37 | **1.86** | 0.4% |
| 46,000 | 392.83 | 46.00 | 438.83 | 394.69 | 46.00 | 440.69 | **1.86** | 0.4% |
| 47,000 | 405.15 | 47.00 | 452.15 | 407.01 | 47.00 | 454.01 | **1.86** | 0.4% |
| 48,000 | 417.47 | 48.00 | 465.47 | 419.33 | 48.00 | 467.33 | **1.86** | 0.4% |
| 49,000 | 429.79 | 49.00 | 478.79 | 431.65 | 49.00 | 480.65 | **1.86** | 0.4% |
| 50,000 | 442.11 | 50.00 | 492.11 | 443.97 | 50.00 | 493.97 | **1.86** | 0.4% |

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR SF & MF RESIDENTIAL & IRRIGATION CUSTOMERS WITH A 3/4-INCH METER**

BASE RATE $ 37.72

COMMODITY RATE:

| | | | |
|---|---|---|---|
| TIER 1 = | $ 3.02 | FOR 0 - 10,000 GALLONS |
| TIER 2 = | $ 5.02 | FOR 10,001 - 24,000 GALLONS |
| TIER 3 = | $ 8.17 | FOR 24,001 - 48,000 GALLONS |
| TIER 4 = | $ 12.32 | FOR ALL USAGE OVER 48,000 GALLONS |

| **GALLONS USED IN 1 MONTH** | CURRENT WATER | CURRENT GPF | **CURRENT MONTHLY BILL** | PROPOSED WATER | PROPOSED GPF | **PROPOSED MONTHLY BILL** | **TOTAL MONTHLY INCREASE** | **PERCENT INCREASED** |
|---|---|---|---|---|---|---|---|---|
| 0 | 34.93 | - | 34.93 | 37.72 | - | 37.72 | 2.79 | 8.0% |
| 7,000 | 56.07 | 7.00 | 63.07 | 58.86 | 7.00 | 65.86 | 2.79 | 4.4% |
| 11,000 | 70.15 | 11.00 | 81.15 | 72.94 | 11.00 | 83.94 | 2.79 | 3.4% |
| 28,000 | 168.09 | 28.00 | 196.09 | 170.88 | 28.00 | 198.88 | 2.79 | 1.4% |
| 50,000 | 356.13 | 50.00 | 406.13 | 358.92 | 50.00 | 408.92 | 2.79 | 0.7% |

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR COMMERCIAL CUSTOMERS WITH A 3/4-INCH METER**

BASE RATE $ 37.72

COMMODITY RATE:

| | | |
|---|---|---|
| TIER 1 = | $ 3.02 | FOR ALL WATER USAGE |
| TIER 2 = | N/A | |
| TIER 3 = | N/A | |
| TIER 4 = | N/A | |

| **GALLONS USED IN 1 MONTH** | CURRENT WATER | CURRENT GPF | **CURRENT MONTHLY BILL** | PROPOSED WATER | PROPOSED GPF | **PROPOSED MONTHLY BILL** | **TOTAL MONTHLY INCREASE** | **PERCENT INCREASED** |
|---|---|---|---|---|---|---|---|---|
| 0 | 34.93 | - | 34.93 | 37.72 | - | 37.72 | 2.79 | 8.0% |
| 7,000 | 56.07 | 7.00 | 63.07 | 58.86 | 7.00 | 65.86 | 2.79 | 4.4% |
| 11,000 | 68.15 | 11.00 | 79.15 | 70.94 | 11.00 | 81.94 | 2.79 | 3.5% |
| 28,000 | 119.49 | 28.00 | 147.49 | 122.28 | 28.00 | 150.28 | 2.79 | 1.9% |
| 50,000 | 185.93 | 50.00 | 235.93 | 188.72 | 50.00 | 238.72 | 2.79 | 1.2% |

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR SF & MF RESIDENTIAL & IRRIGATION CUSTOMERS WITH A 1-INCH METER**

BASE RATE $ 62.89

COMMODITY RATE:

| | | | |
|---|---|---|---|
| TIER 1 = | $ 3.02 | FOR 0 - 17,000 GALLONS |
| TIER 2 = | $ 5.02 | FOR 17,001 - 40,000 GALLONS |
| TIER 3 = | $ 8.17 | FOR 40,001 - 80,000 GALLONS |
| TIER 4 = | $ 12.32 | FOR ALL USAGE OVER 80,000 GALLONS |

| **GALLONS USED IN 1 MONTH** | CURRENT WATER | CURRENT GPF | **CURRENT MONTHLY BILL** | PROPOSED WATER | PROPOSED GPF | **PROPOSED MONTHLY BILL** | **TOTAL MONTHLY INCREASE** | **PERCENT INCREASED** |
|---|---|---|---|---|---|---|---|---|
| 0 | 58.23 | - | 58.23 | 62.89 | - | 62.89 | 4.66 | 8.0% |
| 17,000 | 109.57 | 17.00 | 126.57 | 114.23 | 17.00 | 131.23 | 4.66 | 3.7% |
| 27,000 | 159.77 | 27.00 | 186.77 | 164.43 | 27.00 | 191.43 | 4.66 | 2.5% |
| 38,000 | 214.99 | 38.00 | 252.99 | 219.65 | 38.00 | 257.65 | 4.66 | 1.8% |
| 50,000 | 306.73 | 50.00 | 356.73 | 311.39 | 50.00 | 361.39 | 4.66 | 1.3% |

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR COMMERCIAL CUSTOMERS WITH A 1-INCH METER**

BASE RATE $ 62.89

COMMODITY RATE: TIER 1 = $ 3.02 FOR ALL WATER USAGE

TIER 2 = N/A

TIER 3 = N/A

TIER 4 = N/A

| GALLONS USED IN 1 MONTH | CURRENT WATER | CURRENT GPF | CURRENT MONTHLY BILL | PROPOSED WATER | PROPOSED GPF | PROPOSED MONTHLY BILL | TOTAL MONTHLY INCREASE | PERCENT INCREASED |
|---|---|---|---|---|---|---|---|---|
| 0 | 58.23 | - | 58.23 | 62.89 | - | 62.89 | 4.66 | 8.0% |
| 15,000 | 103.53 | 15.00 | 118.53 | 108.19 | 15.00 | 123.19 | 4.66 | 3.9% |
| 27,000 | 139.77 | 27.00 | 166.77 | 144.43 | 27.00 | 171.43 | 4.66 | 2.8% |
| 38,000 | 172.99 | 38.00 | 210.99 | 177.65 | 38.00 | 215.65 | 4.66 | 2.2% |
| 50,000 | 209.23 | 50.00 | 259.23 | 213.89 | 50.00 | 263.89 | 4.66 | 1.8% |

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR IRRIGATION CUSTOMERS WITH A 1.5-INCH METER**

BASE RATE $ 125.79

COMMODITY RATE: TIER 1 = $ 3.02 FOR 0 - 35,000 GALLONS

TIER 2 = $ 5.02 FOR 35,001 - 80,000 GALLONS

TIER 3 = $ 8.17 FOR 80,001 - 160,000 GALLONS

TIER 4 = $ 12.32 FOR ALL USAGE OVER 160,000 GALLONS

| GALLONS USED IN 1 MONTH | CURRENT WATER | CURRENT GPF | CURRENT MONTHLY BILL | PROPOSED WATER | PROPOSED GPF | PROPOSED MONTHLY BILL | TOTAL MONTHLY INCREASE | PERCENT INCREASED |
|---|---|---|---|---|---|---|---|---|
| 0 | 116.47 | - | 116.47 | 125.79 | - | 125.79 | 9.32 | 8.0% |
| 38,000 | 237.23 | 38.00 | 275.23 | 246.55 | 38.00 | 284.55 | 9.32 | 3.4% |
| 64,000 | 367.75 | 64.00 | 431.75 | 377.07 | 64.00 | 441.07 | 9.32 | 2.2% |
| 90,000 | 529.77 | 90.00 | 619.77 | 539.09 | 90.00 | 629.09 | 9.32 | 1.5% |
| 125,000 | 815.72 | 125.00 | 940.72 | 825.04 | 125.00 | 950.04 | 9.32 | 1.0% |

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR COMMERCIAL & MULTIFAMILY CUSTOMERS WITH A 1.5-INCH METER**

BASE RATE $ 125.79

COMMODITY RATE: TIER 1 = $ 3.02 FOR ALL WATER USAGE

TIER 2 = N/A

TIER 3 = N/A

TIER 4 = N/A

| GALLONS USED IN 1 MONTH | CURRENT WATER | CURRENT GPF | CURRENT MONTHLY BILL | PROPOSED WATER | PROPOSED GPF | PROPOSED MONTHLY BILL | TOTAL MONTHLY INCREASE | PERCENT INCREASED |
|---|---|---|---|---|---|---|---|---|
| 0 | 116.47 | - | 116.47 | 125.79 | - | 125.79 | 9.32 | 8.0% |
| 30,000 | 207.07 | 30.00 | 237.07 | 216.39 | 30.00 | 246.39 | 9.32 | 3.9% |
| 64,000 | 309.75 | 64.00 | 373.75 | 319.07 | 64.00 | 383.07 | 9.32 | 2.5% |
| 90,000 | 388.27 | 90.00 | 478.27 | 397.59 | 90.00 | 487.59 | 9.32 | 1.9% |
| 125,000 | 493.97 | 125.00 | 618.97 | 503.29 | 125.00 | 628.29 | 9.32 | 1.5% |

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR IRRIGATION CUSTOMERS WITH A 2-INCH METER**

BASE RATE $ 201.26

COMMODITY RATE:

| | | | |
|---|---|---|---|
| TIER 1 = | $ 3.02 | FOR 0 - 56,000 GALLONS |
| TIER 2 = | $ 5.02 | FOR 56,001 - 128,000 GALLONS |
| TIER 3 = | $ 8.17 | FOR 128,001 - 256,000 GALLONS |
| TIER 4 = | $ 12.32 | FOR ALL USAGE OVER 256,000 GALLONS |

| **GALLONS USED IN 1 MONTH** | CURRENT WATER | CURRENT GPF | **CURRENT MONTHLY BILL** | PROPOSED WATER | PROPOSED GPF | **PROPOSED MONTHLY BILL** | **TOTAL MONTHLY INCREASE** | **PERCENT INCREASED** |
|---|---|---|---|---|---|---|---|---|
| 0 | 186.35 | - | 186.35 | 201.26 | - | 201.26 | 14.91 | 8.0% |
| 57,000 | 360.49 | 57.00 | 417.49 | 375.40 | 57.00 | 432.40 | 14.91 | 3.6% |
| 130,000 | 733.25 | 130.00 | 863.25 | 748.16 | 130.00 | 878.16 | 14.91 | 1.7% |
| 250,000 | 1,713.65 | 250.00 | 1,963.65 | 1,728.56 | 250.00 | 1,978.56 | 14.91 | 0.8% |
| 325,000 | 2,612.75 | 325.00 | 2,937.75 | 2,627.66 | 325.00 | 2,952.66 | 14.91 | 0.5% |

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR COMMERCIAL & MULTIFAMILY CUSTOMERS WITH A 2-INCH METER**

BASE RATE $ 201.26

COMMODITY RATE:

| | | |
|---|---|---|
| TIER 1 = | $ 3.02 | FOR ALL WATER USAGE |
| TIER 2 = | N/A | |
| TIER 3 = | N/A | |
| TIER 4 = | N/A | |

| **GALLONS USED IN 1 MONTH** | CURRENT WATER | CURRENT GPF | **CURRENT MONTHLY BILL** | PROPOSED WATER | PROPOSED GPF | **PROPOSED MONTHLY BILL** | **TOTAL MONTHLY INCREASE** | **PERCENT INCREASED** |
|---|---|---|---|---|---|---|---|---|
| 0 | 186.35 | - | 186.35 | 201.26 | - | 201.26 | 14.91 | 8.0% |
| 57,000 | 358.49 | 57.00 | 415.49 | 373.40 | 57.00 | 430.40 | 14.91 | 3.6% |
| 128,000 | 572.91 | 128.00 | 700.91 | 587.82 | 128.00 | 715.82 | 14.91 | 2.1% |
| 250,000 | 941.35 | 250.00 | 1,191.35 | 956.26 | 250.00 | 1,206.26 | 14.91 | 1.3% |
| 325,000 | 1,167.85 | 325.00 | 1,492.85 | 1,182.76 | 325.00 | 1,507.76 | 14.91 | 1.0% |

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR IRRIGATION CUSTOMERS WITH A 3-INCH METER**

BASE RATE $ 402.49

COMMODITY RATE:

| | | | |
|---|---|---|---|
| TIER 1 = | $ 3.02 | FOR 0 - 112,000 GALLONS |
| TIER 2 = | $ 5.02 | FOR 112,001 - 256,000 GALLONS |
| TIER 3 = | $ 8.17 | FOR 256,001 - 512,000 GALLONS |
| TIER 4 = | $ 12.32 | FOR ALL USAGE OVER 512,000 GALLONS |

| **GALLONS USED IN 1 MONTH** | CURRENT WATER | CURRENT GPF | **CURRENT MONTHLY BILL** | PROPOSED WATER | PROPOSED GPF | **PROPOSED MONTHLY BILL** | **TOTAL MONTHLY INCREASE** | **PERCENT INCREASED** |
|---|---|---|---|---|---|---|---|---|
| 0 | 372.68 | - | 372.68 | 402.49 | - | 402.49 | 29.81 | 8.0% |
| 50,000 | 523.68 | 50.00 | 573.68 | 553.49 | 50.00 | 603.49 | 29.81 | 5.2% |
| 150,000 | 901.68 | 150.00 | 1,051.68 | 931.49 | 150.00 | 1,081.49 | 29.81 | 2.8% |
| 300,000 | 1,793.28 | 300.00 | 2,093.28 | 1,823.09 | 300.00 | 2,123.09 | 29.81 | 1.4% |
| 500,000 | 3,427.28 | 500.00 | 3,927.28 | 3,457.09 | 500.00 | 3,957.09 | 29.81 | 0.8% |

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR COMMERCIAL & MULTIFAMILY CUSTOMERS WITH A 3-INCH METER**

BASE RATE $ 402.49

COMMODITY RATE: TIER 1 = $ 3.02 FOR ALL WATER USAGE

TIER 2 = N/A

TIER 3 = N/A

TIER 4 = N/A

| **GALLONS USED IN 1 MONTH** | CURRENT WATER | CURRENT GPF | **CURRENT MONTHLY BILL** | PROPOSED WATER | PROPOSED GPF | **PROPOSED MONTHLY BILL** | **TOTAL MONTHLY INCREASE** | **PERCENT INCREASED** |
|---|---|---|---|---|---|---|---|---|
| 0 | 372.68 | - | 372.68 | 402.49 | - | 402.49 | 29.81 | 8.0% |
| 50,000 | 523.68 | 50.00 | 573.68 | 553.49 | 50.00 | 603.49 | 29.81 | 5.2% |
| 150,000 | 825.68 | 150.00 | 975.68 | 855.49 | 150.00 | 1,005.49 | 29.81 | 3.1% |
| 300,000 | 1,278.68 | 300.00 | 1,578.68 | 1,308.49 | 300.00 | 1,608.49 | 29.81 | 1.9% |
| 500,000 | 1,882.68 | 500.00 | 2,382.68 | 1,912.49 | 500.00 | 2,412.49 | 29.81 | 1.3% |

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR IRRIGATION CUSTOMERS WITH A 4-INCH METER**

BASE RATE $ 628.92

COMMODITY RATE: TIER 1 = $ 3.02 FOR 0 - 175,000 GALLONS

TIER 2 = $ 5.02 FOR 175,001 - 400,000 GALLONS

TIER 3 = $ 8.17 FOR 400,001 - 800,000 GALLONS

TIER 4 = $ 12.32 FOR ALL USAGE OVER 800,000 GALLONS

| **GALLONS USED IN 1 MONTH** | CURRENT WATER | CURRENT GPF | **CURRENT MONTHLY BILL** | PROPOSED WATER | PROPOSED GPF | **PROPOSED MONTHLY BILL** | **TOTAL MONTHLY INCREASE** | **PERCENT INCREASED** |
|---|---|---|---|---|---|---|---|---|
| 0 | 582.33 | - | 582.33 | 628.92 | - | 628.92 | 46.59 | 8.0% |
| 300,000 | 1,738.33 | 300.00 | 2,038.33 | 1,784.92 | 300.00 | 2,084.92 | 46.59 | 2.3% |
| 550,000 | 3,465.83 | 550.00 | 4,015.83 | 3,512.42 | 550.00 | 4,062.42 | 46.59 | 1.2% |
| 700,000 | 4,691.33 | 700.00 | 5,391.33 | 4,737.92 | 700.00 | 5,437.92 | 46.59 | 0.9% |
| 850,000 | 6,124.33 | 850.00 | 6,974.33 | 6,170.92 | 850.00 | 7,020.92 | 46.59 | 0.7% |

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR COMMERCIAL & MULTIFAMILY CUSTOMERS WITH A 4-INCH METER**

BASE RATE $ 628.92

COMMODITY RATE: TIER 1 = $ 3.02 FOR ALL WATER USAGE

TIER 2 = N/A

TIER 3 = N/A

TIER 4 = N/A

| **GALLONS USED IN 1 MONTH** | CURRENT WATER | CURRENT GPF | **CURRENT MONTHLY BILL** | PROPOSED WATER | PROPOSED GPF | **PROPOSED MONTHLY BILL** | **TOTAL MONTHLY INCREASE** | **PERCENT INCREASED** |
|---|---|---|---|---|---|---|---|---|
| 0 | 582.33 | - | 582.33 | 628.92 | - | 628.92 | 46.59 | 8.0% |
| 300,000 | 1,488.33 | 300.00 | 1,788.33 | 1,534.92 | 300.00 | 1,834.92 | 46.59 | 2.6% |
| 550,000 | 2,243.33 | 550.00 | 2,793.33 | 2,289.92 | 550.00 | 2,839.92 | 46.59 | 1.7% |
| 700,000 | 2,696.33 | 700.00 | 3,396.33 | 2,742.92 | 700.00 | 3,442.92 | 46.59 | 1.4% |
| 850,000 | 3,149.33 | 850.00 | 3,999.33 | 3,195.92 | 850.00 | 4,045.92 | 46.59 | 1.2% |

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR RESIDENTIAL & IRRIGATION CUSTOMERS WITH A 6-INCH METER**

BASE RATE $ 1,257.82

COMMODITY RATE:

| | | | |
|---|---|---|---|
| TIER 1 = | $ 3.02 | FOR 0 - 860,000 GALLONS |
| TIER 2 = | $ 5.02 | FOR 860,001 - 2,000,000 GALLONS |
| TIER 3 = | $ 8.17 | FOR 2,000,001 - 3,500,000 GALLONS |
| TIER 4 = | $ 12.32 | FOR ALL USAGE OVER 3,500,000 GALLONS |

| **GALLONS USED IN 1 MONTH** | CURRENT WATER | CURRENT GPF | **CURRENT MONTHLY BILL** | PROPOSED WATER | PROPOSED GPF | **PROPOSED MONTHLY BILL** | **TOTAL MONTHLY INCREASE** | **PERCENT INCREASED** |
|---|---|---|---|---|---|---|---|---|
| 0 | 1,164.65 | - | 1,164.65 | 1,257.82 | - | 1,257.82 | 93.17 | 8.0% |
| 425,000 | 2,448.15 | 425.00 | 2,873.15 | 2,541.32 | 425.00 | 2,966.32 | 93.17 | 3.2% |
| 1,000,000 | 4,464.65 | 1,000.00 | 5,464.65 | 4,557.82 | 1,000.00 | 5,557.82 | 93.17 | 1.7% |
| 1,500,000 | 6,974.65 | 1,500.00 | 8,474.65 | 7,067.82 | 1,500.00 | 8,567.82 | 93.17 | 1.1% |
| 2,000,000 | 9,484.65 | 2,000.00 | 11,484.65 | 9,577.82 | 2,000.00 | 11,577.82 | 93.17 | 0.8% |

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR COMMERCIAL & MULTIFAMILY CUSTOMERS WITH A 6-INCH METER**

BASE RATE $ 1,257.82

COMMODITY RATE:

| | | |
|---|---|---|
| TIER 1 = | $ 3.02 | FOR ALL WATER USAGE |
| TIER 2 = | N/A | |
| TIER 3 = | N/A | |
| TIER 4 = | N/A | |

| **GALLONS USED IN 1 MONTH** | CURRENT WATER | CURRENT GPF | **CURRENT MONTHLY BILL** | PROPOSED WATER | PROPOSED GPF | **PROPOSED MONTHLY BILL** | **TOTAL MONTHLY INCREASE** | **PERCENT INCREASED** |
|---|---|---|---|---|---|---|---|---|
| 0 | 1,164.65 | - | 1,164.65 | 1,257.82 | - | 1,257.82 | 93.17 | 8.0% |
| 425,000 | 2,448.15 | 425.00 | 2,873.15 | 2,541.32 | 425.00 | 2,966.32 | 93.17 | 3.2% |
| 1,000,000 | 4,184.65 | 1,000.00 | 5,184.65 | 4,277.82 | 1,000.00 | 5,277.82 | 93.17 | 1.8% |
| 1,500,000 | 5,694.65 | 1,500.00 | 7,194.65 | 5,787.82 | 1,500.00 | 7,287.82 | 93.17 | 1.3% |
| 2,000,000 | 7,204.65 | 2,000.00 | 9,204.65 | 7,297.82 | 2,000.00 | 9,297.82 | 93.17 | 1.0% |

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR CUSTOMERS WITH A 8-INCH METER**

BASE RATE $ 2,012.53

COMMODITY RATE:

| | | | |
|---|---|---|---|
| TIER 1 = | $ 3.02 | FOR 0 - 860,000 GALLONS |
| TIER 2 = | $ 5.02 | FOR 860,001 - 2,000,000 GALLONS |
| TIER 3 = | $ 8.17 | FOR 2,000,001 - 3,500,000 GALLONS |
| TIER 4 = | $ 12.32 | FOR ALL USAGE OVER 3,500,000 GALLONS |

| **GALLONS USED IN 1 MONTH** | CURRENT WATER | CURRENT GPF | **CURRENT MONTHLY BILL** | PROPOSED WATER | PROPOSED GPF | **PROPOSED MONTHLY BILL** | **TOTAL MONTHLY INCREASE** | **PERCENT INCREASED** |
|---|---|---|---|---|---|---|---|---|
| 0 | 1,863.45 | - | 1,863.45 | 2,012.53 | - | 2,012.53 | 149.08 | 8.0% |
| 425,000 | 3,146.95 | 425.00 | 3,571.95 | 3,296.03 | 425.00 | 3,721.03 | 149.08 | 4.2% |
| 1,000,000 | 5,163.45 | 1,000.00 | 6,163.45 | 5,312.53 | 1,000.00 | 6,312.53 | 149.08 | 2.4% |
| 1,500,000 | 7,673.45 | 1,500.00 | 9,173.45 | 7,822.53 | 1,500.00 | 9,322.53 | 149.08 | 1.6% |
| 2,000,000 | 10,183.45 | 2,000.00 | 12,183.45 | 10,332.53 | 2,000.00 | 12,332.53 | 149.08 | 1.2% |

*(There are no active 8-inch potable meters in the OVWU system)*

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR COMMERCIAL AND MULTIFAMILY CUSTOMERS WITH A 8-INCH METER**

BASE RATE $ 2,012.53

COMMODITY RATE: TIER 1 = $ 3.02 FOR ALL WATER USAGE

TIER 2 = N/A

TIER 3 = N/A

TIER 4 = N/A

| GALLONS USED IN 1 MONTH | CURRENT WATER | CURRENT GPF | CURRENT MONTHLY BILL | PROPOSED WATER | PROPOSED GPF | PROPOSED MONTHLY BILL | TOTAL MONTHLY INCREASE | PERCENT INCREASED |
|---|---|---|---|---|---|---|---|---|
| 0 | 1,863.45 | - | 1,863.45 | 2,012.53 | - | 2,012.53 | 149.08 | 8.0% |
| 425,000 | 3,146.95 | 425.00 | 3,571.95 | 3,296.03 | 425.00 | 3,721.03 | 149.08 | 4.2% |
| 1,000,000 | 4,883.45 | 1,000.00 | 5,883.45 | 5,032.53 | 1,000.00 | 6,032.53 | 149.08 | 2.5% |
| 1,500,000 | 6,393.45 | 1,500.00 | 7,893.45 | 6,542.53 | 1,500.00 | 8,042.53 | 149.08 | 1.9% |
| 2,000,000 | 7,903.45 | 2,000.00 | 9,903.45 | 8,052.53 | 2,000.00 | 10,052.53 | 149.08 | 1.5% |

*(There are no active 8-inch potable meters in the OVWU system)*

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR CUSTOMERS WITH A 1.5-INCH METER - RECLAIMED WATER USE**

BASE RATE $ 73.08

COMMODITY RATE: TIER 1 = $ 2.35 FOR ALL WATER USAGE

TIER 2 = N/A

TIER 3 = N/A

TIER 4 = N/A

| GALLONS USED IN 1 MONTH | CURRENT WATER | CURRENT GPF | CURRENT MONTHLY BILL | PROPOSED WATER | PROPOSED GPF | PROPOSED MONTHLY BILL | TOTAL MONTHLY INCREASE | PERCENT INCREASED |
|---|---|---|---|---|---|---|---|---|
| 0 | 73.08 | - | 73.08 | 73.08 | - | 73.08 | 0.00 | 0.0% |
| 50,000 | 190.58 | 23.50 | 214.08 | 190.58 | 23.50 | 214.08 | 0.00 | 0.0% |
| 135,000 | 390.33 | 63.45 | 453.78 | 390.33 | 63.45 | 453.78 | 0.00 | 0.0% |
| 200,000 | 543.08 | 94.00 | 637.08 | 543.08 | 94.00 | 637.08 | 0.00 | 0.0% |
| 250,000 | 660.58 | 117.50 | 778.08 | 660.58 | 117.50 | 778.08 | 0.00 | 0.0% |

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR CUSTOMERS WITH A 2-INCH METER - RECLAIMED WATER USE**

BASE RATE $ 116.94

COMMODITY RATE: TIER 1 = $ 2.35 FOR ALL WATER USAGE

TIER 2 = N/A

TIER 3 = N/A

TIER 4 = N/A

| GALLONS USED IN 1 MONTH | CURRENT WATER | CURRENT GPF | CURRENT MONTHLY BILL | PROPOSED WATER | PROPOSED GPF | PROPOSED MONTHLY BILL | TOTAL MONTHLY INCREASE | PERCENT INCREASED |
|---|---|---|---|---|---|---|---|---|
| 0 | 116.94 | - | 116.94 | 116.94 | - | 116.94 | 0.00 | 0.0% |
| 150,000 | 469.44 | 70.50 | 539.94 | 469.44 | 70.50 | 539.94 | 0.00 | 0.0% |
| 240,000 | 680.94 | 112.80 | 793.74 | 680.94 | 112.80 | 793.74 | 0.00 | 0.0% |
| 450,000 | 1,174.44 | 211.50 | 1,385.94 | 1,174.44 | 211.50 | 1,385.94 | 0.00 | 0.0% |
| 600,000 | 1,526.94 | 282.00 | 1,808.94 | 1,526.94 | 282.00 | 1,808.94 | 0.00 | 0.0% |

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON
**FOR CUSTOMERS WITH A 3-INCH METER - RECLAIMED WATER USE**
BASE RATE $ 233.86
COMMODITY RATE: TIER 1 = $ 2.35 FOR ALL WATER USAGE
TIER 2 = N/A
TIER 3 = N/A
TIER 4 = N/A

| GALLONS USED IN 1 MONTH | CURRENT WATER | CURRENT GPF | CURRENT MONTHLY BILL | PROPOSED WATER | PROPOSED GPF | PROPOSED MONTHLY BILL | TOTAL MONTHLY INCREASE | PERCENT INCREASED |
|---|---|---|---|---|---|---|---|---|
| 0 | 233.86 | - | 233.86 | 233.86 | - | 233.86 | 0.00 | 0.0% |
| 20,000 | 280.86 | 9.40 | 290.26 | 280.86 | 9.40 | 290.26 | 0.00 | 0.0% |
| 80,000 | 421.86 | 37.60 | 459.46 | 421.86 | 37.60 | 459.46 | 0.00 | 0.0% |
| 100,000 | 468.86 | 47.00 | 515.86 | 468.86 | 47.00 | 515.86 | 0.00 | 0.0% |
| 150,000 | 586.36 | 70.50 | 656.86 | 586.36 | 70.50 | 656.86 | 0.00 | 0.0% |

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON
**FOR CUSTOMERS WITH A 4-INCH METER - RECLAIMED WATER USE**
BASE RATE $ 365.41
COMMODITY RATE: TIER 1 = $ 2.35 FOR ALL WATER USAGE
TIER 2 = N/A
TIER 3 = N/A
TIER 4 = N/A

| GALLONS USED IN 1 MONTH | CURRENT WATER | CURRENT GPF | CURRENT MONTHLY BILL | PROPOSED WATER | PROPOSED GPF | PROPOSED MONTHLY BILL | TOTAL MONTHLY INCREASE | PERCENT INCREASED |
|---|---|---|---|---|---|---|---|---|
| 0 | 365.41 | - | 365.41 | 365.41 | - | 365.41 | 0.00 | 0.0% |
| 220,000 | 882.41 | 103.40 | 985.81 | 882.41 | 103.40 | 985.81 | 0.00 | 0.0% |
| 300,000 | 1,070.41 | 141.00 | 1,211.41 | 1,070.41 | 141.00 | 1,211.41 | 0.00 | 0.0% |
| 450,000 | 1,422.91 | 211.50 | 1,634.41 | 1,422.91 | 211.50 | 1,634.41 | 0.00 | 0.0% |
| 600,000 | 1,775.41 | 282.00 | 2,057.41 | 1,775.41 | 282.00 | 2,057.41 | 0.00 | 0.0% |

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON
**FOR CUSTOMERS WITH A 6-INCH METER - RECLAIMED WATER USE**
BASE RATE $ 730.83
COMMODITY RATE: TIER 1 = $ 2.35 FOR ALL WATER USAGE
TIER 2 = N/A
TIER 3 = N/A
TIER 4 = N/A

| GALLONS USED IN 1 MONTH | CURRENT WATER | CURRENT GPF | CURRENT MONTHLY BILL | PROPOSED WATER | PROPOSED GPF | PROPOSED MONTHLY BILL | TOTAL MONTHLY INCREASE | PERCENT INCREASED |
|---|---|---|---|---|---|---|---|---|
| 0 | 730.83 | - | 730.83 | 730.83 | - | 730.83 | 0.00 | 0.0% |
| 900,000 | 2,845.83 | 423.00 | 3,268.83 | 2,845.83 | 423.00 | 3,268.83 | 0.00 | 0.0% |
| 5,000,000 | 12,480.83 | 2,350.00 | 14,830.83 | 12,480.83 | 2,350.00 | 14,830.83 | 0.00 | 0.0% |
| 10,000,000 | 24,230.83 | 4,700.00 | 28,930.83 | 24,230.83 | 4,700.00 | 28,930.83 | 0.00 | 0.0% |
| 15,000,000 | 35,980.83 | 7,050.00 | 43,030.83 | 35,980.83 | 7,050.00 | 43,030.83 | 0.00 | 0.0% |
| 20,000,000 | 47,730.83 | 9,400.00 | 57,130.83 | 47,730.83 | 9,400.00 | 57,130.83 | 0.00 | 0.0% |

# APPENDIX C

5-Year Capital Improvement Schedules

C-1 Operating Fund

C-2 Groundwater Preservation Fee

C-3 Water Resource and System Development Impact Fee Fund

5-Year
Oro Valley Water Utility
Existing System Capital Projects

| Colors: | Study/Design/Permit | Construct | Purchases |
|---|---|---|---|

**Operating Fund Projects**

| Project No. | Project Name | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | Totals Years 1-5 |
|---|---|---|---|---|---|---|---|
| | **Wells** | | | | | | |
| 1 | Well Rehabilitaion | 250,000 | 500,000 | 500,000 | 500,000 | 500,000 | 2,250,000 |
| 2 | HP Tank Replacement | | | | | | - |
| | **Subtotal** | **250,000** | **500,000** | **500,000** | **500,000** | **500,000** | **2,250,000** |
| | **Reservoirs** | | | | | | |
| 3 | Reservoir Relining | 400,000 | 400,000 | 500,000 | 500,000 | 500,000 | 2,300,000 |
| | **Subtotal** | **400,000** | **400,000** | **500,000** | **500,000** | **500,000** | **2,300,000** |
| | **Booster Stations** | | | | | | |
| 4 | Booster Rehab | 250,000 | 250,000 | 500,000 | 550,000 | 550,000 | 2,100,000 |
| 5 | HP Tank Replacement | | | | | | - |
| | | | | | | | |
| | **Subtotal** | **250,000** | **250,000** | **500,000** | **550,000** | **550,000** | **2,100,000** |
| | **Mains** | | | | | | |
| | | | | | | | - |
| | **Subtotal** | - | - | - | - | - | - |
| | **Buildings & Improvement** | | | | | | |
| 6 | Big Wash Storage Building Floor rehabilitation | | 100,000 | | | | |
| | **Subtotal** | - | **100,000** | - | - | - | - |
| | | | | | | | |
| | **Total Capital Projects** | **900,000** | **1,250,000** | **1,500,000** | **1,550,000** | **1,550,000** | **6,650,000** |
| | **Meters & Equipment** | | | | | | |
| 7 | Water Meters - New Connections (Based on 2,000 meters per year) | 700,000 | 700,000 | 700,000 | 700,000 | 700,000 | 3,500,000 |
| 8 | Control Systems | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 2,500,000 |
| | **Subtotal** | **1,200,000** | **1,200,000** | **1,200,000** | **1,200,000** | **1,200,000** | **6,000,000** |
| | **Vehicles** | | | | | | |
| 9 | Replacement Vehicles - Meter Operations | 70,000 | | 70,000 | | | 140,000 |
| 10 | Replacement Vehicles - Distribution Operations | | 70,000 | | | | 70,000 |
| 11 | Replacement Vehicles - Production Vehicles | | 70,000 | | | | 70,000 |
| 12 | New Vehicle - Water Control System Operations | | | 70,000 | | | 70,000 |
| 13 | Replacement Vehicles - Const Inspectors | | | | | | - |
| 14 | Replacement Vehicles - Water Quality | | | | 70,000 | 70,000 | 140,000 |
| 15 | ADC Truck / Trailer / Tools | | | | | | - |
| | **Subtotal** | **70,000** | **140,000** | **140,000** | **70,000** | **70,000** | **490,000** |
| | | | | | | | |
| | **Total for all projects** | **2,170,000** | **2,590,000** | **2,840,000** | **2,820,000** | **2,820,000** | **13,140,000** |

**5-Year**
**Oro Valley Water Utility**
**Projects funded by Groundewater Preservation Fees (GPF)**
**NWRRRDS Projects - Existing Customer Related Projects - 40% of Total Costs**

| Colors: | Study/Design/Permit | Construct | Purchases |
|---|---|---|---|

**NWRRDS Existing customer portion of projects paid for by Groundwater Preservation Fees**

| Project No. | Project Name | Percent of Total | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | Totals Years 1-5 |
|---|---|---|---|---|---|---|---|---|
| | **NWRRDS Partnered Projects** | | | | | | | |
| 1 | NWRRDS (Partnered) Well Equipping TRICO power to sites and associated tasks | 40% | 400,000 | | - | - | | 400,000 |
| 2 | NWRRDS (Partnered) Pipeline construction (Recovered Water & Transmission) | 40% | - | | - | - | - | - |
| | **Subtotal** | | **400,000** | **-** | **-** | **-** | **-** | **400,000** |
| | **NWRRDS Independent Projects** | | | | | | | |
| 3 | NWRRDS (Independent) Booster Station at Partnered Reservoir | 40% | - | | - | - | | - |
| 4 | NWRRDS (Independent) Pipeline from Partnered Reservoir to Shannon Rd. Reservoir | 40% | 400,000 | | - | - | - | 400,000 |
| | **Subtotal** | | **400,000** | **-** | **-** | **-** | **-** | **400,000** |
| | **Exisitng System Improvements for blending & distribuiton of NWRRDS water** | | | | | | | |
| | | 40% | | - | - | | | - |
| | | 40% | | - | - | | | - |
| | **Subtotal** | | | **-** | **-** | **-** | **-** | **-** |
| | | | | | | | | |
| | **Total for all projects** | | **800,000** | **-** | **-** | **-** | **-** | **800,000** |

5-Year
Oro Valley Water Utility
Projects funded by Water Resources and System Development Impact Fee Fund (WRSDIF Impact Fees)
NWRRRDS Projects - Growth Related Projects - 60% of Total Costs

| Colors: | Study/Design/Permit | Construct | Purchases |
|---|---|---|---|

NWRRDS Growth related projects paid for by WRSDIF

| Project No. | Project Name | Percent of Total | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | Totals Years 1-5 |
|---|---|---|---|---|---|---|---|---|
| | **NWRRDS Partnered Projects** | | | | | | | |
| 1 | NWRRDS (Partnered) Well Equipping TRICO power to sites and associated tasks | 60% | 600,000 | | | | | 600,000 |
| 2 | NWRRDS (Partnered) Pipeline construction (Recovered Water & Transmission) | 60% | - | | | | | - |
| | **Subtotal** | | **600,000** | - | - | - | - | **600,000** |
| | **NWRRDS Independent Projects** | | | | | | | |
| 3 | NWRRDS (Independent) Booster Station at Partnered Reservoir | 60% | - | | - | - | | - |
| 4 | NWRRDS (Independent) Pipeline from Partnered Reservoir to Shannon Rd. Reservoir | 60% | 600,000 | | - | - | - | 600,000 |
| | **Subtotal** | | **600,000** | - | - | - | - | **600,000** |
| | **Exisitng System Improvements for blending & distribuiton of NWRRDS water** | | | | | | | |
| | | 60% | | - | - | | | - |
| | | 60% | | - | - | | | - |
| | **Subtotal** | | | - | - | - | - | - |
| | | | | | | | | |
| | **Total for all projects** | | **1,200,000** | - | - | - | - | **1,200,000** |

5-Year
Oro Valley Water Utility
Projects funded by Water Resources and System Development Impact Fee Fund (WRSDIF Impact Fees)
Miscellaneous Growth Related Projects

| Colors: | Study/Design/Permit | Construct | Purchases |
|---|---|---|---|

Miscellaneous Growth related projects paid for by WRSDIF

| Project No. | Project Name | Percent Growth | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | Totals Years 1-5 |
|---|---|---|---|---|---|---|---|---|
| | **Wells** | | | | | | | |
| 1 | Steam Pump D-Zone Well (Equiping date not yet finalized) | 100% | | | | | | - |
| 2 | La Posada Well (Equiping date not yet finalized) | 100% | | | | | | - |
| | **Subtotal** | | - | - | - | - | - | - |
| | **Reservoirs** | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | **Subtotal** | | - | - | - | - | - | - |
| | **Booster Stations** | | | | | | | |
| | | | | | | | | |
| | **Subtotal** | | - | - | - | - | - | - |
| | **Mains** | | | | | | | |
| | | | | | | | | |
| | **Subtotal** | | - | - | - | - | - | - |
| | | | | | | | | |
| | **Total for all projects** | | - | - | - | - | - | - |

# APPENDIX D

Assumptions for Proposed Financial Scenario

D-1 Operating Fund
D-4 Water Resource and System Development Impact Fee Fund

# PROPOSED FINANCIAL SCENARIO

## ASSUMPTIONS FOR THE WATER UTILITY'S OPERATING FUND

**The Operating Fund** is the primary fund for the Water Utility. The sources of revenue are water sales, service-related charges and Groundwater Preservation Fees (GPF). Expenses for administration, operations, existing system improvements and debt service are accounted for in this fund.

### Beginning Cash Balance

The beginning cash balance is estimated based on budgeted revenues, expenses and known cost over runs for FY 2025/26. Actual cash balances on the 6/30/25 balance sheet is added to budgeted revenues, less budgeted expenses and known unbudgeted expenses.

### Cash Reserve Requirement

Mayor and Town Council Water Policies require the Utility to maintain cash reserves in the Operating Fund of not less than 20% of the combined total of the annual budgeted amounts for personnel, O&M and debt service. This specifically excludes expenses for capital projects, depreciation, amortization, and contingency.

### Growth Projections

New Development growth projections for FY 2025-26 through FY 2029-30 were based on data provided by the Town's New Development Permitting Manager and were updated with information from the Town's Finance Department to be consistent with the Town's financial forecasting.

| Connections | FY 26-27 | FY 27-28 | FY 28-29 | FY 29-30 | FY 30-31 |
|---|---|---|---|---|---|
| Single Family Residential | 97 | 142 | 130 | 92 | 60 |
| Other Connections | 12 | 6 | 6 | 6 | 6 |

### Water Sales and Water Use Consumption Trends

The average monthly water consumption for a residential customer with a 5/8-inch water meter in FY 2024-25 was 7,000 gallons per month. To account for the overall average continued decline in water consumption, this analysis assumes 7,000 gallons per month. Projected reclaimed deliveries are based on Water Utility Director estimates.

### Service-Related Revenues

Service-related revenues are based on the proposed FY 2026-27 budget. Service-related revenues include billing for sewer fees on behalf of Pima County Wastewater and the Town's Storm Water Department. Additionally, other service-related revenues include late fees, reconnect fees, new service establishment fees, backflow permitting fees, engineering plan review fees and construction inspection fees.

### Groundwater Preservation Fees (GPF)

GPF revenues are based on water consumption for FY 2024-25. The GPF funds are dedicated to paying for water resources other than groundwater as it relates to debt service, capital costs, CAP delivery costs and water wheeling.

# PROPOSED FINANCIAL SCENARIO

## ASSUMPTIONS FOR THE WATER UTILITY'S OPERATING FUND (continued)

**Interest Income**

Interest rates are projected at 3% annually over the 5-year pro-forma.

**Personnel**

No new employees were added during the projection period. Annual merit increases are projected to be 3% annually and health care costs are projected to increase by 3% annually. It is projected that the Arizona State Retirement System (ASRS) contribution is projected to increase 1% annually over the five-year projection period.

**Inflation Rates**

Inflation rates are projected at 3% annually over the 5-year pro-forma.

**O&M Potable Expenses**

These expenses are based on the Water Utility's budget for FY 2025-26 plus 3% inflation.

**O&M CAP Wheeling Expenses - Potable**

This expense includes the fees charged by Tucson Water to wheel the Town's CAP water through their recharge and recovery system in accordance with an IGA. The increases are projected to be 5.5% annually over the 5-year pro-forma. It is also assumed that the Utility will wheel 2,850 AF annually.

**O&M CAP Recharge Expenses - Potable**

This expense is based on the rate schedule adopted by CAP 6/5/25. The figures represent the annual expense to deliver the Utility's entire allotment of CAP water (10,305 AF) for recharge.

**O&M Reclaimed Expenses**

Pursuant to the existing IGA, the reclaimed water is delivered on a non-interruptible basis at an interruptible rate. Inflationary increases of 3% are included annually.

The Town delivers more reclaimed water than it is entitled to. To cover this shortfall the cost to purchase additional reclaimed water from Tucson Water has been included annually.

Additionally, the O&M expenses include allocations for personnel, administrative costs and fleet service costs. The reclaimed cost allocation model was used to allocate these costs using a variety of methodologies.

**O&M CAP Capital Expenses**

This expense is paid for from the GPF funds and is based on 7,305 AF per the rate schedule adopted by CAP 6/5/25.

# PROPOSED FINANCIAL SCENARIO

## ASSUMPTIONS FOR THE WATER UTILITY'S
## OPERATING FUND (continued)

**O&M Administrative Services Fee**

This expense is paid to the Town's General Fund for services such as Finance, Legal, Procurement, Information Technology and Human Resources provided to the Water Utility. Inflationary increases of 3% are included annually.

**Capital Improvement Program (CIP) – Existing System Improvements**

The capital costs associated with Existing System Improvements CIP are primarily to ensure continued reliability and efficiency of the Utility's water system. These costs are determined as part of an annual review of the water system. $12.9 million in capital costs for existing system improvements are included in the 5-year projection period.

**Capital Improvement Program (CIP) – NWRRDS**

A portion of the capital costs associated with the NWRRDS CIP are paid for by **GPF funds**. The NWRRDS CAP delivery system will be capable of delivering up to an additional 4,000 acre-feet per year of CAP water into Oro Valley's water service area. The 5-year pro-forma is based on Engineering cost estimates.

**Debt Service**

The following table identifies the existing debt service included in this pro forma:

| Bonds | Type | Description | Amortization Schedule By |
|---|---|---|---|
| 2014 | Sr. Lien | AMI Project | WIFA |
| 2017 | Excise Tax | Refunding (2007) | Stifel & Nicolaus & Co. |
| 2018 | Excise Tax | Existing System CIP | Stifel & Nicolaus & Co. |
| 2021 | Sr. Lien | Refunding (WIFA & 2012) | Stifel & Nicolaus & Co. |
| 2025 | Sr. Lien | NWRRDS | Stifel & Nicolaus & Co. |
| 2025 | Sr. Lien | NWRRDS | WIFA |

In FY 2025/26, new debt in the amount of $11 million is for the NWRRDS project. Forty percent of Groundwater Preservation Fees (GPF) will be used for repayment.

**Minimum Debt Service Coverage Requirement**

1.30 debt service coverage ratio for Sr. Lien Bonds & all WIFA Loans

# PROPOSED FINANCIAL SCENARIO

## ASSUMPTIONS FOR THE WATER UTILITY'S
## WATER RESOURCE AND SYSTEM DEVELOPMENT IMPACT FEE (WRSDIF) FUND

The **WRSDIF** fund accounts for development impact fees that are collected at the time a new water meter is purchased. This impact fee is intended to fund costs for water resources, the infrastructure to deliver those resources and any related debt including CAP capital infrastructure repayment related to new development.

**Beginning Cash Balance**

The beginning cash balance is estimated based on budgeted revenues, expenses and known cost over runs for FY 2025-26. Actual cash balances on the 6/30/25 balance sheet is added to budgeted revenues, less budgeted expenses.

**Growth Projections**

New Development growth projections for FY 2026-27 through FY 2030-31 were based on data provided by the Town's New Development Permitting Manager and were updated with information from the Town's Finance Department to be consistent with the Town's financial forecasting.

| Service Units | FY 25-26 | FY 26-27 | FY 27-28 | FY 28-29 | FY 29-30 |
|---|---|---|---|---|---|
| Single Family Residential SU's | 97 | 142 | 130 | 92 | 60 |
| Other Connections | 12 | 6 | 6 | 6 | 6 |

**Interest Income**

Interest rates are projected at 3% annually over the 5-year pro-forma.

**O&M CAP Capital Expenses**

This expense is based on 3,000 AF per the rate schedule adopted by CAP on 6/5/25.

**Capital Improvement Program (CIP) – NWRRDS**

A portion of the capital costs associated with the NWRRDS CIP are paid for by the **WRSDIF** Impact fees. The NWRRDS CAP delivery system will be capable of delivering up to an additional 4,000 acre-feet per year of CAP water into Oro Valley's water service area.

**Debt Service**

The following table identifies the existing debt service included in this pro forma:

| Bonds | Type | Description | Amortization Schedule By |
|---|---|---|---|
| 2021 | Sr. Lien | Refunding (WIFA & 2012) | Stifel & Nicolaus & Co. |
| 2025 | Sr. Lien | NWRRDS | Stifel & Nicolaus & Co. |
| 2025 | Sr. Lien | NWRRDS | WIFA |

In FY 2025/26, new debt in the amount of $11 million is for the NWRRDS project. Sixty percent of WRSDIF Impact fees will be used for repayment.

**Debt Service Coverage**

1.30 debt service coverage ratio for Sr. Lien Bonds

# APPENDIX E

Development Impact Fee Schedule

E-1 Water Resource and System Development Impact Fees

**Oro Valley Water Utility**
**Development Impact Fees**

| Residential Meter Size | Capacity Ratio | Demand Adjustment Factor | Development Impact Fee |
|---|---|---|---|
| 5/8 " | 1.00 | 1.00 | $ 6,387 |
| 3/4" | 1.50 | 1.00 | $ 9,569 |
| 1 " | 2.50 | 1.00 | $ 15,934 |
| 1.5" standard | 5.00 | 1.00 | $ 31,846 |
| 2" compound | 8.00 | 1.00 | $ 50,941 |
| Multi-Family (per unit) | N/A | 0.32 | $ 2,044 |

| Nonresidential Meter Size | Capacity Ratio | Demand Adjustment Factor | Development Impact Fee |
|---|---|---|---|
| 5/8 " | 1.00 | 1.11 | $ 7,087 |
| 3/4" | 1.50 | 1.11 | $ 10,619 |
| 1 " | 2.50 | 1.11 | $ 17,684 |
| 1.5" standard | 5.00 | 1.11 | $ 35,347 |
| 2" compound | 8.00 | 1.11 | $ 56,542 |
| 3" compound | 16.00 | 1.11 | $ 113,062 |
| 4" compound | 25.00 | 1.11 | $ 176,647 |
| 6" compound | 50.00 | 1.11 | $ 353,273 |
| 8" compound | 80.00 | 1.11 | $ 565,224 |

| Irrigation Meter Size | Capacity Ratio | Demand Adjustment Factor | Development Impact Fee |
|---|---|---|---|
| 5/8 " | 1.00 | 2.25 | $ 14,343 |
| 3/4" | 1.50 | 2.25 | $ 21,503 |
| 1 " | 2.50 | 2.25 | $ 35,824 |
| 1.5" standard | 5.00 | 2.25 | $ 71,627 |
| 2" compound | 8.00 | 2.25 | $ 114,590 |
| 3" compound | 16.00 | 2.25 | $ 229,158 |
| 4" compound | 25.00 | 2.25 | $ 358,047 |
| 6" compound | 50.00 | 2.25 | $ 716,072 |
| 8" compound | 80.00 | 2.25 | $ 1,145,702 |

# Oro Valley Water Utility

FY 2026-27

Water Rates Presentation

June 3, 2026

Town of Oro Valley

Town of Oro Valley

# The Water Utility is an Enterprise Fund

- Funded solely from water sales, fees and charges
- All revenues are used for operating costs of the Utility
- Not dependent on the Town's General Fund
- Administrative service fees are paid to the General Fund



# Water Rates Analysis Process & Goals

Town of Oro Valley

## Process:

- Annually, Utility staff prepares a water rate analysis report that is presented to, reviewed and commented on, by the Water Utility Commission
- The Commission and Utility staff make a recommendation to Council on the proposed water rates
- Water rate report available for public review
  www.orovalleyaz.gov/files/assets/public/v/1/documents/water-utility/rates-and-fees/water-rates-analysis-report-march-2026.pdf

## Goals:

- Meets revenue, cash reserve & debt service coverage requirements
- Recovers the cost of service
- Cash funds existing system improvements
- Promotes water conservation & maintains the financial health of the Utility

# Water Rates Analysis Modeling

Town of Oro Valley

## Rate modeling is in alignment with the General Fund Cost Projections & Water Utility specific Cost Projections

### General Fund Cost Projections Include

- Employee health care costs
- Employee wage adjustments
- Administrative fees
- Interest rates
- Inflation rates
- Growth rates

### Water Utility specific Cost Projections Include

- Maintain current staffing levels
- Water resource costs
- Cash funding existing system CIP
- Water use trends
- Regulatory compliance costs
- Debt management
  (Operating / GPF / Impact Fees)

# Proposed Rate Changes

Town of Oro Valley

## The Water Utility Operates two Separate Water Systems Potable (Drinking Water) & Reclaimed Water

## Drinking Water Rates & Fee Recommendations:

- Increases to the drinking water base rates only
- No increases to drinking water commodity rates
- No changes to drinking water rates or fees

## Reclaimed Water Rates & Fee Recommendations:

- No increases to reclaimed water base rates
- No increases to reclaimed water commodity rates
- No changes to reclaimed water rates or fees

# Why is there no increase to the Reclaimed water rate?

Town of Oro Valley

- The reclaimed water system is a smaller and less complex system to operate
  - **Reclaimed water system:** Consists of 1 reservoir, 2 booster stations and 14 miles of water mains.
    vs.
    **Drinking water system:** Consists of 18 reservoirs 24 booster stations and 376 miles of water mains.
- The source of supply is a lot closer to Oro Valley
  - **Reclaimed water:** The reclaimed water source of supply is 23 miles away.
    vs.
    **Drinking water system:** Central Arizona Project water source of supply is 336 miles away.
- At this time, the reclaimed water cost allocation model indicates that, the current reclaimed water rate structure is adequate to recover the cost of service for reclaimed water.



# What is driving a Drinking water rate increase?

Town of Oro Valley

- Why is drinking water getting more expensive?
  - Increasing operating expenses (Personnel, O&M, Power, CAP delivery, CAP wheeling): Up $900,000 / 5.94%
- What is the Utility doing to offset increasing costs?
  - Reduced Capital spending FY 26/27, reduced debt paid by rates (2015 Excise tax), no additional staff: $450,000 in savings
- Cash reserve requirements determine annual revenue requirements:
  - Utility must maintain an operating cash reserve requirement of 20% of personnel, O&M and debt
  - Cash reserves at end of FY must exceed cash reserve requirement

| | Budget FY 2025-26 | FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 |
|---|---|---|---|---|---|---|
| Monthly (Avg.) increase to residential customer using 7K gals. | N/A | 3.6% | 2.9% | 2.9% | 2.9% | 2.8% |
| Monthly (Avg.) increase to residential customer using 7K gals. | N/A | $1.86 | $1.55 | $1.58 | $1.61 | $1.63 |
| **Debt Service Coverage Ratio: Sr. Lien & WIFA** | 5.54 | 2.89 | 2.92 | 3.23 | 4.51 | 4.68 |
| Debt Service Coverage Requirement = 1.30 | | | | | | |
| **Required Operating Fund Cash Reserves (20% of personnel, O&M, debt)** | $3,616,800 | $3,766,449 | $3,555,644 | $3,645,288 | $3,672,820 | $3,791,244 |
| (Does not include depreciation/amortization) | | | | | | |
| **Operating Fund Cash Reserves** | $ 5,155,412 | $ 4,709,476 | $ 5,416,375 | $ 5,954,241 | $ 6,842,013 | $ 7,681,424 |
| **Cash Surplus** | $ 1,538,612 | $ 943,028 | $ 1,860,731 | $ 2,308,953 | $ 3,169,194 | $ 3,890,180 |

# Proposed Drinking Water Rates and Fees

Town of Oro Valley

## Proposed Changes to the Drinking Water Base Rate:

- Water base rates increase by meter size:
  - 84% of customers have a 5/8-inch meter and will see a $1.86 per month increase in the base rate

| Meter Size (in inches) | Current Potable Base Rates | Proposed Potable Base Rates | Monthly Increase |
|---|---|---|---|
| 5/8 | $ 23.31 | $ 25.17 | $ 1.86 |
| 3/4 | $ 34.93 | $ 37.72 | $ 2.79 |
| 1 | $ 58.23 | $ 62.89 | $ 4.66 |
| 1.5 | $ 116.47 | $ 125.79 | $ 9.32 |
| 2 | $ 186.35 | $ 201.26 | $ 14.91 |
| 3 | $ 372.68 | $ 402.49 | $ 29.81 |
| 4 | $ 582.33 | $ 628.92 | $ 46.59 |
| 6 | $1,164.65 | $1,257.82 | $ 93.17 |
| 8 | $1,863.45 | $2,012.53 | $149.08 |

## **No** proposed changes to the commodity rate:

- Customers continue to respond favorably to the current commodity rate structure:
  - Customers historically in Commodity Tiers 2, 3 & 4 are migrating to Tiers 1, 2 & 3

| Commodity Tiers | Current | Proposed | Increase |
|---|---|---|---|
| Tier 1 (68%) – 14576 (Up 276) | $ 3.02 | No change | $ 0.00 **(0.0%)** |
| Tier 2 (28%) – 5998 (Up 223) | $ 5.02 | No change | $ 0.00 **(0.0%)** |
| Tier 3 (4%) – 862 (Down 188) | $ 8.17 | No change | $ 0.00 **(0.0%)** |
| Tier 4 (<1%) – 102 (Down 98) | $ 12.32 | No change | $ 0.00 **(0.0%)** |

## **No** proposed changes to the Groundwater Preservation Fee:

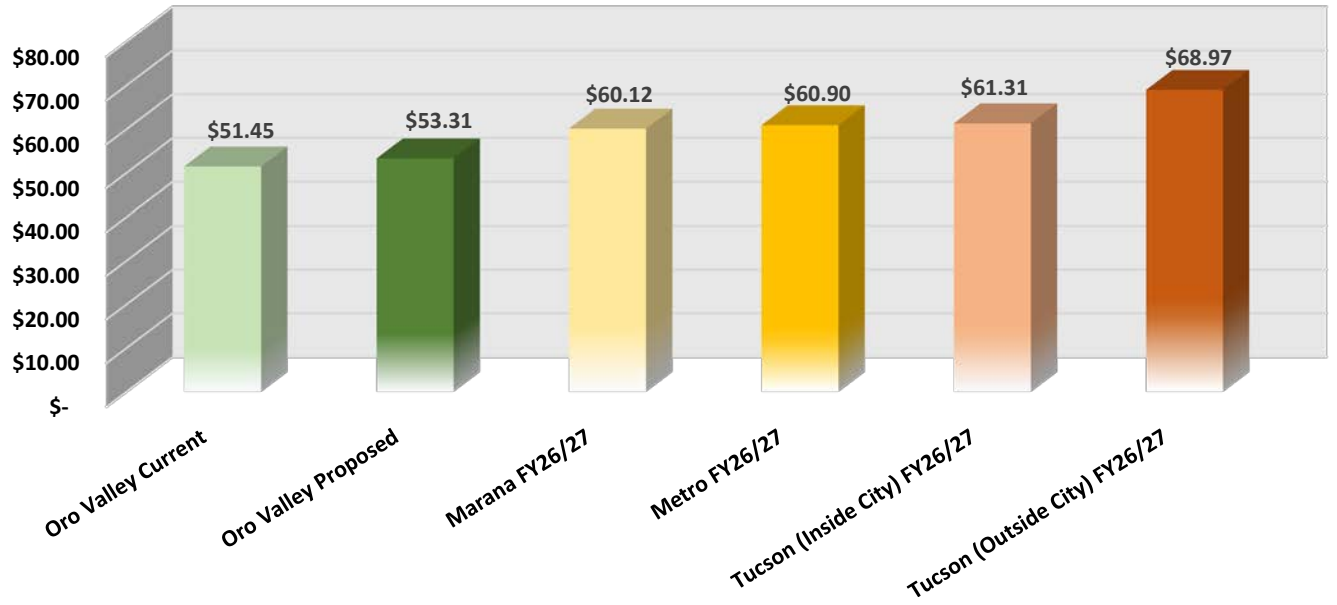
# Drinking Water Cost Comparisons

Town of Oro Valley

## Monthly Water Bill Comparisons to Other Water Providers:

- 84% of Oro Valley Water Utility customers have a 5/8-inch meter and consume an average of 7,000 gallons per month
- These customers will see an increase to their monthly bill of $1.86 or 3.6% increase
- Below is a graphical representation of Oro Valley's current and proposed water bill compared to neighboring water providers

**Potable Water Cost Comparisons:**
**(5/8-inch Residential Meter @ 7,000 Gallons / Month**



# In Closing

Town of Oro Valley

## Recommendation for approval:

- The Water Utility Commission and Water Utility staff respectfully recommend approval of water rate increases to the drinking water base rates
- If the proposed rates are approved, they will become effective July 4th and will be reflected on the water bills beginning in August of the new fiscal year







Town of Oro Valley

# Questions?



**Town Council Regular Session** **2.**

**Meeting Date:** 06/03/2026

**Submitted By:** David Gephart, Finance

**Department:** Finance

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**SUBJECT:**

RESOLUTION NO. (R)26-30, DISCUSSION AND POSSIBLE ACTION TO ADOPT REVISED PSPRS PENSION FUNDING POLICY FOR FISCAL YEAR 2027

**RECOMMENDATION:**

The Budget and Finance Commission and Town Staff recommend approval.

**EXECUTIVE SUMMARY:**

Each local government must annually update its PSPRS pension funding policy according to the Arizona Revised Statutes.

Highlights of the proposed PSPRS pension funding policy are the following:
1) The Annual Required Contribution (ARC) will be paid from operating revenues.
2) The Town will contribute the required actuary-recommended rate of 10.47%, or approximately $1,014,934, as well as an additional excess contribution of $214,185 (approximately 12.61%) for a total estimated employer contribution of $1,229,119.
3) The 20-year amortization of any unfunded actuarial accrued liability will continue to be utilized.

The Town has set a target to continue being fully funded on its PSPRS Unfunded Accrued Actuarial Liability.

**BACKGROUND OR DETAILED INFORMATION:**

The PSPRS pension funding policy is required by HB 2097, which amends Arizona Revised Statutes Title 38, Chapter 5, Article 4, and was approved by the Governor on April 3, 2018. The policy must be updated and approved annually by the governing body of a local government participating in the plan. The intent of the revision in state law is to highlight to governing bodies and the public the approach local governments are taking in addressing unfunded, accrued, actuarial liabilities of their public safety retirement plan(s).

The recommended policy pertaining to next fiscal year is attached and includes a number of updates from the current year, including necessary updates to the actuarial assets, liabilities and unfunded accrued liabilities. A "redline" copy of the draft showing all changes from the current policy is also attached.

**FISCAL IMPACT:**

N/A

**SUGGESTED MOTION:**

I MOVE to (APPROVE or DENY) Resolution No. (R)26-30, adopting revised PSPRS Pension Funding Policy for fiscal year ending June 30, 2027.

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**Attachments**

(R)26-30 PSPRS Policies

FY27 Draft PSPRS Pension Funding Policy
FY27 Draft Redline policy
FY25 PSPRS Police Actuarial Report
FY25 CORP Dispatch Actuarial Report
Staff Presentation

**RESOLUTION NO. (R)26-30**

**A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF ORO VALLEY, ARIZONA, AMENDING AND APPROVING UPDATES TO THE FINANCIAL AND BUDGETARY POLICIES INCLUDING THE INVESTMENT POLICY FOR THE TOWN OF ORO VALLEY AND THE PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM (PSPRS) PENSION FUNDING POLICY; AND DIRECTING THE TOWN MANAGER, TOWN CLERK, TOWN LEGAL SERVICES DIRECTOR, TOWN CHIEF FINANCIAL OFFICER, OR THEIR DULY AUTHORIZED OFFICERS AND AGENTS TO TAKE ALL STEPS NECESSARY TO CARRY OUT THE PURPOSES AND INTENT OF THIS RESOLUTION**

**WHEREAS,** on June 17, 2015, the Town Council approved Resolution No. (R) 15-50, adopting the "Town of Oro Valley Financial and Budgetary Policies" as amended; and

**WHEREAS,** on September 15, 2010, the Town Council approved Resolution No. (R) 10-65, adopting the "Town of Oro Valley Investment Policy" as amended; and

**WHEREAS,** A.R.S. Title 38, Chapter 5, Article 4 and related statutes establish a Public Safety Personnel Retirement System; and

**WHEREAS,** on April 3, 2018, House Bill 2097 was passed into law, requiring the Town Council to adopt a pension funding policy for the Public Safety Personnel Retirement System (PSPRS) before July 1, 2019, and annually each year after; and

**WHEREAS,** pursuant to A.R.S. §38-863.01, the Town is required to adopt a pension funding policy to communicate how the Town will maintain the stability of the Town's required contributions, how and when the Town's funding requirements will be met, and defining the Town's funded ratio target under PSPRS and how it will be met; and

**WHEREAS,** the Town's sworn police officers are members of the PSPRS plan, PSPRS also administers the Correction Officers Retirement Plan (CORP) and one (1) Town police dispatch personnel are currently active members of the CORP plan; and

**WHEREAS,** annually, PSPRS and CORP provide the Town with an actuarial report that includes the Town's assets, liabilities, unfunded actuarial liability, funding ratio, and the projected minimum contributions required for the upcoming fiscal year; and

**WHEREAS,** the Public Safety Personnel Retirement System (PSPRS) Pension Funding Policy is included as Policy 1-6 in the "Town of Oro Valley Financial and Budgetary Policies" attached hereto as Exhibit "A"; and

**WHEREAS**, the Council has determined that it is appropriate and necessary to update the "Town of Oro Valley Financial and Budgetary Policies" including the "Town of Oro Valley

Investment Policy" and the "PSPRS Pension Funding Policy" to bring the policies in line with current financial practices, procedures, and strategies of the Town by replacing, as of the date of this Resolution, such policies with the documents attached hereto as Exhibit "A" (Town of Oro Valley Financial and Budgetary Policies), and incorporated by reference.

**NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Town of Oro Valley, Arizona that**:

**SECTION 1.** The updates to the Town of Oro Valley Financial and Budgetary Policies, attached hereto as Exhibit "A", now including the revised Town of Oro Valley Investment Policy and the Public Safety Personnel Retirement System Pension Funding Policy is hereby adopted and approved.

**SECTION 2.** The Town Manager and any other administrative officials, or their designees of the Town of Oro Valley are hereby authorized to take such steps as are necessary to implement the Town of Oro Valley Financial and Budgetary Policies as amended.

**SECTION 3.** All Oro Valley Ordinances, Resolutions, or Motions and parts of Ordinances, Resolutions or Motions of the Council in conflict with the provisions of this Resolution are hereby repealed.

**PASSED AND ADOPTED** by the Mayor and Council of the Town of Oro Valley, Arizona this 3rd day of June, 2026.

**TOWN OF ORO VALLEY**

_____
Joseph C. Winfield, Mayor

**ATTEST:**

_____
Michael Standish, Town Clerk

Date: _____

**APPROVED AS TO FORM:**

_____
Steven Zraick, Town Attorney

Date: _____

# EXHIBIT “A”

# Town of Oro Valley
# Public Safety Personnel Retirement System (PSPRS & CORP)
# Pension Funding Policy – FY26/27

The intent of this policy is to clearly communicate the Town Council's pension funding objectives, its commitment to employees and the sound financial management of the Town of Oro Valley and maintain compliance with statutory requirements of A.R.S. 38-863.01. The Council shall annually assess the status of the Town's PSPRS trust fund and take formal action to update this policy in concert with the final annual budget approval. This policy shall also apply to the Town's participation in the Correction Officer Retirement Plan (CORP).

Several terms are used throughout this policy and are defined as follows:

**Unfunded Actuarial Accrued Liability (UAAL)** – Is the difference between trust assets and the estimated future cost of pensions earned by employees. This UAAL results from actual results (interest earnings, member mortality, disability rates, etc.) being different from the assumptions used in previous actuarial valuations.

**Annual Required Contribution (ARC)** – Is the annual amount required to pay into the pension funds, as determined through annual actuarial valuations. It is comprised of two primary components: normal pension cost – which is the estimated cost of pension benefits earned by employees in the current year; and, amortization of UAAL – which is the cost needed to cover the unfunded portion of pensions earned by employees in previous years. The UAAL is collected over a period of time referred to as the amortization period. The ARC is a percentage of the current payroll.

**Funded Ratio** – Is a ratio of fund assets to actuarial accrued liability. The higher the ratio, the better funded the pension is, with 100% being fully funded based on current actuarial valuations.

**Intergenerational equity** – Is a concept used to describe the policy expectation that no generation is burdened by substantially more or less pension costs than past or future generations.

The Town's sworn police employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). Selected individuals who serve as dispatchers in the Oro Valley Police Department participate in the CORP plan, which is also administered by the Public Safety Personnel Retirement System.

## Public Safety Personnel Retirement System (PSPRS)

PSPRS is administered as an agent multiple-employer pension plan. An agent multiple-employer plan has two main functions: 1) to comingle assets of all plans under its administration, thus achieving economy of scale for more cost-efficient investments and invest those assets for the benefit of all members under its administration, and 2) serve as the statewide uniform administrator for the distribution of benefits.

Under an agent multiple-employer plan, each agency participating in the plan has an individual trust fund reflecting that agencies' assets and liabilities. Under this plan all contributions are deposited to and distributions are made from that fund's assets, each fund has its own funded ratio and contribution rate, and each fund has a unique annual actuarial valuation. The Town of Oro Valley has one trust fund for police employees. The Town also contributes to the Correction Officer Retirement Plan (CORP), administered by the Public Safety Personnel Retirement System, on behalf of selected individuals who serve as dispatchers in the Oro Valley Police Department. CORP maintains one trust fund for dispatchers.

Oro Valley Town Council formally accepts the assets, liabilities, and current funding ratio of the Town's PSPRS and CORP trust funds from the June 30, 2025 actuarial valuations specified below.

| Trust Fund | Assets | Accrued Liability | Unfunded Actuarial Accrued Asset/(Liability) | Funded Ratio |
|---|---|---|---|---|
| Oro Valley Police (PSPRS) | $91,172,990 | $90,269,748 | $903,242 | 101.0% |
| Oro Valley Dispatchers (CORP) | $ 4,181,047 | $ 4,174,607 | $ 6,440 | 100.2% |

PSPRS and CORP Funding Goal

Pensions that are less than fully funded place the cost of service provided in earlier periods (amortization of UAAL) on current taxpayers. Fully funded pension plans are the best way to achieve taxpayer and member intergenerational equity.

**The Council's PSPRS and CORP funding ratio goal is 100% (fully funded) through June 30, 2027 and beyond.** Council establishes this goal for the following reasons:

- The PSPRS and CORP trust funds represent only the Town of Oro Valley's liability
- The fluctuating cost of an UAAL causes strain on the Town's budget, affecting the Town's ability to provide services
- A fully funded pension is the best way to achieve taxpayer and member intergenerational equity

Council has determined that in order to achieve the 100% funding ratio goal, the following actions will be taken:

- The total employer contribution to the police plan for fiscal year 2027 will be the recommended employer contributions made by the actuary in its June 30, 2025 report of $1,014,934 plus additional excess contributions of $214,185 for a sum total of $1,229,119.
- The total employer contribution to the CORP plan for fiscal year 2027 will be the recommended employer contributions made by the actuary in its June 30, 2025 report. Retain 20-year amortization of unfunded liability.
- Review Local board practices annually.
- Periodically engage consultants to review actual results and recommend possible adjustments or corrections as necessary.

Payments to the PSPRS Police pension plan will be as follows:

- In fiscal year 2027, the Town will contribute an additional $214,185 above and beyond the employer actuary-recommended contribution of $1,014,934.
- In FY28 and beyond, the Town will reevaluate its additional contributions based upon future actuarial valuations and budget capacity.

It is hereby the Town Council's intent to achieve its goal of 100% funding by June 30, 2027, in accordance with the amortization timeline set forth by the PSPRS and CORP June 30, 2025 Actuarial Valuation

The attached appendix shows the historical performance of the unfunded actuarial accrued liability.

# Appendix A

| Year | Trust Fund | Assets | Accrued Liability | Unfunded Actuarial Accrued Asset/(Liability) | Funded Ratio |
|---|---|---|---|---|---|
| 2014 | Oro Valley Police | 23,567,852 | 36,122,643 | (12,554,791) | 65% |
| 2014 | Oro Valley Dispatchers | 1,216,956 | 2,269,744 | (1,052,788) | 54% |
| 2015 | Oro Valley Police | 26,200,389 | 40,452,911 | (14,252,522) | 65% |
| 2015 | Oro Valley Dispatchers | 1,205,067 | 2,362,604 | (1,157,537) | 51% |
| 2016 | Oro Valley Police | 29,296,195 | 48,414,270 | (19,118,075) | 61% |
| 2016 | Oro Valley Dispatchers | 1,163,258 | 2,524,360 | (1,361,102) | 46% |
| 2017 | Oro Valley Police | 31,882,797 | 53,037,566 | (21,154,769) | 60% |
| 2017 | Oro Valley Dispatchers | 1,260,798 | 3,077,649 | (1,816,851) | 41% |
| 2018 | Oro Valley Police | 34,172,618 | 57,022,056 | (22,849,438) | 60% |
| 2018 | Oro Valley Dispatchers | 1,337,558 | 2,945,307 | (1,607,749) | 45% |
| 2019 | Oro Valley Police | 37,842,906 | 62,278,853 | (24,435,947) | 61% |
| 2019 | Oro Valley Dispatchers | 1,424,947 | 3,240,399 | (1,815,452) | 44% |
| 2020 | Oro Valley Police | 41,498,361 | 67,240,526 | (25,742,165) | 62% |
| 2020 | Oro Valley Dispatchers | 1,504,732 | 3,374,933 | (1,870,201) | 45% |
| 2021 | Oro Valley Police | 46,773,089 | 70,792,554 | (24,019,465) | 66% |
| 2021 | Oro Valley Dispatchers | 1,649,829 | 3,551,295 | (1,901,466) | 46% |
| 2022 | Oro Valley Police | 77,967,201 | 76,438,334 | 1,528,867 | 102% |
| 2022 | Oro Valley Dispatchers | 1,710,819 | 3,721,151 | (2,010,332) | 46% |
| 2023 | Oro Valley Police | 81,319,622 | 85,636,864 | (4,317,242) | 95% |
| 2023 | Oro Valley Dispatchers | 3,929,592 | 3,910,076 | 19,516 | 100% |
| 2024 | Oro Valley Police | 86,551,076 | 87,755,942 | (1,204,866) | 99% |
| 2024 | Oro Valley Dispatchers | 4,106,486 | 3,995,956 | 110,530 | 103% |
| 2025 | Oro Valley Police | 91,172,990 | 90,269,748 | 903,242 | 101% |
| 2025 | Oro Valley Dispatchers | 4,181,047 | 4,174,607 | 6,440 | 100% |

Source: Town Comprehensive Annual Financial Report for June 30, 2025 – Note 15.

# Town of Oro Valley
# Public Safety Personnel Retirement System (PSPRS & CORP)
# Pension Funding Policy – FY2~~5~~6/2~~6~~7

The intent of this policy is to clearly communicate the Town Council's pension funding objectives, its commitment to employees and the sound financial management of the Town of Oro Valley and maintain compliance with statutory requirements of A.R.S. 38-863.01. The Council shall annually assess the status of the Town's PSPRS trust fund and take formal action to update this policy in concert with the final annual budget approval. This policy shall also apply to the Town's participation in the Correction Officer Retirement Plan (CORP).

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**Funded Ratio** – Is a ratio of fund assets to actuarial accrued liability. The higher the ratio, the better funded the pension is, with 100% being fully funded based on current actuarial valuations.

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The Town's sworn police employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). Selected individuals who serve as dispatchers in the Oro Valley Police Department participate in the CORP plan, which is also administered by the Public Safety Personnel Retirement System.

## Public Safety Personnel Retirement System (PSPRS)

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Under an agent multiple-employer plan, each agency participating in the plan has an individual trust fund reflecting that agencies' assets and liabilities. Under this plan all contributions are deposited to and distributions are made from that fund's assets, each fund has its own funded ratio and contribution rate, and each fund has a unique annual actuarial valuation. The Town of Oro Valley has one trust fund for police employees. The Town also contributes to the Correction Officer Retirement Plan (CORP), administered by the Public Safety Personnel Retirement System, on behalf of selected individuals who serve as dispatchers in the Oro Valley Police Department. CORP maintains one trust fund for dispatchers.

Oro Valley Town Council formally accepts the assets, liabilities, and current funding ratio of the Town's PSPRS and CORP trust funds from the June 30, 2024~~5~~ actuarial valuations specified below.

| Trust Fund | Assets | Accrued Liability | Unfunded Actuarial Accrued Asset/(Liability) | Funded Ratio |
|---|---|---|---|---|
| Oro Valley Police (PSPRS) | $~~86~~91,~~551~~172,~~0~~ ~~76~~990 | $~~87~~90,~~755~~269,~~9~~ ~~42~~748 | (~~$1,204~~903,~~866~~24~~2~~) | ~~98~~101.~~6~~ 0% |
| Oro Valley Dispatchers (CORP) | $ 4,1~~06~~81,~~486~~047 | $ ~~34~~,~~995~~174,~~956~~607 | $ ~~1006~~,~~5344~~0 | 10~~2~~0.~~82~~% |

PSPRS and CORP Funding Goal

Pensions that are less than fully funded place the cost of service provided in earlier periods (amortization of UAAL) on current taxpayers. Fully funded pension plans are the best way to achieve taxpayer and member intergenerational equity.

**The Council's PSPRS and CORP funding ratio goal is 100% (fully funded) through June 30, 202~~6~~7 and beyond.** Council establishes this goal for the following reasons:

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- A fully funded pension is the best way to achieve taxpayer and member intergenerational equity

Council has determined that in order to achieve the 100% funding ratio goal, the following actions will be taken:

- The total employer contribution to the police plan for fiscal year 202~~6~~7 will be the recommended employer contributions made by the actuary in its June 30, 2024~~5~~ report of $1,014,934 plus additional excess contributions of $214,185 for a sum total of $1,229,119~~($738,817), plus additional excess contributions scheduled for fiscal year 2026 ($2,100,000) for a sum total of $2,838,817~~.

- ~~The~~ total employer contribution to the ~~CORP~~ plan for fiscal year 2027 will be the recommended employer contributions made by the actuary in its June 30, 2025 report. ~~does not require any additional contributions as it is fully funded.~~
- Retain 20-year amortization of unfunded liability.
- Review Local board practices annually.
- Periodically engage consultants to review actual results and recommend possible adjustments or corrections as necessary.

Payments to the PSPRS Police pension plan will be as follows:

- In fiscal year 202~~6~~7, the Town will contribute an additional $214,185 above and beyond ~~an additional $2,100,000 above and beyond~~ the employer actuary-recommended contribution of $~~738,817~~1,014,934.
- In FY2~~7~~8 and beyond, the Town will reevaluate its additional contributions based upon future actuarial valuations and budget capacity.

It is hereby the Town Council's intent to achieve its goal of 100% funding by June 30, 202~~6~~7, in accordance with the amortization timeline set forth by the PSPRS and CORP June 30, 2024~~5~~ Actuarial Valuation

The attached appendix shows the historical performance of the unfunded actuarial accrued liability.

# Appendix A

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| 2017 | Oro Valley Police | 31,882,797 | 53,037,566 | (21,154,769) | 60% |
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| 2018 | Oro Valley Dispatchers | 1,337,558 | 2,945,307 | (1,607,749) | 45% |
| 2019 | Oro Valley Police | 37,842,906 | 62,278,853 | (24,435,947) | 61% |
| 2019 | Oro Valley Dispatchers | 1,424,947 | 3,240,399 | (1,815,452) | 44% |
| 2020 | Oro Valley Police | 41,498,361 | 67,240,526 | (25,742,165) | 62% |
| 2020 | Oro Valley Dispatchers | 1,504,732 | 3,374,933 | (1,870,201) | 45% |
| 2021 | Oro Valley Police | 46,773,089 | 70,792,554 | (24,019,465) | 66% |
| 2021 | Oro Valley Dispatchers | 1,649,829 | 3,551,295 | (1,901,466) | 46% |
| 2022 | Oro Valley Police | 77,967,201 | 76,438,334 | 1,528,867 | 102% |
| 2022 | Oro Valley Dispatchers | 1,710,819 | 3,721,151 | (2,010,332) | 46% |
| 2023 | Oro Valley Police | 81,319,622 | 85,636,864 | (4,317,242) | 95% |
| 2023 | Oro Valley Dispatchers | 3,929,592 | 3,910,076 | 19,516 | 100% |
| 2024 | Oro Valley Police | 86,551,076 | 87,755,942 | (1,204,866) | 99% |
| 2024 | Oro Valley Dispatchers | 4,106,486 | 3,995,956 | 110,530 | 103% |

Source: Town Comprehensive Annual Financial Report for June 30, 20245 – Note 165.



# Arizona Public Safety Personnel Retirement System

## ORO VALLEY POLICE DEPT. (122)

Actuarial Valuation

*As of June 30, 2025*
*Contributions Applicable to the Plan/*
*Fiscal Year Ending June 30, 2027*

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

November 2025

Board of Trustees
Arizona Public Safety Personnel Retirement System

Re: Actuarial Valuation as of June 30, 2025 for Oro Valley Police Dept. (122)

Dear Members of the Board,

This report details the annual actuarial valuation of the Arizona Public Safety Personnel Retirement System (PSPRS) as of June 30, 2025. The valuation was performed to measure the plan's liability and funding levels and to determine the actuarially appropriate funding requirements for the applicable plan year. This report was prepared for use by the Board and those designated or approved by the Board. Use of the results for other purposes may not be applicable and could produce significantly different results.

**DATA AND ASSUMPTIONS**

In preparing this report, we have relied on personnel, plan design, and asset information supplied by PSPRS. In our opinion, the assumptions used in the valuation, as adopted by the Board, represent reasonable expectations of anticipated fund experience. Other sets of assumptions and methods could also be reasonable and could produce materially different results. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

**DISCLOSURES AND LIMITATIONS**

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in plan provisions or applicable law. Due to the limited scope of this report, we did not provide an analysis of these potential differences.

The computed contribution rates shown in the "Contribution Results" section should be considered minimum contribution rates that comply with the Board's funding policy and Arizona Statutes. Users of this report should be aware that contributions made at that rate do not guarantee benefit security. Given the importance of benefit security to any retirement system, we suggest that contributions to the System in excess of those presented in this report be considered.

The funding percentages and unfunded accrued liability as measured based on the actuarial value of assets will differ from similar measures based on the market value of assets. These measures, as provided, are

appropriate for determining the adequacy of future contributions, but may not be appropriate for the purpose of settling a portion or all of its liabilities.

This valuation assumes the continuing ability of the participating employers to make the contributions necessary to fund this plan. A determination regarding whether or not the participating employers are actually able to do so is outside our scope of expertise. Consequently, we did not perform such an analysis.

In performing the analysis, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models to generate the costs. All internally developed models are reviewed as part of the process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

**ACTUARIAL CERTIFICATION**

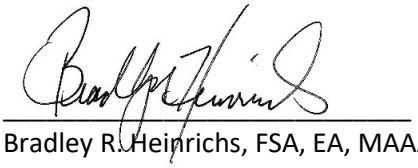
The valuation has been conducted in accordance with all applicable laws and regulations, as well as generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board; specifically No. 6 for Measuring Retiree Group Benefit Obligations/No. 4 for Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, No. 23 for Data Quality, No. 27 for Selection of Economic Assumptions for Measuring Pension Obligations, No. 35 for Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations, No. 44, Selection and Use of Asset Valuation Methods for Pension Valuations, and No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations.

In our opinion, the Minimum Required Contribution set forth in this report constitutes a reasonable actuarially determined contribution under Actuarial Standard of Practice No. 4.

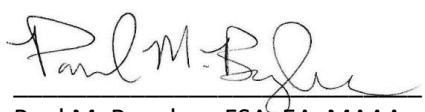
The undersigned are familiar with the immediate and long-term aspects of pension/OPEB valuations and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on this report has any direct financial interest or indirect material interest in the Arizona Public Safety Personnel Retirement System, nor does anyone at Foster & Foster, Inc. act as a member of the PSPRS Board of Trustees. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

Respectfully submitted,
Foster & Foster, Inc.



Bradley R. Heinrichs, FSA, EA, MAAA



Paul M. Baugher, FSA, EA, MAAA

# TABLE OF CONTENTS

**SUMMARY** ..... **5**
**CONTRIBUTION RESULTS** ..... **8**
Development of Employer Contributions – Tiers 1 & 2 Members ..... 8
Development of Employer Contributions – Tier 3 Defined Benefit (DB) Members ..... 9
Development of Contributions – Tier 3 Defined Contribution (DC) Members ..... 10
Contribution Rate Summary ..... 11
Impact of Additional Contributions ..... 12
Historical Summary of Rates ..... 13
**LIABILITY SUPPORT** ..... **14**
Liabilities and Funded Ratios by Benefit - Tiers 1 & 2 ..... 14
Liabilities and Funded Ratios by Benefit - Tier 3 ..... 15
Derivation of Experience (Gain)/Loss ..... 16
Amortization of Unfunded Liabilities - Tiers 1 & 2 ..... 17
Amortization of Unfunded Liabilities - Tier 3 ..... 17
**ASSET SUPPORT** ..... **18**
**MEMBER STATISTICS** ..... **23**
Statistical Data – Active Members ..... 23
Statistical Data – Inactive Members ..... 24
Active Age, Service and Pay Distributions – Tiers 1 & 2 ..... 25
Active Age, Service and Pay Distributions – Tier 3 ..... 26
Age Distributions – Inactive Members ..... 27
**ACTUARIAL ASSUMPTIONS AND METHODS** ..... **28**
**PLAN PROVISIONS** ..... **35**
**ACTUARIAL FUNDING POLICY** ..... **41**
**SUPPLEMENTARY INFORMATION** ..... **46**
Glossary ..... 46
Discussion of Risk ..... 50

# SUMMARY

The regular annual actuarial valuation of the Arizona Public Safety Personnel Retirement System for the Oro Valley Police Dept., performed as of June 30, 2025, has been completed and the results are presented in this Report. The purpose of this valuation is to:

- Compute the employers' recommended contribution rates for the fiscal year ending June 30, 2027. This information is contained in the section entitled "Contribution Results".
- Compute the liabilities associated with benefits likely to be paid on behalf of current retired and active members and compare accumulated assets with the liabilities to assess the funded condition. This information is contained in the section entitled "Liability Support."

| Valuation Date | June 30, 2025 | June 30, 2024 |
|---|---|---|
| Applicable to Fiscal Year Ending | 2027 | 2026 |
| **EMPLOYER CONTRIBUTION REQUIREMENTS (AS A PERCENTAGE OF PAYROLL)** | | |
| Tiers 1 & 2 Members | | |
| Pension | 10.47% | 12.61% |
| Health | 0.00% | 0.00% |
| Total | 10.47% | 12.61% |
| Tier 3 Members [1] | | |
| Pension | 8.58% | 8.41% |
| Health | 0.11% | 0.11% |
| Total | 8.69% | 8.52% |
| **FUNDED STATUS** | | |
| Tiers 1 & 2 Members | | |
| Pension | 101.0% | 98.6% |
| Health | 181.6% | 164.8% |
| Total | 101.9% | 99.4% |
| Tier 3 Members | | |
| Pension | 102.4% | 107.9% |
| Health | 198.3% | 216.2% |
| Total | 103.6% | 109.5% |

[1] The Tier 3 rates shown are the calculated rates as of the valuation date and do not reflect any Legacy costs that the employer must also contribute.

## CHANGES FROM PRIOR YEAR

Changes in the results from the prior year's valuation can be illustrated in the following tables along with high-level explanations for the entire System below:

### CONTRIBUTION RATE

| | Tiers 1 & 2 | | Tier 3 Members | |
|---|---|---|---|---|
| | Pension | Health | Pension | Health |
| Contribution Rate Last Valuation | 12.61% | 0.00% | 8.41% | 0.11% |
| Asset Experience | (0.74%) | (0.02%) | (0.17%) | 0.00% |
| Payroll Base | 0.01% | 0.00% | 0.00% | 0.00% |
| Liability Experience | (0.90%) | 0.00% | (0.32%) | 0.00% |
| Additional Contribution | (1.63%) | 0.00% | 0.00% | 0.00% |
| Assumption/Method Change | 0.00% | 0.00% | 0.00% | 0.00% |
| Compensation Limit Update | 0.00% | 0.00% | 0.67% | 0.00% |
| Other | 1.12% | 0.02% | (0.01%) | 0.00% |
| Contribution Rate This Valuation | 10.47% | 0.00% | 8.58% | 0.11% |

### FUNDED STATUS

| | Tiers 1 & 2 | | Tier 3 Members | |
|---|---|---|---|---|
| | Pension | Health | Pension | Health |
| Funded Status Last Valuation | 98.6% | 164.8% | 107.9% | 216.2% |
| Asset Experience | 0.7% | 1.4% | 1.9% | 4.1% |
| Liability Experience | 0.8% | 21.7% | 3.6% | 0.7% |
| Additional Contribution | 1.2% | 0.0% | 0.0% | 0.0% |
| Assumption/Method Change | 0.0% | 0.0% | 0.0% | 0.0% |
| Compensation Limit Update | 0.0% | 0.0% | 0.0% | 0.0% |
| Other | (0.3%) | (6.3%) | (11.0%) | (22.7%) |
| Funded Status This Valuation | 101.0% | 181.6% | 102.4% | 198.3% |

**Asset Experience** – Asset gains and losses (relative to the assumed earnings rate) are smoothed over seven years for Tiers 1 and 2 and over five years for Tier 3. The return on the market value of assets for the year ending June 30, 2025 was 11.0% for Tiers 1 and 2 and 12.5% for Tier 3. On a smoothed, actuarial value of assets basis, the average return was 7.9% for Tiers 1 and 2 and 9.2% for Tier 3. The returns exceeded the 2024 assumed earnings rate for Tiers 1 and 2 of 7.2% and the 2024 assumed earnings rate for Tier 3 of 7.0%.

**Payroll Base** – Under the current amortization policy for Tiers 1 and 2, the contribution rate is developed as a level percentage of payroll. Payroll for this purpose includes members of this plan and the defined contribution plan's members that would have been in this plan. To the extent that actual payroll is lower/greater than last year's projected payroll, the contribution rate will increase/decrease as a result.

**Liability Experience** – Experience overall was unfavorable, with key sources of loss coming from inactive mortality, actual COLAs, and other data changes.

**Additional Contribution** – Monies contributed in excess of the required contribution rate in order to pay down the unfunded liability.

**Assumption / Method Change** – The Board continued the decrease in the payroll growth assumption from 1.50% to 0.75%.

**Compensation Limit Update** – The Tier 3 compensation limit was updated, as scheduled, with a sizable increase over expectation.

**Other** – This is the combination of all other factors that could impact liabilities year-over-year, with the primary sources being changes in benefits for continuing inactives. Tier 3 members were also impacted by the increase in the compensation limit.

# CONTRIBUTION RESULTS

## DEVELOPMENT OF EMPLOYER CONTRIBUTIONS – TIERS 1 & 2 MEMBERS

| Valuation Date | June 30, 2025 | | June 30, 2024 | |
|---|---|---|---|---|
| Applicable to Fiscal Year Ending | 2027 | | 2026 | |
| | Rate | Dollar | Rate | Dollar |
| **PENSION** | | | | |
| Normal Cost | | | | |
| Total Normal Cost | 18.12% | $ 926,988 | 18.59% | $ 1,089,184 |
| Employee Cost | (7.65%) | (391,361) | (7.65%) | (448,212) |
| Employer (Net) Normal Cost | 10.47% | 535,627 | 10.94% | 640,972 |
| Amortization of Unfunded Liability | 0.00% | 0 | 1.67% | 97,845 |
| Total Employer Cost (Pension) | 10.47% | 535,627 | 12.61% | 738,817 |
| **HEALTH** | | | | |
| Normal Cost | 0.31% | 15,859 | 0.33% | 19,335 |
| Amortization of Unfunded Liability | (0.31%) | (15,859) | (0.33%) | (19,335) |
| Total Employer Cost (Health) | 0.00% | 0 | 0.00% | 0 |
| **Total Employer Cost (Pension + Health)** | **10.47%** | **535,627** | **12.61%** | **738,817** |
| Alternate Contribution Rate (ACR) [1] | 8.00% | | 8.00% | |
| Underlying Payroll (as of valuation date) | | 5,077,744 | | 5,772,393 |

The results above are based on the current amortization schedule approved by the Board of Trustees for your individual plan (see "Actuarial Assumptions and Methods").

[1] The Alternate Contribution Rate is the sum of the positive amortization rates for Tiers 1 & 2 Pension and Health (subject to an 8% minimum) and is charged when retirees return to active status.

## DEVELOPMENT OF EMPLOYER CONTRIBUTIONS – TIER 3 DEFINED BENEFIT (DB) MEMBERS

| Valuation Date | June 30, 2025 | | June 30, 2024 | |
|---|---|---|---|---|
| Applicable to Fiscal Year Ending | 2027 | | 2026 | |
| | Rate | Dollar | Rate | Dollar |
| **PENSION** | | | | |
| Total Normal Cost | 17.15% | $ 575,672 | 16.82% | $ 451,906 |
| Amortization of Unfunded Liability | 0.00% | 0 | 0.00% | 0 |
| Total Pension Cost | 17.15% | 575,672 | 16.82% | 451,906 |
| **HEALTH** | | | | |
| Total Normal Cost | 0.21% | 7,049 | 0.22% | 5,911 |
| Amortization of Unfunded Liability | 0.00% | 0 | 0.00% | 0 |
| Total Health Cost | 0.21% | 7,049 | 0.22% | 5,911 |
| **TOTAL** | | | | |
| Calculated Tier 3 Required EE/ER Individual Cost | 8.69% | 291,361 | 8.52% | 228,909 |
| Funding Policy Tier 3 Required EE/ER Individual Cost [1] | 8.66% | 290,689 | 8.69% | 233,476 |
| ER Legacy Cost of Tiers 1 & 2 Amort of Unfunded Liabilities [2] | 0.00% | 0 | 1.67% | 44,868 |
| **Funding Policy Tier 3 ER Defined Benefit Cost** | **8.66%** | **290,689** | **10.36%** | **278,344** |
| Underlying Payroll (as of valuation date) | | 3,331,699 | | 2,647,015 |

[1] The "Funding Policy" cost was adopted in 2023 and first reflected in the June 30, 2023 valuation. This cost is a 3-year rolling average of the actual calculated costs. The total cost is split equally between employer and employee, in compliance with state statutes. Note that pension and health monies are split differently for the two parties based on IRS requirements. More information on this breakout is included in the "Historical Summary of Rates".

[2] Pursuant to ARS § 38-843(B), the amortization of positive unfunded liabilities for Tiers 1 & 2 shall be applied to all Tier 3 payroll on a level percent basis. However, while it is statutorily required to present the rates in this manner, these are the minimums where alternate methods for paying down that unfunded liability is at the discretion of each employer. Further, to understand the effects of reform in relation to Tier 3, compare the total rate of Tier 3 before application of those legacy costs.

## DEVELOPMENT OF CONTRIBUTIONS – TIER 3 DEFINED CONTRIBUTION (DC) MEMBERS

| Valuation Date | June 30, 2025 | | June 30, 2024 | |
|---|---|---|---|---|
| Applicable to Fiscal Year Ending | 2027 | | 2026 | |
| | Rate | Dollar | Rate | Dollar |
| **TIER 2 & 3 DB / NON-SOCIAL SECURITY** | | | | |
| Employee Cost | 3.00% | | 3.00% | |
| Employer Cost [1] | 3.00% | | 3.00% | |
| **TIER 3 DC ONLY** | | | | |
| Employee Cost | 9.00% | $ 13,396 | 9.00% | $ 5,830 |
| Employee Health Subsidy Program Cost | 0.18% | 268 | 0.20% | 130 |
| Employee Disability Program Cost | 1.60% | 2,381 | 1.54% | 998 |
| **Total Employee Cost** | **10.78%** | **16,045** | **10.74%** | **6,958** |
| Employer Cost | 9.00% | 13,396 | 9.00% | 5,830 |
| Employer Health Subsidy Program Cost | 0.18% | 268 | 0.20% | 130 |
| Employer Disability Program Cost | 1.60% | 2,381 | 1.54% | 998 |
| **Total Employer Cost (before Legacy)** | **10.78%** | **16,045** | **10.74%** | **6,958** |
| ER Legacy Cost of Tiers 1 & 2 Amort of Unfunded Liabilities [2] | 0.00% | 0 | 1.67% | 1,082 |
| **Total Employer Cost (with Legacy)** | **10.78%** | **16,045** | **12.41%** | **8,040** |
| Underlying Payroll (as of valuation date) | | 147,734 | | 63,816 |

[1] Employer rate is 4% for Tier 2 members for a period of time depending on the individual's membership date.

[2] Pursuant to ARS § 38-843(B), the amortization of positive unfunded liabilities for Tiers 1 & 2 shall be applied to all Tier 3 payroll on a level percent basis. However, while it is statutorily required to present the rates in this manner, these are the minimums where alternate methods for paying down that unfunded liability is at the discretion of each employer. Further, to understand the effects of reform in relation to Tier 3, compare the total rate of Tier 3 before application of those legacy costs.

## CONTRIBUTION RATE SUMMARY

| | Tier 1 | Tier 2 | | Tier 3 | | |
|---|---|---|---|---|---|---|
| Membership Date On or After | 7/1/1968 | 1/1/2012 | | 7/1/2017 | | |
| Participates in Social Security | N/A | Yes | No | Yes | No | N/A |
| Available Retirement Plan [1] | DB Only | DB Only | Hybrid | DB Only | Hybrid | DC Only |
| **EMPLOYEE CONTRIBUTION RATE** | | | | | | |
| PSPRS DB Rate | 7.65% | 7.65% | 7.65% | 8.66% | 8.66% | |
| PSPRS DC Rate | | | 3.00% | | 3.00% | 9.00% |
| Employer Health Subsidy Program Cost | | | | | | 0.18% |
| PSPDCRP Disability Program Rate | | | | | | 1.60% |
| **Total EE Contribution Rate** | 7.65% | 7.65% | 10.65% | 8.66% | 11.66% | 10.78% |
| **EMPLOYER CONTRIBUTION RATE** | | | | | | |
| PSPRS DB Normal Cost | 10.78% | 10.78% | 10.78% | 8.66% | 8.66% | |
| PSPRS DB Tier 1 & 2 Legacy Cost [2] | (0.31%) | (0.31%) | (0.31%) | 0.00% | 0.00% | 0.00% |
| PSPRS DC Rate | | | 3.00% | | 3.00% | 9.00% |
| Employer Health Subsidy Program Cost | | | | | | 0.18% |
| PSPDCRP Disability Program Rate | | | | | | 1.60% |
| **Total ER Contribution Rate** | 10.47% | 10.47% | 13.47% | 8.66% | 11.66% | 10.78% |
| **Employer Alternate Contribution Rate [3]** | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% |

Exhibit summarizes employee and employer contributions based on Statute and the results of June 30, 2025 actuarial valuation. Pension and health components are combined, where applicable.

[1] Employers that pay into Social Security on behalf of their members do not participate in the Hybrid Plan.

[2] Per statute (ARS § 38-843(B)), any positive unfunded liability for Tiers 1 and 2 is to be applied to all Tier 3 (DB and DC) payrolls

[3] The Alternate Contribution Rate is the sum of the positive amortization rates for Tiers 1 & 2 Pension and Health (subject to an 8% minimum) and is charged when retirees return to active status.

## IMPACT OF ADDITIONAL CONTRIBUTIONS

| | Additional Contribution (000s) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Impact On | $0 | $1,000 | $2,000 | $3,000 | $4,000 | $5,000 | $6,000 | $7,000 | $8,000 | $9,000 | $10,000 |
| Funded Status - June 30, 2025 | 101.0% | 102.1% | 103.2% | 104.3% | 105.4% | 106.5% | 107.6% | 108.8% | 109.9% | 111.0% | 112.1% |
| FYE 2027 Contribution Rate | 10.47% | 9.27% | 8.06% | 6.86% | 5.66% | 4.45% | 3.25% | 2.05% | 0.85% | 0.00% | 0.00% |

Table shows the hypothetical change in the funded status and contribution rate from the June 30, 2025 actuarial valuation results for Tiers 1 & 2 if an additional contribution of the amount shown had been made to the Fund on June 30, 2025. This illustration can help estimate the impact of contributing additional monies to the fund in the future.

## HISTORICAL SUMMARY OF RATES

| | | | Pension | | | Health | | |
|---|---|---|---|---|---|---|---|---|
| | Valuation Date June 30 | Fiscal Year Ending June 30 | Normal Cost | Unfunded Amortization | Total | Normal Cost | Unfunded Amortization | Total |
| **TIERS 1 & 2** | 2021 | 2023 | 13.09% | 30.38% | 43.47% | 0.45% | (0.45%) | 0.00% |
| (Employer) | 2022 | 2024 | 11.00% | 0.00% | 11.00% | 0.41% | (0.41%) | 0.00% |
| | 2023 | 2025 | 10.91% | 5.31% | 16.22% | 0.34% | (0.34%) | 0.00% |
| | 2024 | 2026 | 10.94% | 1.67% | 12.61% | 0.33% | (0.33%) | 0.00% |
| | 2025 | 2027 | 10.47% | 0.00% | 10.47% | 0.31% | (0.31%) | 0.00% |
| **TIER 3** [1] | 2021 | 2023 | 9.68% | 0.00% | 9.68% | 0.26% | 0.00% | 0.26% |
| (Employer) | 2022 | 2024 | 9.30% | 0.00% | 9.30% | 0.26% | 0.00% | 0.26% |
| | 2023 | 2025 | 8.77% | 0.00% | 8.77% | 0.12% | 0.00% | 0.12% |
| | 2024 | 2026 | 8.46% | 0.00% | 8.46% | 0.23% | 0.00% | 0.23% |
| | 2025 | 2027 | 8.43% | 0.00% | 8.43% | 0.23% | 0.00% | 0.23% |
| **TIER 3** | 2021 | 2023 | 9.68% | 0.00% | 9.68% | 0.26% | 0.00% | 0.26% |
| (Employee) | 2022 | 2024 | 9.30% | 0.00% | 9.30% | 0.26% | 0.00% | 0.26% |
| | 2023 | 2025 | 8.77% | 0.00% | 8.77% | 0.12% | 0.00% | 0.12% |
| | 2024 | 2026 | 8.69% | 0.00% | 8.69% | 0.00% | 0.00% | 0.00% |
| | 2025 | 2027 | 8.66% | 0.00% | 8.66% | 0.00% | 0.00% | 0.00% |

[1] All Tier 3 rates shown (employer and employee) are Board approved Funding Policy rates. Starting in 2023, these rates are a 3-year rolling average of calculated EE/ER rates. Does not reflect Legacy costs that the employer must also contribute.

# LIABILITY SUPPORT

## LIABILITIES AND FUNDED RATIOS BY BENEFIT - TIERS 1 & 2

| | June 30, 2025 | June 30, 2024 |
|---|---|---|
| **PENSION** | | |
| Actuarial Present Value of Benefits (PVB) | | |
| Retirees and Beneficiaries | $ 52,987,686 | $ 46,079,112 |
| DROP Members | 12,019,150 | 13,233,011 |
| Vested Members | 1,109,503 | 910,525 |
| Active Members | 31,064,576 | 35,460,056 |
| Total Actuarial Present Value of Benefits | 97,180,915 | 95,682,704 |
| Actuarial Accrued Liability (AAL) | | |
| All Inactive Members | 66,116,339 | 60,222,648 |
| Active Members | 24,153,409 | 27,533,294 |
| Total Actuarial Accrued Liability | 90,269,748 | 87,755,942 |
| Actuarial Value of Assets (AVA) | 91,172,990 | 86,551,076 |
| Unfunded Actuarial Accrued Liability | (903,242) | 1,204,866 |
| PVB Funded Ratio (AVA / PVB) | 93.8% | 90.5% |
| AAL Funded Ratio (AVA / AAL) | 101.0% | 98.6% |
| **HEALTH** | | |
| Actuarial Present Value of Benefits (PVB) | | |
| Retirees and Beneficiaries | $ 440,307 | $ 399,204 |
| DROP Members | 184,009 | 196,061 |
| Active Members | 526,538 | 620,360 |
| Total Present Value of Benefits | 1,150,854 | 1,215,625 |
| Actuarial Accrued Liability (AAL) | | |
| All Inactive Members | 624,316 | 595,265 |
| Active Members | 417,583 | 491,844 |
| Total Actuarial Accrued Liability | 1,041,899 | 1,087,109 |
| Actuarial Value of Assets (AVA) | 1,891,781 | 1,791,666 |
| Unfunded Actuarial Accrued Liability | (849,882) | (704,557) |
| PVB Funded Ratio (AVA / PVB) | 164.4% | 147.4% |
| AAL Funded Ratio (AVA / AAL) | 181.6% | 164.8% |

Pension liabilities were increased by $857,273 and health liabilities were increased by $13,879 under the lateral transfer methodology.

## LIABILITIES AND FUNDED RATIOS BY BENEFIT - TIER 3

| | June 30, 2025 | June 30, 2024 |
|---|---|---|
| **PENSION** | | |
| Actuarial Present Value of Benefits (PVB) | | |
| Retirees and Beneficiaries | $ 7,291,337 | $ 7,268,826 |
| Vested Members | 14,157,384 | 9,523,410 |
| Active Members | 986,667,595 | 710,626,649 |
| Total Actuarial Present Value of Benefits | 1,008,116,316 | 727,418,885 |
| Actuarial Accrued Liability (AAL) | | |
| All Inactive Members | 21,448,721 | 16,792,236 |
| Active Members | 225,991,622 | 148,879,454 |
| Total Actuarial Accrued Liability | 247,440,343 | 165,671,690 |
| Actuarial Value of Assets (AVA) | 253,309,023 | 178,758,433 |
| Unfunded Actuarial Accrued Liability | (5,868,680) | (13,086,743) |
| PVB Funded Ratio (AVA / PVB) | 25.1% | 24.6% |
| AAL Funded Ratio (AVA / AAL) | 102.4% | 107.9% |
| | | |
| **HEALTH** | | |
| Actuarial Present Value of Benefits (PVB) | | |
| Retirees and Beneficiaries | $ 33,666 | $ 34,351 |
| Active Members | 12,076,315 | 9,825,773 |
| Total Present Value of Benefits | 12,109,981 | 9,860,124 |
| Actuarial Accrued Liability (AAL) | | |
| All Inactive Members | 33,666 | 34,351 |
| Active Members | 3,279,150 | 2,398,606 |
| Total Actuarial Accrued Liability | 3,312,816 | 2,432,957 |
| Actuarial Value of Assets (AVA) | 6,568,894 | 5,259,235 |
| Unfunded Actuarial Accrued Liability | (3,256,078) | (2,826,278) |
| PVB Funded Ratio (AVA / PVB) | 54.2% | 53.3% |
| AAL Funded Ratio (AVA / AAL) | 198.3% | 216.2% |

The liabilities shown on this page are the liabilities for all Tier 3 members grouped together in the Risk Sharing group. These liabilities are NOT the liabilities solely for Oro Valley Police Dept. Tier 3 members.

## DERIVATION OF EXPERIENCE (GAIN)/LOSS

| | | Tiers 1 & 2 | | Tier 3 | |
|---|---|---|---|---|---|
| | | Pension | Health | Pension | Health |
| (1) | Unfunded Actuarial Accrued Liability as of June 30, 2024 | 1,204,866 | (704,557) | (13,086,743) | (2,826,278) |
| (2) | Normal Cost Developed in Last Valuation | 640,972 | 19,335 | 25,222,643 | 329,904 |
| (3) | Actual Contributions | 2,124,575 | 0 | 28,231,800 | 783,130 |
| (4) | Expected Interest On (1), (2), and (3) | 57,745 | (49,336) | (124,896) | (207,442) |
| (5) | Expected Unfunded Actuarial Accrued Liability as of June 30, 2025: (1)+(2)-(3)+(4) | (220,992) | (734,558) | (16,220,796) | (3,486,946) |
| (6) | Changes to UAAL Due to Assumptions, Methods and Benefits | 0 | 0 | 0 | 0 |
| (7) | Change to UAAL Due to Actuarial (Gain)/Loss | (682,250) | (115,324) | 10,352,116 | 230,868 |
| (8) | Unfunded Actuarial Accrued Liability as of June 30, 2025 | (903,242) | (849,882) | (5,868,680) | (3,256,078) |

## AMORTIZATION OF UNFUNDED LIABILITIES - TIERS 1 & 2

| | Date Established | Outstanding Balance | Years Remaining | Amortization Rate |
|---|---|---|---|---|
| **PENSION** | 6/30/2019 | 0 | 11 | 0.00% |
| | 6/30/2021 | 874,759 | 11 | 1.28% |
| | 6/30/2022 | (2,225,517) | 12 | (3.09%) |
| | 6/30/2023 | 5,320,644 | 13 | 7.02% |
| | 6/30/2024 | (2,829,342) | 14 | (3.57%) |
| | 6/30/2025 | (2,043,786) | 15 | (2.48%) |
| | Total | (903,242) | | (0.84%) |
| **HEALTH** | 6/30/2019 | 0 | 10 | 0.00% |
| | 6/30/2021 | 0 | 10 | 0.00% |
| | 6/30/2022 | 0 | 10 | 0.00% |
| | 6/30/2023 | 0 | 10 | 0.00% |
| | 6/30/2024 | 0 | 10 | 0.00% |
| | 6/30/2025 | (740,927) | 10 | (1.16%) |
| | Total | (740,927) | | (1.16%) |

## AMORTIZATION OF UNFUNDED LIABILITIES - TIER 3

| | Date Established | Outstanding Balance | Years Remaining | Amortization Rate [1] |
|---|---|---|---|---|
| **PENSION** | 6/30/2018 | 73,371 | 3 | 0.01% |
| | 6/30/2019 | (738,175) | 4 | (0.06%) |
| | 6/30/2020 | 538,283 | 5 | 0.03% |
| | 6/30/2021 | (1,923,660) | 6 | (0.10%) |
| | 6/30/2022 | (3,334,717) | 7 | (0.16%) |
| | 6/30/2023 | (1,260,287) | 8 | (0.05%) |
| | 6/30/2024 | (5,258,441) | 9 | (0.21%) |
| | 6/30/2025 | 6,034,946 | 10 | 0.22% |
| | Total | (5,868,680) | | 0.00% |
| **HEALTH** | 6/30/2018 | (1,556) | 3 | 0.00% |
| | 6/30/2019 | (67,490) | 4 | (0.01%) |
| | 6/30/2020 | (136,697) | 5 | (0.01%) |
| | 6/30/2021 | (277,936) | 6 | (0.01%) |
| | 6/30/2022 | (396,707) | 7 | (0.02%) |
| | 6/30/2023 | (639,631) | 8 | (0.03%) |
| | 6/30/2024 | (1,050,040) | 9 | (0.04%) |
| | 6/30/2025 | (686,021) | 10 | (0.02%) |
| | Total | (3,256,078) | | 0.00% |

[1] By Statute, negative total amortization rates are not subtracted in Tier 3 rate calculations.

# ASSET SUPPORT

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR YEAR ENDED JUNE 30, 2025

| | Tiers 1 & 2 | | Tier 3 | |
|---|---|---|---|---|
| | Pension | Health | Pension | Health |
| **ADDITIONS** | | | | |
| Contributions | | | | |
| Member Contributions | $ 108,640,873 | $ 0 | $ 61,005,633 | $ 0 |
| Employer Contributions | 1,069,823,308 | 0 | 59,252,766 | 0 |
| Health Insurance Contributions | 0 | 4,098,668 | 0 | 1,553,978 |
| Total Contributions | 1,178,464,181 | 4,098,668 | 120,258,399 | 1,553,978 |
| Investment Income | | | | |
| Net Increase in Fair Value | 1,390,120,909 | 34,877,805 | 45,105,036 | 1,105,501 |
| Interest and Dividends | 259,062,270 | 6,499,811 | 8,405,753 | 206,021 |
| Other Income | 150,210,467 | 3,767,860 | 4,873,856 | 119,427 |
| Less Investment Expenses | (35,364,426) | (728,394) | (1,147,464) | (23,087) |
| Net Investment Income | 1,764,029,220 | 44,417,082 | 57,237,181 | 1,407,862 |
| Non-investment Income | 0 | 0 | 0 | 0 |
| Transfers In | 288,360 | 0 | 206,733 | 0 |
| Total Additions | 2,942,781,761 | 48,515,750 | 177,702,313 | 2,961,840 |
| **DEDUCTIONS** | | | | |
| Distributions to Members | | | | |
| Benefit Payments | 1,218,594,305 | 0 | 852,434 | 0 |
| Health Insurance Subsidy | 0 | 18,660,709 | 0 | 6,480 |
| Refund of Contributions | 12,178,168 | 0 | 2,803,612 | 0 |
| Total Distributions | 1,230,772,473 | 18,660,709 | 3,656,046 | 6,480 |
| Administrative Expenses | 7,838,369 | 201,658 | 254,475 | 6,392 |
| Transfers Out | 67,338 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Total Deductions | 1,238,678,180 | 18,862,367 | 3,910,521 | 12,872 |
| **NET INCREASE / (DECREASE)** | 1,704,103,581 | 29,653,383 | 173,791,792 | 2,948,968 |
| **NET POSITION HELD IN TRUST** | | | | |
| Prior Valuation | 15,933,751,686 | 411,840,936 | 398,698,171 | 11,044,818 |
| Beginning of the Year Adjustment | 0 | 0 | 0 | 0 |
| End of the Year | 17,637,855,267 | 441,494,319 | 572,489,963 | 13,993,786 |

## DEVELOPMENT OF PENSION ACTUARIAL VALUE OF ASSETS - TIERS 1 & 2

| A. Investment Income | |
|---|---|
| A1. Actual Investment Income | $ 1,756,190,851 |
| A2. Expected Amount for Immediate Recognition | 1,145,387,569 |
| A3. Amount Subject to Amortization | 610,803,282 |

| | Year Ended June 30 | | | | | | |
|---|---|---|---|---|---|---|---|
| B. Amortization Schedule | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
| 2025 Experience (A3 / 7) | 87,257,612 | 87,257,612 | 87,257,612 | 87,257,612 | 87,257,612 | 87,257,612 | 87,257,610 |
| 2024 Experience | 62,439,795 | 62,439,795 | 62,439,795 | 62,439,795 | 62,439,795 | 62,439,792 | |
| 2023 Experience | 10,197,720 | 10,197,720 | 10,197,720 | 10,197,720 | 10,197,717 | | |
| 2022 Experience | (204,451,249) | (204,451,249) | (204,451,249) | (204,451,249) | | | |
| 2021 Experience | 238,978,744 | 238,978,744 | 238,978,745 | | | | |
| 2020 Experience | (68,882,158) | (68,882,160) | | | | | |
| 2019 Experience | (22,859,275) | | | | | | |
| Total Amortization | 102,681,189 | 125,540,462 | 194,422,623 | (44,556,122) | 159,895,124 | 149,697,404 | 87,257,610 |

| C. Actuarial Value of Assets | Total | Employer |
|---|---|---|
| C1. Actuarial Value of Assets, June 30, 2024 | 15,769,616,678 | |
| C2. Non-investment Net Cash Flow | (52,087,270) | |
| C3. Preliminary Actuarial Value of Assets, June 30, 2025: (A2 + B + C1 + C2) | 16,965,598,166 | |
| C4. Market Value of Assets, June 30, 2025 | 17,637,855,267 | 94,785,694 |
| C5. Final Actuarial Value of Assets, June 30, 2025 (C3 Within 20% Corridor of C4) | 16,965,598,166 | 91,172,990 |

| D. Rates of Return | |
|---|---|
| D1. Market Value Rate of Return | 11.0% |
| D2. Actuarial Value Rate of Return | 7.9% |

## DEVELOPMENT OF HEALTH ACTUARIAL VALUE OF ASSETS - TIERS 1 & 2

| A. Investment Income | |
|---|---|
| A1. Actual Investment Income | $ 44,215,424 |
| A2. Expected Amount for Immediate Recognition | 29,137,425 |
| A3. Amount Subject to Amortization | 15,077,999 |

| | Year Ended June 30 | | | | | | |
|---|---|---|---|---|---|---|---|
| B. Amortization Schedule | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
| 2025 Experience (A3 / 7) | 2,154,000 | 2,154,000 | 2,154,000 | 2,154,000 | 2,154,000 | 2,154,000 | 2,153,999 |
| 2024 Experience | 1,556,610 | 1,556,610 | 1,556,610 | 1,556,610 | 1,556,610 | 1,556,608 | |
| 2023 Experience | 193,035 | 193,035 | 193,035 | 193,035 | 193,036 | | |
| 2022 Experience | (6,416,469) | (6,416,469) | (6,416,469) | (6,416,471) | | | |
| 2021 Experience | 9,257,478 | 9,257,478 | 9,257,481 | | | | |
| 2020 Experience | (2,898,713) | (2,898,716) | | | | | |
| 2019 Experience | (1,075,572) | | | | | | |
| Total Amortization | 2,770,369 | 3,845,938 | 6,744,657 | (2,512,826) | 3,903,646 | 3,710,608 | 2,153,999 |

| C. Actuarial Value of Assets | Total | Employer |
|---|---|---|
| C1. Actuarial Value of Assets, June 30, 2024 | 406,302,544 | |
| C2. Non-investment Net Cash Flow | (14,562,041) | |
| C3. Preliminary Actuarial Value of Assets, June 30, 2025: (A2 + B + C1 + C2) | 423,648,297 | |
| C4. Market Value of Assets, June 30, 2025 | 441,494,319 | 1,971,472 |
| C5. Final Actuarial Value of Assets, June 30, 2025 (C3 Within 20% Corridor of C4) | 423,648,297 | 1,891,781 |

| D. Rates of Return | |
|---|---|
| D1. Market Value Rate of Return | 10.9% |
| D2. Actuarial Value Rate of Return | 8.0% |

## DEVELOPMENT OF PENSION ACTUARIAL VALUE OF ASSETS - TIERS 3

| A. Investment Income | |
|---|---|
| A1. Actual Investment Income | $ 56,982,706 |
| A2. Expected Amount for Immediate Recognition | 31,928,044 |
| A3. Amount Subject to Amortization | 25,054,662 |

| | Year Ended June 30 | | | | |
|---|---|---|---|---|---|
| B. Amortization Schedule | 2025 | 2026 | 2027 | 2028 | 2029 |
| 2025 Experience (A3 / 5) | 5,010,932 | 5,010,932 | 5,010,932 | 5,010,932 | 5,010,934 |
| 2024 Experience | 3,027,823 | 3,027,823 | 3,027,823 | 3,027,823 | |
| 2023 Experience | 885,521 | 885,521 | 885,520 | | |
| 2022 Experience | (3,259,379) | (3,259,381) | | | |
| 2021 Experience | 3,551,938 | | | | |
| Total Amortization | 9,216,835 | 5,664,895 | 8,924,275 | 8,038,755 | 5,010,934 |

| C. Actuarial Value of Assets | Total | Employer |
|---|---|---|
| C1. Actuarial Value of Assets, June 30, 2024 | 386,897,139 | |
| C2. Non-investment Net Cash Flow | 116,809,086 | |
| C3. Preliminary Actuarial Value of Assets, June 30, 2025: (A2 + B + C1 + C2) | 544,851,104 | |
| C4. Market Value of Assets, June 30, 2025 | 572,489,963 | 266,158,721 |
| C5. Final Actuarial Value of Assets, June 30, 2025 (C3 Within 20% Corridor of C4) | 544,851,104 | 253,309,023 |

| D. Rates of Return | |
|---|---|
| D1. Market Value Rate of Return | 12.5% |
| D2. Actuarial Value Rate of Return | 9.2% |

## DEVELOPMENT OF HEALTH ACTUARIAL VALUE OF ASSETS - TIERS 3

| A. Investment Income | |
|---|---|
| A1. Actual Investment Income | $ 1,401,470 |
| A2. Expected Amount for Immediate Recognition | 826,384 |
| A3. Amount Subject to Amortization | 575,086 |

| | Year Ended June 30 | | | | |
|---|---|---|---|---|---|
| B. Amortization Schedule | 2025 | 2026 | 2027 | 2028 | 2029 |
| 2025 Experience (A3 / 5) | 115,017 | 115,017 | 115,017 | 115,017 | 115,018 |
| 2024 Experience | 84,292 | 84,292 | 84,292 | 84,290 | |
| 2023 Experience | 23,872 | 23,872 | 23,870 | | |
| 2022 Experience | (101,792) | (101,790) | | | |
| 2021 Experience | 128,961 | | | | |
| Total Amortization | 250,350 | 121,391 | 223,179 | 199,307 | 115,018 |

| C. Actuarial Value of Assets | Total | Employer |
|---|---|---|
| C1. Actuarial Value of Assets, June 30, 2024 | 10,710,659 | |
| C2. Non-investment Net Cash Flow | 1,547,498 | |
| C3. Preliminary Actuarial Value of Assets, June 30, 2025: (A2 + B + C1 + C2) | 13,334,891 | |
| C4. Market Value of Assets, June 30, 2025 | 13,993,786 | 6,893,472 |
| C5. Final Actuarial Value of Assets, June 30, 2025 (C3 Within 20% Corridor of C4) | 13,334,891 | 6,568,894 |

| D. Rates of Return | |
|---|---|
| D1. Market Value Rate of Return | 11.9% |
| D2. Actuarial Value Rate of Return | 9.4% |

# MEMBER STATISTICS

## STATISTICAL DATA – ACTIVE MEMBERS

| | June 30, 2025 | | June 30, 2024 | |
|---|---|---|---|---|
| | Tiers 1 & 2 | Tier 3 | Tiers 1 & 2 | Tier 3 |
| **ACTIVES** | | | | |
| Number | 38 | 35 | 46 | 29 |
| Average Current Age | 42.7 | 29.2 | 42.0 | 28.3 |
| Average Age at Employment | 26.5 | 26.3 | 26.2 | 25.9 |
| Average Past Service | 16.2 | 2.9 | 15.8 | 2.4 |
| Average Annual Salary | $106,438 | $71,511 | $107,180 | $71,169 |
| **ACTIVES (TRANSFERRED)** | | | | |
| Number | 9 | 8 | 8 | 6 |
| Average Current Age | 37.8 | 29.5 | 37.6 | 28.6 |
| Average Age at Employment | 25.1 | 25.7 | 25.5 | 25.5 |
| Average Past Service | 12.6 | 3.8 | 12.2 | 3.1 |
| Average Annual Salary | $93,208 | $75,237 | $90,578 | $74,123 |
| **Total Number (Active)** | 47 | 43 | 54 | 35 |

## STATISTICAL DATA – INACTIVE MEMBERS

| | June 30, 2025 | | June 30, 2024 | |
|---|---|---|---|---|
| | Tiers 1 & 2 | Tier 3 | Tiers 1 & 2 | Tier 3 |
| **RETIREES** | | | | |
| Number | 49 | 1 | 42 | 0 |
| Average Current Age | 59.1 | 0.6 | 59.3 | N/A |
| Average Annual Benefit | $58,756 | $110 | $57,763 | N/A |
| **DROP RETIREES** | | | | |
| Number | 11 | N/A | 12 | N/A |
| Average Current Age | 52.0 | N/A | 53.8 | N/A |
| Average Annual Benefit | $63,695 | N/A | $65,115 | N/A |
| **BENEFICIARIES** | | | | |
| Number | 7 | 0 | 7 | 0 |
| Average Current Age | 71.5 | N/A | 70.5 | N/A |
| Average Annual Benefit | $36,891 | N/A | $36,168 | N/A |
| **DISABILITY RETIREES** | | | | |
| Number | 12 | 0 | 12 | 0 |
| Average Current Age | 57.5 | N/A | 56.5 | N/A |
| Average Annual Benefit | $43,100 | N/A | $42,255 | N/A |
| **INACTIVE / VESTED** | | | | |
| Number | 8 | 3 | 9 | 3 |
| Average Current Age | 49.6 | 33.2 | 47.4 | 32.2 |
| Average Accumulated Contributions | $37,771 | $13,986 | $38,305 | $13,517 |
| **TOTAL NUMBER (INACTIVE)** | 87 | 4 | 82 | 3 |
| **FORMER MEMBERS (TRANSFERRED)** | 7 | 6 | 6 | 6 |

## ACTIVE AGE, SERVICE AND PAY DISTRIBUTIONS – TIERS 1 & 2

| | Past Service | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Age | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30+ | Total Count | Total Pay | Average Pay |
| <20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 - 24 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 25 - 29 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 30 - 34 | 0 | 4 | 5 | 0 | 0 | 0 | 0 | 9 | 905,591 | 100,621 |
| 35 - 39 | 0 | 1 | 10 | 3 | 0 | 0 | 0 | 14 | 1,517,244 | 108,375 |
| 40 - 44 | 0 | 0 | 2 | 7 | 2 | 0 | 0 | 11 | 1,198,641 | 108,967 |
| 45 - 49 | 0 | 0 | 1 | 3 | 4 | 0 | 0 | 8 | 839,622 | 104,953 |
| 50 - 54 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 1 | 98,849 | 98,849 |
| 55 - 59 | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 2 | 209,546 | 104,773 |
| 60 - 64 | 0 | 0 | 0 | 1 | 0 | 0 | 1 | 2 | 114,037 | 57,019 |
| 65+ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 5 | 18 | 16 | 7 | 0 | 1 | 47 | 4,883,530 | 103,905 |

## ACTIVE AGE, SERVICE AND PAY DISTRIBUTIONS – TIER 3

| | Past Service | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Age | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30+ | Total Count | Total Pay | Average Pay |
| <20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 - 24 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 188,112 | 62,704 |
| 25 - 29 | 21 | 2 | 0 | 0 | 0 | 0 | 0 | 23 | 1,636,652 | 71,159 |
| 30 - 34 | 10 | 3 | 0 | 0 | 0 | 0 | 0 | 13 | 941,195 | 72,400 |
| 35 - 39 | 1 | 3 | 0 | 0 | 0 | 0 | 0 | 4 | 338,839 | 84,710 |
| 40 - 44 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 45 - 49 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 50 - 54 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 55 - 59 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 60 - 64 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 65+ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 35 | 8 | 0 | 0 | 0 | 0 | 0 | 43 | 3,104,798 | 72,205 |

## AGE DISTRIBUTIONS – INACTIVE MEMBERS

| | Retirees, Disableds and Beneficiaries | |
|---|---|---|
| Age | Count | Average Annual Pensions |
| <40 | 1 | 110 |
| 40-45 | 0 | 0 |
| 45-49 | 12 | 50,861 |
| 50-54 | 13 | 52,961 |
| 55-59 | 17 | 56,574 |
| 60-64 | 6 | 52,897 |
| 65-69 | 7 | 66,129 |
| 70-74 | 7 | 44,294 |
| 75-79 | 3 | 47,792 |
| 80-84 | 3 | 53,393 |
| 85-89 | 0 | 0 |
| 90-94 | 0 | 0 |
| 95-99 | 0 | 0 |
| 100+ | 0 | 0 |
| Total | 69 | 52,965 |

# ACTUARIAL ASSUMPTIONS AND METHODS

| | |
|---|---|
| Interest Rate | This is the assumed earnings rate on System assets, compounded annually, net of investment and administrative expenses.<br><br>• **Tiers 1 & 2**: 7.20% per year.<br>• **Tier 3**: 7.00% per year. |
| Mortality Rate | ***Active Lives:***<br>PubS-2010 Employee mortality, adjusted by a factor of 1.03 for male members and 1.08 for female members, with generational improvements using 85% of the most recent projection scale (currently Scale MP-2021). 100% of active deaths are assumed to be in the line of duty.<br><br>***Inactive Lives:***<br>PubS-2010 Healthy Retiree mortality, adjusted by a factor of 1.03 for male retirees and 1.11 for female retirees, with generational improvements using 85% of the most recent projection scale (currently Scale MP-2021).<br><br>***Beneficiaries:***<br>PubS-2010 Survivor mortality, adjusted by a factor of 0.98 for male beneficiaries and adjusted by a factor of 1.06 for female beneficiaries, with generational improvements using 85% of the most recent projection scale (currently Scale MP-2021).<br><br>***Disabled Lives:***<br>PubS-2010 Disabled mortality, adjusted by a factor of 1.08 for male disabled members and 1.01 for female disabled members, with generational improvements using 85% of the most recent projection scale (currently Scale MP-2021).<br><br>The mortality assumptions sufficiently accommodate anticipated future mortality improvements. |
| Retirement / DROP Rates | These rates are used to project future decrements from the active population due to retirement. The rates below are based on a 2022 experience study using actual plan experience.<br><br>**Tier 1 – reaching age 62 before attaining 20 years of service:**<br>Age-related rates based on age at retirement: |

| | |
|---|---|
| | Police - 40% assumed at age 62 and 63, 35% assumed at age 64, 25% assumed at ages 65 and 66, 50% assumed at ages 67 – 69, and 100% assumed at age 70.<br><br>Fire - 25% assumed at age 62 and 63, 35% assumed at age 64, 25% assumed at ages 65 and 66, 50% assumed at ages 67 – 69, and 100% assumed at age 70.<br><br>**Tier 1 – reaching age 62 after attaining 20 years of service:**<br>Service-related rates based on service at retirement. See complete tables at the end of this section.<br><br>65% are assumed to enter the DROP program while the remaining 35% are assumed to retire and commence benefits immediately. DROP periods are assumed to be 5 years in length for future DROP elections.<br><br>**Tiers 2 & 3:**<br>Age-related rates based on age at retirement. 50% assumed at age 53, 30% assumed at ages 54 – 59, 60% assumed at ages 60 – 63, and 100% assumed at age 64. |
| Disability Rate | These rates are used to project future decrements from the active population due to disability. Complete table of rates based on age at disability are provided at the end of this section. These rates are based on a 2022 experience study using actual plan experience. 90% of disablements are assumed to be duty-related. |
| Termination Rate | These rates are used to project future decrements from the active population due to termination. Complete table of rates based on service at termination are provided at the end of this section. The rates apply to members prior to retirement eligibility and are based on a 2022 experience study using actual plan experience. |
| Inflation | 2.50%. |
| Tier 3 Compensation Limit | $140,952 for calendar 2024. Assumed increases of 2.00% per year thereafter. |
| Cost-of-Living Adjustment | 1.85%. |

| | |
|---|---|
| Salary Increases | See table at the end of this section. This is an annual increase for individual member's salary. These rates are based on a 2022 experience study using actual plan experience. |
| Marital Status | For active members, 85% of males and 60% of females are assumed to be married. Actual marital status is used, where applicable, for inactive members. |
| Spouse's Age | Males are assumed to be three years older than females. |
| Benefit Commencement | Deferred members are assumed to commence benefits as follows:<br>• Tier 1: immediate refund of contributions<br>• Tiers 2 & 3 (less than 15 years service): immediate refund of contributions<br>• Tier 2 (15+ years service): life annuity payable at age 52.5<br>• Tier 3 (15+ years service): life annuity payable at age 55 |
| Health Care Utilization | For active members, 70% of retirees are expected to utilize retiree health care. Actual utilization is used for inactive members. |
| Funding Method | Entry Age Normal Cost Method. |
| Lateral Transfers | When active members transfer between employers, the new employer's liability starts from their new date of hire with no past service liability (i.e., all liability is accrued through normal cost). Per PSPRS administrative decision, once the new employer's liability is fully funded, the liability will reflect all past service liability. |
| Actuarial Asset Method | Each year the assumed investment income is recognized in full while the difference between actual and assumed investment income are smoothed over a fixed period (7 years for Tiers 1 & 2; 5 years for Tier 3). Actuarial Assets shall not be less than 80% nor greater than 120% of the Market Value of Assets. Note that during periods when investment performance exceeds (falls short) of the assumed rate, the actuarial value of assets will tend to be less (greater) than the market value of assets. |

| | |
|---|---|
| Amortization Method | See Funding Policy for complete details. In short:<br>**Tiers 1 & 2:**<br>• Any positive UAAL (assets less than funding policy targets) is amortized using a layered approach according to a Level Dollar method over a closed period of 15 years (phased into from current period).<br>• Any negative UAAL (assets greater than funding policy targets) is amortized according to a Level Dollar method over an open period of 10 years.<br><br>**Tier 3:**<br>• Any positive UAAL (assets less than liabilities) is amortized according to a Level Dollar method over a closed period of 10 years.<br>• No amortization is made of any negative UAAL (assets greater than liabilities). |
| Payroll Growth | 1.50% per year. This is the annual increase expected on total employer payroll. |

**CHANGES SINCE THE PRIOR VALUATION**

The payroll growth assumption was lowered from 2.00% to 1.50%.

There were no method changes since the prior valuation.

**SALARY INCREASE RATES**

| Age | Maricopa Police | Pima Police | Other Police | Maricopa Fire | Pima Fire | Other Fire |
|---|---|---|---|---|---|---|
| 20 | 15.00% | 12.00% | 14.00% | 15.00% | 12.00% | 13.00% |
| 21 | 14.00% | 6.00% | 12.00% | 14.00% | 11.00% | 12.00% |
| 22 | 13.00% | 6.00% | 10.00% | 13.00% | 10.00% | 11.00% |
| 23 | 12.00% | 6.00% | 9.00% | 12.00% | 9.50% | 10.00% |
| 24 | 11.00% | 6.00% | 8.00% | 11.00% | 9.00% | 9.00% |
| 25 | 10.00% | 6.00% | 7.00% | 10.00% | 8.50% | 8.00% |
| 26 | 9.00% | 5.50% | 6.50% | 9.50% | 7.50% | 7.50% |
| 27 | 8.00% | 5.50% | 6.25% | 9.00% | 6.50% | 7.50% |
| 28 | 7.50% | 5.50% | 6.00% | 8.50% | 5.75% | 7.00% |
| 29 | 7.00% | 5.50% | 5.80% | 8.00% | 5.75% | 6.50% |
| 30 | 6.50% | 5.25% | 5.60% | 8.00% | 5.50% | 6.50% |
| 31 | 6.00% | 5.25% | 5.40% | 7.50% | 5.50% | 6.00% |
| 32 | 5.50% | 5.00% | 5.20% | 7.00% | 5.00% | 5.50% |
| 33 | 5.10% | 5.00% | 5.00% | 6.50% | 5.00% | 5.50% |
| 34 | 4.90% | 5.00% | 4.90% | 6.50% | 5.00% | 5.50% |
| 35 | 4.70% | 4.50% | 4.80% | 6.00% | 5.00% | 5.50% |
| 36 | 4.50% | 4.50% | 4.70% | 5.50% | 5.00% | 5.50% |
| 37 | 4.30% | 4.50% | 4.60% | 5.25% | 4.50% | 5.00% |
| 38 | 4.10% | 4.00% | 4.50% | 5.00% | 4.50% | 5.00% |
| 39 | 4.00% | 4.00% | 4.40% | 4.75% | 4.50% | 5.00% |
| 40 | 3.90% | 4.00% | 4.30% | 4.75% | 4.50% | 5.00% |
| 41 | 3.80% | 3.80% | 4.20% | 4.50% | 4.50% | 4.50% |
| 42 | 3.70% | 3.60% | 4.10% | 4.50% | 4.00% | 4.50% |
| 43 | 3.60% | 3.40% | 4.00% | 4.50% | 4.00% | 4.50% |
| 44 | 3.50% | 3.20% | 3.90% | 4.50% | 4.00% | 4.00% |
| 45 | 3.50% | 3.00% | 3.80% | 4.25% | 4.00% | 4.00% |
| 46 | 3.50% | 3.00% | 3.70% | 4.25% | 3.75% | 4.00% |
| 47 | 3.50% | 3.00% | 3.60% | 4.25% | 3.75% | 3.75% |
| 48 | 3.50% | 3.00% | 3.50% | 4.00% | 3.75% | 3.75% |
| 49 | 3.50% | 3.00% | 3.50% | 4.00% | 3.50% | 3.75% |
| 50 | 3.25% | 3.00% | 3.50% | 3.75% | 3.50% | 3.75% |
| 51 | 3.25% | 3.00% | 3.50% | 3.75% | 3.50% | 3.75% |
| 52 | 3.25% | 2.75% | 3.50% | 3.75% | 3.50% | 3.75% |
| 53+ | 3.25% | 2.75% | 3.50% | 3.75% | 3.25% | 3.75% |

**TIER 1 RETIREMENT RATES– REACHING AGE 62 AFTER ATTAINING 20 YEARS OF SERVICE**

| Service | Maricopa Police | Pima Police | Other Police | Maricopa Fire | Pima Fire | Other Fire |
|---|---|---|---|---|---|---|
| 20 | 28% | 28% | 35% | 14% | 20% | 20% |
| 21 | 25% | 25% | 35% | 17% | 20% | 25% |
| 22 | 15% | 16% | 22% | 7% | 13% | 15% |
| 23 | 12% | 12% | 12% | 7% | 7% | 10% |
| 24 | 8% | 9% | 12% | 7% | 7% | 10% |
| 25 | 30% | 22% | 25% | 17% | 22% | 30% |
| 26 | 42% | 42% | 40% | 30% | 26% | 30% |
| 27 | 32% | 30% | 28% | 23% | 30% | 30% |
| 28 | 32% | 30% | 28% | 30% | 30% | 30% |
| 29 | 32% | 20% | 28% | 30% | 30% | 30% |
| 30 | 35% | 25% | 35% | 30% | 30% | 35% |
| 31 | 35% | 33% | 30% | 40% | 30% | 35% |
| 32 | 60% | 50% | 70% | 55% | 30% | 35% |
| 33 | 60% | 50% | 70% | 55% | 60% | 60% |
| 34+ | 100% | 100% | 100% | 100% | 100% | 100% |

**TERMINATION RATES**

| Service | Maricopa Police | Pima Police | Other Police | Maricopa Fire | Pima Fire | Other Fire |
|---|---|---|---|---|---|---|
| 0 | 13.0% | 14.0% | 13.5% | 4.5% | 10.0% | 10.5% |
| 1 | 8.0% | 9.0% | 11.5% | 3.5% | 6.0% | 8.5% |
| 2 | 6.0% | 7.5% | 10.5% | 2.5% | 4.5% | 8.0% |
| 3 | 4.5% | 7.0% | 9.5% | 2.0% | 4.0% | 8.0% |
| 4 | 3.6% | 6.5% | 9.0% | 1.5% | 4.0% | 7.0% |
| 5 | 3.3% | 5.0% | 8.0% | 1.5% | 4.0% | 5.0% |
| 6 | 3.3% | 5.0% | 7.0% | 1.5% | 4.0% | 5.0% |
| 7 | 3.3% | 4.0% | 6.5% | 1.5% | 3.0% | 4.0% |
| 8 | 2.4% | 4.0% | 6.5% | 1.5% | 3.0% | 4.0% |
| 9 | 2.4% | 4.0% | 6.0% | 1.5% | 3.0% | 3.5% |
| 10 | 2.4% | 4.0% | 5.0% | 1.0% | 2.0% | 3.0% |
| 11 | 1.8% | 3.0% | 4.0% | 1.0% | 2.0% | 2.5% |
| 12 | 1.8% | 3.0% | 4.0% | 1.0% | 1.5% | 2.0% |
| 13 | 1.3% | 2.0% | 3.5% | 1.0% | 1.0% | 1.5% |
| 14 | 1.3% | 2.0% | 3.0% | 0.5% | 1.0% | 1.4% |
| 15 | 0.8% | 1.5% | 2.5% | 0.5% | 1.0% | 1.4% |
| 16 | 0.8% | 1.5% | 2.0% | 0.5% | 0.5% | 1.4% |
| 17 | 0.8% | 1.0% | 2.0% | 0.5% | 0.5% | 1.4% |
| 18 | 0.8% | 1.0% | 1.8% | 0.5% | 0.5% | 1.4% |
| 19 | 0.8% | 1.0% | 1.8% | 0.5% | 0.5% | 0.5% |
| 20+ | 0.5% | 1.0% | 1.8% | 0.4% | 0.5% | 0.5% |

**DISABILITY RATES**

| Age | Maricopa Police | Pima Police | Other Police | Maricopa Fire | Pima Fire | Other Fire |
|---|---|---|---|---|---|---|
| 20 | 0.050% | 0.050% | 0.120% | 0.020% | 0.020% | 0.020% |
| 21 | 0.050% | 0.050% | 0.120% | 0.020% | 0.020% | 0.020% |
| 22 | 0.050% | 0.050% | 0.120% | 0.020% | 0.020% | 0.020% |
| 23 | 0.050% | 0.050% | 0.120% | 0.020% | 0.020% | 0.020% |
| 24 | 0.050% | 0.050% | 0.120% | 0.020% | 0.020% | 0.020% |
| 25 | 0.050% | 0.050% | 0.120% | 0.020% | 0.020% | 0.020% |
| 26 | 0.100% | 0.100% | 0.160% | 0.035% | 0.020% | 0.020% |
| 27 | 0.100% | 0.100% | 0.160% | 0.035% | 0.020% | 0.020% |
| 28 | 0.100% | 0.100% | 0.160% | 0.035% | 0.020% | 0.020% |
| 29 | 0.100% | 0.100% | 0.160% | 0.035% | 0.020% | 0.020% |
| 30 | 0.100% | 0.100% | 0.160% | 0.035% | 0.020% | 0.020% |
| 31 | 0.230% | 0.180% | 0.240% | 0.090% | 0.100% | 0.060% |
| 32 | 0.230% | 0.180% | 0.240% | 0.090% | 0.100% | 0.060% |
| 33 | 0.230% | 0.180% | 0.240% | 0.090% | 0.100% | 0.060% |
| 34 | 0.230% | 0.180% | 0.240% | 0.090% | 0.100% | 0.060% |
| 35 | 0.230% | 0.180% | 0.240% | 0.090% | 0.100% | 0.060% |
| 36 | 0.450% | 0.350% | 0.320% | 0.150% | 0.150% | 0.140% |
| 37 | 0.450% | 0.350% | 0.320% | 0.150% | 0.150% | 0.140% |
| 38 | 0.450% | 0.350% | 0.320% | 0.150% | 0.150% | 0.140% |
| 39 | 0.450% | 0.350% | 0.320% | 0.150% | 0.150% | 0.140% |
| 40 | 0.450% | 0.350% | 0.320% | 0.150% | 0.150% | 0.140% |
| 41 | 0.520% | 0.650% | 0.550% | 0.170% | 0.300% | 0.250% |
| 42 | 0.520% | 0.650% | 0.550% | 0.170% | 0.300% | 0.250% |
| 43 | 0.520% | 0.650% | 0.550% | 0.170% | 0.300% | 0.250% |
| 44 | 0.520% | 0.650% | 0.550% | 0.170% | 0.300% | 0.250% |
| 45 | 0.520% | 0.650% | 0.550% | 0.170% | 0.300% | 0.250% |
| 46 | 0.650% | 0.750% | 0.750% | 0.300% | 0.420% | 0.420% |
| 47 | 0.650% | 0.750% | 0.750% | 0.300% | 0.420% | 0.420% |
| 48 | 0.650% | 0.750% | 0.750% | 0.300% | 0.420% | 0.420% |
| 49 | 0.650% | 0.750% | 0.750% | 0.300% | 0.420% | 0.420% |
| 50 | 0.650% | 0.750% | 0.750% | 0.300% | 0.420% | 0.420% |
| 51 | 0.800% | 0.800% | 0.800% | 0.700% | 0.750% | 0.750% |
| 52 | 0.800% | 0.800% | 0.800% | 0.700% | 0.750% | 0.750% |
| 53 | 0.800% | 0.800% | 0.800% | 0.700% | 0.750% | 0.750% |
| 54 | 0.800% | 0.800% | 0.800% | 0.700% | 0.750% | 0.750% |
| 55 | 0.800% | 0.800% | 0.800% | 0.700% | 0.750% | 0.750% |
| 56+ | 1.000% | 0.850% | 0.900% | 1.100% | 0.800% | 1.000% |

# PLAN PROVISIONS

***The following is a summary of the benefit provisions provided in Title 38, Chapter 5, Article 4 of the Arizona Revised Statutes.***

| | |
|---|---|
| Membership | Full-time employees of an eligible group, prior to attaining age 65, who are engaged to work for more than six months in a calendar year. Tier 3 Defined Contribution members are able to elect participation in post-retirement health insurance subsidy. |
| Benefit Tiers | Benefits differ for members based on their hire date:<br><br>**Tier 1:** Hired before January 1, 2012<br>**Tier 2:** Hired on or after January 1, 2012 but before July 1, 2017<br>**Tier 3:** Hired on or after July 1, 2017 |
| Compensation | Compensation is the amount including base salary, overtime pay, shift and military differential pay, compensatory time used in lieu of overtime pay, and holiday pay, paid to an employee on a regular payroll basis and longevity pay paid at least every six months for which contributions are made to the System. For Tier 3 members, compensation is limited by statutory cap ($110,000 with adjustments by the Board). |
| Average Monthly Benefit Compensation | **Tier 1:** The highest compensation paid to member during three consecutive years out of the last 20 years of Credited Service, divided by months.<br><br>**Tier 2:** The highest compensation paid to member during five consecutive years out of the last 20 years of Credited Service, divided by months.<br><br>**Tier 3:** The highest compensation paid to member during five consecutive years out of the last 15 years of Credited Service, divided by months. |
| Credited Service | Total periods of service, both before and after the member's date of participation, for which the member made contributions to the fund. |

Normal Retirement

Date

**Tier 1**: First day of month following attainment of 1) 20 years of service or 2) 62nd birthday and completion of 15 years of service.

**Tier 2:** First day of month following the attainment of age 52.5 and completion of 15 years of service.

**Tier 3:** First day of month following the attainment of age 55 and completion of 15 years of service.

Benefit

**Tier 1:** 50% of Average Monthly Benefit Compensation, adjusted based on Credited Service as follows (maximum benefit of 80% of Average Monthly Benefit Compensation):

| Credited Service | Benefit Adjustment |
|---|---|
| 15 years, but less than 20 | Reduced 4% per year less than 20 |
| 20 years, but less than 25 | Plus 2% per year between 20 and 25 |
| 25+ years | Plus 2.5% per year above 20 |

**Tier 2:** Benefit multiplier (below) times Average Monthly Benefit Compensation times Credited Service (maximum benefit of 80% of Average Monthly Benefit Compensation):

| Credited Service | Benefit Multiplier |
|---|---|
| 15 years, but less than 17 | 1.50% |
| 17 years, but less than 19 | 1.75% |
| 19 years, but less than 22 | 2.00% |
| 22 years, but less than 25 | 2.25% |
| 25+ years | 2.50% |

**Tier 3:** Benefit multiplier (below) times Average Monthly Benefit Compensation times Credited Service (maximum benefit of 80% of Average Monthly Benefit Compensation):

| Credited Service | Benefit Multiplier |
|---|---|
| 15 years, but less than 17 | 1.50% |
| 17 years, but less than 19 | 1.75% |
| 19 years, but less than 22 | 2.00% |
| 22 years, but less than 25 | 2.25% |
| 25+ years | 2.50% |

| | |
|---|---|
| Form of Benefit | For married retirees, an annuity payable for the life of the member with 80% continuing to the eligible spouse upon death. For unmarried retirees, the normal form is a single life annuity. |
| Early Retirement | ***Only applicable to Tier 3 members*** |
| Date | Attainment of age 52.5 and 15 years of Credited Service. |
| Benefit | Actuarial equivalent of Normal Retirement benefit. |
| Form of Benefit | Same as Normal Retirement |
| Disability Benefit – Accidental (duty-related) | |
| Eligibility | Total and permanent disability incurred in performance of duty. |
| Benefit Amount | A maximum of:<br>a.) 50% of Average Monthly Benefit Compensation, and;<br>b.) The monthly retirement pension that the Member is entitled to receive if he or she retired immediately. |
| Disability Benefit – Ordinary (not duty-related) | |
| Eligibility | Total and permanent disability not incurred in performance of duty. |
| Benefit Amount | Normal Retirement pension that the member is entitled to receive, prorated based on Credited Service earned over the required Credited Service for Normal Retirement (maximum ratio of 1). |
| Disability Benefit – Other | |
| Temporary | Benefit equals 1/12 of 50% of compensation during year preceding date of disability. Payments terminate after 12 months. |
| Catastrophic | Benefit equals 90% of Average Monthly Benefit Compensation. After 60 months member receives greater of 62.5% Average Monthly Benefit Compensation and accrued normal pension. |
| Pre-Retirement Death Benefit | ***Payable following death of active member*** |
| Service Incurred | 100% of Average Monthly Benefit Compensation, reduced by child's pension. |

| | |
|---|---|
| Non-Service Incurred | 80% of benefit based on calculation for accidental disability retirement. |
| Child's Pension | 10% of pension for each child (maximum 20% paid) based on calculation for accidental disability retirement. Payable to dependent child under age 18 (23 if full-time student). |
| Guardian's Pension | Same as spouse's pension. Payable (along with child's pension) when no spouse is being paid and there is at least one child under 18 (23, if full-time student). |
| Accumulated Contributions | Any contributions remaining upon the death of the last beneficiary shall be paid as a lump sum. |

Vesting (Termination)

Vesting Service Requirement

**Tier 1:** 10 years.

**Tiers 2 & 3**: 15 years.

Non-Vested Benefit

**Tier 1:** Lump sum payment of accumulated contributions, plus additional amount based on years of Credited Service.

| Service | Additional % of Contributions |
|---|---|
| Less than 5 years | 0% |
| 5 years | 25% |
| 6 years | 40% |
| 7 years | 55% |
| 8 years | 70% |
| 9 years | 85% |
| 10+ years | 100% |

**Tiers 2 & 3**: Lump sum payment of accumulated contributions, with interest at rate determined by the Board.

Vested Benefit

**Tier 1:** Deferred retirement annuity based on two times member's accumulated contributions, deferred to age 62. Member is not entitled to survivor benefits, benefit increases, or group health insurance subsidy.

**Tiers 2 & 3:** Calculated same as normal retirement pension. Payable if contributions left in fund until reach age requirement. Member is entitled to survivor benefits, benefit increases, and group health insurance subsidy.

Cost-of-Living Adjustment

***Payable to retired member or survivor of retired member***

**Tiers 1 & 2:** Compound cost-of-living adjustment on base benefit. First

payment is made on July 1, 2018, with annual adjustments effective every July 1 thereafter. Adjustment does not apply while in DROP.

Cost-of-living adjustment will be based on the average annual percentage change in the Metropolitan Phoenix-Mesa Consumer Price Index published by the United States Department of Labor, Bureau of Statistics. Maximum increase of 2%.

**Tier 3:** Compound cost-of-living adjustment on base benefit beginning earlier of first calendar year after the 7th anniversary of retirement or when the retired member reaches 60 years of age.

A cost-of-living adjustment shall be paid on July 1 each year that the funded ratio for members hired on or after July 1, 2017 is 70% or more.

The cost-of-living adjustment will be based on the average annual percentage change in the Metropolitan Phoenix-Mesa Consumer Price Index published by the United States Department of Labor, Bureau of Statistics. The cost-of-living adjustment will not exceed:

- 2%, if funded ratio for members who are hired on or after July 1, 2017 is 90% or more;
- 1.5%, if funded ratio for members who are hired on or after July 1, 2017 is 80-90%;
- 1%, if funded ratio for members who are hired on or after July 1, 2017 is 70-80%.

Deferred Retirement Option Plan (DROP)

| | |
|---|---|
| Eligibility | Tier 1 and 20 years of Credited Service. |
| DROP Period | Maximum 84 months. |
| Member Contributions | Cease upon DROP entry. |
| Benefit Amount | Calculated based on Credited Service and average monthly compensation as of the beginning of the DROP period, credited to DROP participation account for DROP period. |

| Interest on DROP Participation Account | Beginning Year | Interest Rate |
|---|---|---|
| | July 1, 2016 | 7.40% |
| | July 1, 2018 | 7.30% |
| | July 1, 2022 | 7.20% |

| | |
|---|---|
| Payment of DROP Participation Account | Payable as lump sum distribution to Public Safety Personnel Defined Contribution Retirement Plan at earlier of 1) end of DROP period, 2) at termination, or 3) five years. |
| Payment Monthly Benefit | System commences payment of benefit amount at the earlier of 1) the end of the DROP period and 2) at termination |

Post-Retirement Health Insurance Subsidy

| | |
|---|---|
| Eligibility | Retired member or survivor who elect health coverage provided by the state or participating employer. |

Maximum Subsidy Amounts (monthly)

| | Member Only | With Dependents |
|---|---|---|
| Medicare Eligible | $100 | $170 |
| One w/ Medicare | N/A | $215 |
| Not Medicare Eligible | $150 | $260 |

Contributions

| | |
|---|---|
| Employee | **Tiers 1 & 2:** 7.65% (effective July 1, 2023).<br><br>**Tier 3:** 50% of total contribution, which is Normal Cost plus a level-dollar amortization of unfunded actuarial accrued liability over a closed period not to exceed 10 years. |
| Employer | **Tiers 1 & 2:** Normal Cost plus amortization of unfunded actuarial accrued liability over a closed period not to exceed 20 years (subject to one-time election to extend to closed period not to exceed 30 years).<br><br>**Tier 3:** 50% of total contribution, which is Normal Cost plus a level-dollar amortization of unfunded actuarial accrued liability over a closed period not to exceed 10 years. |

**CHANGES SINCE THE PRIOR VALUATION**

None.

# ACTUARIAL FUNDING POLICY

A pension plan funding policy describes how pension funding will improve for underfunded plans or maintain funded benefits for funded plans over time for those benefits defined in Arizona Revised Statutes (ARS). Those benefits defined in ARS are to be equitably managed and administered by the Arizona Public Safety Personnel Retirement System (PSPRS agency).

This Actuarial Funding Policy identifies the funding objectives and elements of the actuarial funding policy set by the Board for the PSPRS agency. The Board adopted this Funding Policy to help ensure the systematic funding of future benefit payments for members of the retirement systems as established by the legislature.

This policy covers all retirements systems administered by the Board: The Public Safety Personnel Retirement System (PSPRS); the Correction Officers Retirement Plan (CORP); and the Elected Officials Retirement Plan (EORP).

To achieve the systematic funding of future benefits, metrics are identified to measure the progress, or the lack of progress, over time to identify trends. These trends inform the continuation of the current policies or identify areas of needed research for consideration.

This funding policy is reviewed annually and adopted by the Board in accordance with ARS 38-863.02. This policy was reviewed and adopted by the Board in September 2025.

### PSPRS STATEMENT OF PURPOSE

The Purpose of the Public Safety Personnel Retirement System is to provide uniform, consistent, and equitable statewide retirement programs for those who have been entrusted to our care.

### FUNDING OBJECTIVES

1. Maintain adequate assets so that current plan assets, plus future contributions and investment earnings, are sufficient to fund all benefits expected to be paid to members and their beneficiaries.
    a. Corollary 1a: Current and future contributions should be calculated based upon assumptions that reflect the Board's best estimate of future experience and methods that appropriately allocate costs to address generational equity.
    b. Corollary 1b: While the shorter-term objective is to fully fund the Actuarial Accrued Liability (AAL) that estimates benefits earned as of the valuation date, contributions should target the long-term Present Value of Benefits (PVB) to fund all benefits and help offset risks.
    c. As closed plans mature, the target funding should be 110% of AAL or 100% of PVB, whichever is greater.

2. Maintain public policy goals of accountability and transparency through stakeholder communication and education. Each policy element is clear in intent and effect, and each should be considered in a balanced approach to determine how and when the funding requirements of the plan will be met.
    a. Corollary 2a: Board shall provide stakeholders with separate reports and tools to help explain current results as well as to help model future funding requirements.

3. Promote intergenerational equity. Defined benefit pensions are designed with a long-term perspective and designed to minimize contribution volatility that cannot avoid some level of generational cost shift. However, the goal is that each generation of members and employers (taxpayers) should, to the extent possible, incur the cost of benefits for the employees who provide services to them, rather than shifting those costs to other generations of members and employers (taxpayers).
    a. Corollary 3a: A systematic reduction of the Unfunded Actuarial Accrued Liability (UAAL) over a reasonable time period is paramount to achieving this objective.

Consideration can be given to reduce volatility, to the extent possible, of employer and employee contribution rates as long as the integrity of the objectives listed above is not compromised.

**ELEMENTS OF ACTUARIAL FUNDING POLICY**

1. Actuarial Cost Method
    a. The Entry Age Normal level percent of pay actuarial cost method of valuation shall be used in determining the AAL and Normal Cost. Differences in the past between assumed experience and actual experience ("actuarial gains and losses") shall become part of the AAL. The Normal Cost shall be determined on an individual basis for each active member.

2. Asset Smoothing Method
    a. The investment gains or losses of each valuation period, resulting from the difference between the actual investment return and assumed investment return, shall be recognized annually in level amounts over five years (Tier 3) or seven years (Tiers 1 and 2) in calculating the Actuarial Value of Assets (AVA).
    b. The AVA so determined shall be subject to a 20% corridor relative to the Market Value of Assets (MVA).

3. Amortization Method (Unfunded Amounts)
    a. The AVA is subtracted from the computed AAL. Any unfunded amount is amortized as a level percent of payroll over a closed period.
    b. The unfunded liabilities, for EORP and Tiers 1 & 2 for both PSPRS and CORP, determined in the 6/30/2019 actuarial valuation will become the initial layer for each employer beginning with the 6/30/2020 actuarial valuation and amortized using the current closed year period for that employer and continue to decrease each year.
        i. The payroll growth rate assumption used to amortize the PSPRS Unfunded Liability will be decreased by 0.75% each year with the intention of ultimately achieving 0.0%.

ii. The payroll growth rate used to amortize the Correction Officers Retirement Plan (CORP) Unfunded Liability will be reduced by 0.5% until 0.0% is reached.

iii. The payroll growth rate used to amortize the Elected Officials Retirement Plan (EORP) Unfunded Liability will be 0.0%.

c. Gains and losses, for EORP and Tiers 1 & 2 for both PSPRS and CORP, for each employer beginning with the 6/30/2020 actuarial valuation will be amortized as a new layer over the same amortization period as the regular unfunded liability to a minimum of 15 years. Once the amortization period for each employer decreases to 15 years, each subsequent year's gains and losses will be amortized as a new 15-year closed layer.

i. The payroll growth rate used to amortize the unfunded liability for all Plans under this paragraph will be 0.0% (i.e. level-dollar amortization).

d. Tier 3 amortization methods are established in ARS 38-843.G and ARS 38-891.K.

4. Amortization Method (Overfunded Amounts)

a. The AVA is subtracted from the target funding level (greater of 110% of AAL or 100% of PVB). Any overfunded amount is amortized as a level dollar amount over an open 10-year period.

5. Tier 3 Rate Calculation

a. Tier 3 is distinct from Tiers 1 & 2 in PSPRS and CORP as the contributions are a shared percentage (50/50 split for PSPRS: for CORP, employer 1/3 and member 2/3 of the normal cost plus 50 percent each, member and employer, of the UAAL amortization) for employers and members based on the actuarially calculated rate. To reduce the impact of volatility to rates, the Tier 3 rates will be smoothed over a 3-year rolling period based on the actuarially calculated rates for each year's actuarial valuation.

i. Beginning with the 6/30/2023 valuation, the prospective Tier 3 rates set by the Board of Trustees are planned to be a rolling average of the actuarial calculated Tier 3 rates using the 6/30/2023, 6/30/2022 and 6/30/2021 rates in the initial process.

ii. As assumptions may be updated year-to-year, the prior calculated rates are not updated for those changes, the prior calculated rates are used to smooth in the new rates.

b. At the May 2023 Board Meeting, the Board changed the assumed rate of return for CORP Tier 3, which was at 7.2%, to match the 7.0% assumed rate of return for PSPRS Tier 3. The Board committed to continue to monitor market conditions and directions with the intent to ultimately adopt a single assumed rate of return for all investments for retirement systems/plans administered by PSPRS agency.

6. Assumed Rate of Return (ARR)
    a. At the May 2023 Board Meeting, the Board changed the assumed rate of return for CORP Tier 3, which was at 7.2%, to match the 7.0% assumed rate of return for PSPRS Tier 3. The Board will continue to monitor market conditions and directions with the intent to ultimately adopt a single assumed rate of return for all investments for retirement systems/plans administered by PSPRS agency.

7. EORP Floor Considerations
    a. Establish a "floor" for EORP based on the immediately previous valuation by adjusting payroll growth, amortization periods of the original layer or other possible options, to improve funding in maintaining contribution levels opposed to reducing employer contributions.

**METRICS TO MONITOR FUNDING OBJECTIVES**

1. Appropriateness of Assumptions – Gain/Loss Experience (Corollary 1a)
    a. Metric: Do the cumulative gain/loss layers over the prior five years exceed 8% of plan assets?
    b. Measurement: History of annual gain/loss (split by asset and liability experience) and five-year cumulative results will be tracked.
    c. Action Plan: This metric assumes that a full experience study is performed at least every five years so objective of measurement is to monitor interim experience. If the metric answer is yes, a review of the sources or causes of gains and losses should be analyzed and presented to the Advisory Committee to provide a recommendation to the Board of Trustees. The analysis and presentation are intended to provide a basis for consideration if assumption changes are warranted between full experience studies.

2. Funding Targets (Corollary 1b)
    a. Metric: Has the funded status, on both an AAL and PVB basis when compared to the MVA, increased over a five-year period?
    b. Measurement: History of funded status measures will be tracked.
    c. Action Plan: If the answer is no and not readily explainable (e.g., significant assumption change), a review of the reason(s) for the decrease should be researched and presented to the Advisory Committee to provide a recommendation to the Board of Trustees. The analysis and presentation are intended to provide a basis for consideration if changes to assumptions and/or methods are warranted between full experience studies.

3. Communication with Stakeholders (Corollary 2a)
    a. Metric: Have reports and budgeting tools been provided to stakeholders in a timely fashion?
    b. Measurement: Yes/No answer based on input from PSPRS administrator. (An annual standard survey of stakeholders – 3 to 5 questions.)
    c. Action Plan: If the answer is no, and periodically regardless (e.g., every three years), PSPRS staff will revisit this metric to report to the Advisory Committee to provide a recommendation to the Board of Trustees if current reports / tools are sufficient and if the delivery timing is appropriate.

4. Timely Recognition of Costs (Corollary 3a)
    a. Metric: Has the percentage of unfunded liability subject to negative amortization decreased over a five-year lookback period?
    b. Measurement: History of unfunded liability subject to negative amortization as a percentage of total unfunded liability will be tracked.
    c. Action Plan: If the answer is no, and not readily explainable (e.g., adopted assumption changes being phased in are anticipated to address negative amortization), a review of the reason(s) for negative amortization should be researched and presented to the Advisory Committee to provide a recommendation to the Board of Trustees. The analysis and presentation are intended to provide a basis for consideration if changes to assumptions and/or methods are warranted between full experience studies.

# SUPPLEMENTARY INFORMATION

## GLOSSARY

| | |
|---|---|
| Accrued Benefit | The benefit earned as of a specific date based on the provisions of the plan and the member's age, service, and salary as of that date. |
| Actuarial Accrued Liability | The portion of the anticipated future benefits allocated to years prior to the valuation date determined according to the plan's Actuarial Cost Method. |
| Actuarial Value of Assets | The asset value used in the valuation to determine contribution requirements. It represents the plan's Market Value of Assets (see below), with adjustments according to the plan's Actuarial Asset Method. These adjustments produce a "smoothed" value that is likely to be less volatile from year to year than the Market Value of Assets. |
| Actuarial Assumptions | Assumptions regarding the occurrence of future events affecting plan costs. These assumptions include rates of investment earnings, changes in compensation, rates of mortality, withdrawal, disablement, and retirement as well as statistics related to marriage and family composition. |
| Actuarial Cost Method | A method of determining the portion of the cost of a plan to be allocated to each year; sometimes referred to as the "actuarial funding method." Each cost method allocates a certain portion of the actuarial present value of benefits between the Actuarial Accrued Liability and future normal costs to ensure the plan is adequately and systematically funded. |
| Actuarial Gain or Loss | The change in Unfunded Actuarial Accrued Liability resulting from experience different from Actuarial Assumptions. Gains decrease the Unfunded Actuarial Accrued Liability and losses increase the Unfunded Actuarial Accrued Liability. |

| | |
|---|---|
| Actuarial Present Value | The estimated amount of funds required as of a specified date to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest, and by probabilities of payments between the specified date and the expected date of payment. |
| Amortization Payment | The portion of the plan contribution designated to pay interest and reduce the outstanding principal balance of Unfunded Actuarial Accrued Liability. If the amortization payment is less than the accrued interest on the Unfunded Actuarial Accrued Liability the outstanding principal balance will increase. |
| Decrements | Events which result in the termination of membership in the system such as retirement, disability, withdrawal, or death. |
| Entry Age Normal Cost Method | Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.<br><br>The normal cost accrual rate equals:<br><br>(i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by<br><br>(ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.<br><br>In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.<br><br>The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's |

| | |
|---|---|
| | attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.<br><br>Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan. |
| Funded Ratio | A measure of the ratio of the plan assets to liabilities of the system. Typically, the assets used in the measure are the Actuarial Value of Assets as determined by the asset valuation method. The Funded Ratio depends not only on the financial strength of the plan but also on the asset valuation method used to determine the assets and on the Actuarial Cost Method used to determine the liabilities. |
| Interest Rate | The assumed long-term rate of return on plan assets. |
| Market Value of Assets | The fair market value of plan assets as of the valuation date. |
| Normal Cost | The current year's cost for benefits yet to be funded. Under the Entry Age Normal cost method, it is determined for each participant as the present value of future benefits, determined as of the Member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age. |
| Present Value of Benefits | The single sum value on the valuation date of all future benefits to be paid to current plan participants. |
| Projected Annual Payroll | The projected annual rate of pay for the fiscal year following the fiscal year beginning on the valuation date of all covered Members. |
| Projected Benefits | The benefits expected to be paid in the future based on the provisions of the plan and the Actuarial Assumptions. The projected values are based on anticipated future advancement in age and accrual of service as well as increases in salary paid to the participant. |

| | |
|---|---|
| Total Annual Payroll | The projected annual rate of pay for the fiscal year beginning on the valuation date of all covered Members. |
| Ultimate Cost | The total cost to the plan once the last benefit has been paid. The Ultimate Cost equals<br><br>Benefit Payments<br>Plus: Expenses<br>Less: Investment Income<br><br>The Ultimate Cost is independent of the Actuarial Cost Method selected. |
| Unfunded Actuarial Accrued Liability | The difference between the Actuarial Accrued Liability and the Actuarial Value of Assets. Under the Entry Age Normal Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan. |

## DISCUSSION OF RISK

ASOP No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions, states that the actuary should identify risks that, in the actuary's professional judgment, may reasonably be anticipated to significantly affect the plan's future financial condition.

Throughout this report, actuarial results are determined using various actuarial assumptions. These results are based on the premise that all future plan experience will align with the plan's actuarial assumptions; however, there is no guarantee that actual plan experience will align with the plan's assumptions. It is possible that actual plan experience will differ from anticipated experience in an unfavorable manner that will negatively impact the plan's funded position.

Below are examples of ways in which plan experience can deviate from assumptions and the potential impact of that deviation. Typically, this results in an actuarial gain or loss representing the current-year financial impact on the plan's unfunded liability of the experience differing from assumptions; this gain or loss is amortized over a period of time determined by the plan's amortization method. When assumptions are selected that adequately reflect plan experience, gains and losses typically offset one another in the long term, resulting in a relatively low impact on the plan's contribution requirements associated with plan experience. When assumptions are too optimistic, losses can accumulate over time and the plan's amortization payment could potentially grow to an unmanageable level.

- Investment Return: When the rate of return on the Actuarial Value of Assets falls short of the assumption, this produces a loss representing assumed investment earnings that were not realized. Further, it is unlikely that the plan will experience a scenario that matches the assumed return in each year as capital markets can be volatile from year to year. Therefore, contribution amounts can vary in the future.
- Salary Increases: When a plan participant experiences a salary increase that was greater than assumed, this produces a loss representing the cost of an increase in anticipated plan benefits for the participant as compared to the previous year. The total gain or loss associated with salary increases for the plan is the sum of salary gains and losses for all active participants.
- Payroll Growth: The plan's payroll growth assumption, if one is used, causes a predictable annual increase in the plan's amortization payment in order to produce an amortization payment that remains constant as a percentage of payroll if all assumptions are realized. If payroll increases less than the plan's payroll growth assumption, the plan's amortization payment can increase significantly as a percentage of payroll even if all assumptions other than the payroll growth assumption are realized.
- Demographic Assumptions: Actuarial results take into account various potential events that could happen to a plan participant, such as retirement, termination, disability, and death. Each of these potential events is assigned a liability based on the likelihood of the event and the financial consequence of the event for the plan. Accordingly, actuarial liabilities reflect a blend of financial

consequences associated with various possible outcomes (such as retirement at one of various possible ages). Once the outcome is known (e.g. the participant retires) the liability is adjusted to reflect the known outcome. This adjustment produces a gain or loss depending on whether the outcome was more or less favorable than other outcomes that could have occurred.

- Contribution risk: This risk results from the potential that actual employer contributions may deviate from actuarially determined contributions, which are determined in accordance with the Board's funding policy. The funding policy is intended to result in contribution requirements that if paid when due, will result in a reasonable expectation that assets will accumulate to be sufficient to pay plan benefits when due. Contribution deficits, particularly large deficits and those that occur repeatedly, increase future contribution requirements and put the plan at risk for not being able to pay plan benefits when due.

**IMPACT OF PLAN MATURITY ON RISK**

For newer pension plans, most of the participants and associated liabilities are related to active members who have not yet reached retirement age. As pension plans continue in operation and active members reach retirement ages, liabilities begin to shift from being primarily related to active members to being shared amongst active and retired members. Plan maturity is a measure of the extent to which this shift has occurred. It is important to understand that plan maturity can have an impact on risk tolerance and the overall risk characteristics of the plan. For example, closed plans with a large amount of retired liability do not have as long of a time horizon to recover from losses (such as losses on investments due to lower than expected investment returns) as plans where the majority of the liability is attributable to active members. For this reason, less tolerance for investment risk may be warranted for highly mature closed plans with a substantial inactive liability. Similarly, mature closed plans paying substantial retirement benefits resulting in a small positive or net negative cash flow can be more sensitive to near term investment volatility, particularly if the size of the fund is shrinking, which can result in less assets being available for investment in the market.

To assist with determining the maturity of the plan, we have provided some relevant metrics in the table following titled "Plan Maturity Measures and Other Risk Metrics". For a better understanding of the overall Plan and the impact of these risks, please refer to the consolidated PSPRS valuation report.

**LOW DEFAULT RISK OBLIGATION MEASURE**

ASOP No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, was revised as of December 2021 to include a "low-default-risk obligation measure" (LDROM). This liability measure is consistent with the determination of the actuarial accrued liability shown on page 8 in terms of member data, plan provisions, and assumptions/methods, including the use of the Entry Age Normal Cost Method, except that the interest rate is tied to low-default-risk fixed income securities. The S&P Municipal Bond 20 Year High Grade Rate Index (daily rate closest to, but not later than, the measurement date) was selected to represent a current market rate of low risk but longer-term investments that could be included in a low-risk asset portfolio. The interest rate used in this valuation was 4.81%, resulting in an LDROM of $125,012,506 for Tiers 1 and 2 and $496,952,639 for Tier 3. The LDROM should not be considered the "correct" liability

measurement; it simply shows a possible outcome if the Board elected to hold a very low risk asset portfolio. The Board actually invests the pension plan's contributions in a diversified portfolio of stocks and bonds and other investments with the objective of maximizing investment returns at a reasonable level of risk. Consequently, the difference between the plan's Actuarial Accrued Liability disclosed earlier in this section and the LDROM can be thought of as representing the expected taxpayer savings from investing in the plan's diversified portfolio compared to investing only in high quality bonds.

The actuarial valuation reports the funded status and develops contributions based on the expected return of the plan's investment portfolio. If instead, the plan switched to investing exclusively in high quality bonds, the LDROM illustrates that reported funded status would be lower (which also implies that the Actuarially Determined Contributions would be higher), perhaps significantly. Unnecessarily high contribution requirements in the near term may not be affordable and could imperil plan sustainability and benefit security.

## PLAN MATURITY MEASURES AND OTHER RISK METRICS – TIERS 1 & 2

| | 6/30/2025 | 6/30/2024 | 6/30/2023 | 6/30/2022 | 6/30/2021 |
|---|---|---|---|---|---|
| **SUPPORT RATIO** | | | | | |
| Total Actives | 47 | 54 | 59 | 71 | 75 |
| Total Inactives | 87 | 82 | 79 | 67 | 64 |
| Actives / Inactives | 54.0% | 65.9% | 74.7% | 106.0% | 117.2% |
| **ASSET VOLATILITY RATIO** | | | | | |
| Market Value of Assets (MVA) | 94,785,694 | 87,451,926 | 79,847,757 | 75,900,900 | 51,161,889 |
| Total Annual Payroll | 4,883,530 | 5,654,920 | 6,036,925 | 6,042,533 | 6,174,801 |
| MVA / Total Annual Payroll | 1,940.9% | 1,546.5% | 1,322.7% | 1,256.1% | 828.6% |
| **ACCRUED LIABILITY (AL) RATIO** | | | | | |
| Inactive Accrued Liability | 66,116,339 | 60,222,648 | 57,674,718 | 46,880,574 | 41,295,836 |
| Total Accrued Liability | 90,269,748 | 87,755,942 | 85,636,864 | 76,438,334 | 70,792,554 |
| Inactive AL / Total AL | 73.2% | 68.6% | 67.3% | 61.3% | 58.3% |
| **FUNDED RATIO** | | | | | |
| Actuarial Value of Assets (AVA) | 91,172,990 | 86,551,076 | 81,319,622 | 77,967,201 | 46,773,089 |
| Total Accrued Liability | 90,269,748 | 87,755,942 | 85,636,864 | 76,438,334 | 70,792,554 |
| AVA / Total Accrued Liability | 101.0% | 98.6% | 95.0% | 102.0% | 66.1% |
| **NET CASH FLOW RATIO** | | | | | |
| Net Cash Flow [1] | (2,152,653) | (484,773) | (1,793,766) | 27,917,489 | 1,738,938 |
| Market Value of Assets (MVA) | 94,785,694 | 87,451,926 | 79,847,757 | 75,900,900 | 51,161,889 |
| Net Cash Flow / MVA | (2.3%) | (0.6%) | (2.2%) | 36.8% | 3.4% |

[1] Determined as total contributions minus benefit payments. Administrative expenses are typically included but are considered part of the net interest rate assumption for this plan.

## PLAN MATURITY MEASURES AND OTHER RISK METRICS - TIER 3 [2]

| | 6/30/2025 | 6/30/2024 | 6/30/2023 | 6/30/2022 | 6/30/2021 |
|---|---|---|---|---|---|
| **SUPPORT RATIO** | | | | | |
| Total Actives | 4,241 | 3,661 | 3,052 | 2,417 | 2,560 |
| Total Inactives | 728 | 570 | 450 | 327 | 307 |
| Actives / Inactives | 582.6% | 642.3% | 678.2% | 739.1% | 833.9% |
| **ASSET VOLATILITY RATIO** | | | | | |
| Market Value of Assets (MVA) | 266,158,721 | 184,210,874 | 119,338,352 | 74,774,123 | 51,992,240 |
| Total Annual Payroll | 367,097,197 | 295,480,312 | 226,680,964 | 165,151,543 | 115,883,115 |
| MVA / Total Annual Payroll | 72.5% | 62.3% | 52.6% | 45.3% | 44.9% |
| **ACCRUED LIABILITY (AL) RATIO** | | | | | |
| Inactive Accrued Liability | 21,448,721 | 16,792,236 | 9,349,377 | 4,598,114 | 2,290,610 |
| Total Accrued Liability | 247,440,343 | 165,671,690 | 110,961,191 | 68,939,204 | 42,733,537 |
| Inactive AL / Total AL | 8.7% | 10.1% | 8.4% | 6.7% | 5.4% |
| **FUNDED RATIO** | | | | | |
| Actuarial Value of Assets (AVA) | 253,309,023 | 178,758,433 | 119,101,476 | 76,171,857 | 45,863,401 |
| Total Accrued Liability | 247,440,343 | 165,671,690 | 110,961,191 | 68,939,204 | 42,733,537 |
| AVA / Total Accrued Liability | 102.4% | 107.9% | 107.3% | 110.5% | 107.3% |
| **NET CASH FLOW RATIO** | | | | | |
| Net Cash Flow [1] | 55,470,509 | 47,922,185 | 36,208,171 | 25,802,686 | 18,607,209 |
| Market Value of Assets (MVA) | 266,158,721 | 184,210,874 | 119,338,352 | 74,774,123 | 51,992,240 |
| Net Cash Flow / MVA | 20.8% | 26.0% | 30.3% | 34.5% | 35.8% |

[1] Determined as total contributions minus benefit payments. Administrative expenses are typically included but are considered part of the net interest rate assumption for this plan.
[2] Tier 3 results are shown for the Risk Sharing group, where applicable.



# Arizona Corrections Officer Retirement Plan

## Town Of Oro Valley - Dispatchers (556)

Actuarial Valuation

*As of June 30, 2025*
*Contributions Applicable to the Plan/*
*Fiscal Year Ending June 30, 2027*

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

November 2025

Board of Trustees
Arizona Corrections Officer Retirement System

Re: Actuarial Valuation as of June 30, 2025 for Town of Oro Valley - Dispatchers (556)

Dear Members of the Board,

This report details the annual actuarial valuation of the Arizona Correction Officer Retirement Plan (CORP) as of June 30, 2025. The valuation was performed to measure the plan's liability and funding levels and to determine the actuarially appropriate funding requirements for the applicable plan year. This report was prepared for use by the Board and those designated or approved by the Board. Use of the results for other purposes may not be applicable and could produce significantly different results.

**DATA AND ASSUMPTIONS**

In preparing this report, we have relied on personnel, plan design, and asset information supplied by the Public Safety Personnel Retirement System (PSPRS). In our opinion, the assumptions used in the valuation, as adopted by the Board, represent reasonable expectations of anticipated fund experience. Other sets of assumptions and methods could also be reasonable and could produce materially different results. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

**DISCLOSURES AND LIMITATIONS**

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in plan provisions or applicable law. Due to the limited scope of this report, we did not provide an analysis of these potential differences.

The computed contribution rates shown in the "Contribution Results" section should be considered minimum contribution rates that comply with the Board's funding policy and Arizona Statutes. Users of this report should be aware that contributions made at that rate do not guarantee benefit security. Given the importance of benefit security to any retirement system, we suggest that contributions to the System in excess of those presented in this report be considered.

The funding percentages and unfunded accrued liability as measured based on the actuarial value of assets will differ from similar measures based on the market value of assets. These measures, as provided, are

appropriate for determining the adequacy of future contributions, but may not be appropriate for the purpose of settling a portion or all of its liabilities.

This valuation assumes the continuing ability of the participating employers to make the contributions necessary to fund this plan. A determination regarding whether or not the participating employers are actually able to do so is outside our scope of expertise. Consequently, we did not perform such an analysis.

In performing the analysis, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models to generate the costs. All internally developed models are reviewed as part of the process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

**ACTUARIAL CERTIFICATION**

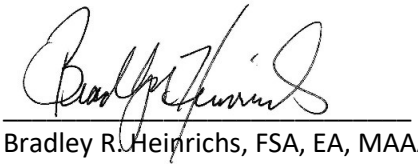
The valuation has been conducted in accordance with all applicable laws and regulations, as well as generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board; specifically No. 6 for Measuring Retiree Group Benefit Obligations/No. 4 for Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, No. 23 for Data Quality, No. 27 for Selection of Economic Assumptions for Measuring Pension Obligations, No. 35 for Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations, No. 44, Selection and Use of Asset Valuation Methods for Pension Valuations, and No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations.

In our opinion, the Minimum Required Contribution set forth in this report constitutes a reasonable actuarially determined contribution under Actuarial Standard of Practice No. 4.

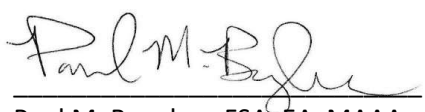
The undersigned are familiar with the immediate and long-term aspects of pension/OPEB valuations and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on this report has any direct financial interest or indirect material interest in the Arizona Correction Officer Retirement Plan, nor does anyone at Foster & Foster, Inc. act as a member of the PSPRS Board of Trustees. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

Respectfully submitted,
Foster & Foster, Inc.



Bradley R. Heinrichs, FSA, EA, MAAA



Paul M. Baugher, FSA, EA, MAAA

# TABLE OF CONTENTS

**SUMMARY** ..... **5**
**CONTRIBUTION RESULTS** ..... **8**
Development of Employer Contributions – Tiers 1 & 2 Members ..... 8
Development of Contributions – Tier 3 Defined Contribution (DC) Members ..... 9
Contribution Rate Summary ..... 10
Impact of Additional Contributions ..... 11
Historical Summary of Rates ..... 11
**LIABILITY SUPPORT** ..... **12**
Liabilities and Funded Ratios by Benefit - Tiers 1 & 2 ..... 12
Derivation of Experience (Gain)/Loss ..... 13
Amortization of Unfunded Liabilities - Tiers 1 & 2 ..... 14
**ASSET SUPPORT** ..... **15**
**MEMBER STATISTICS** ..... **18**
Statistical Data – Active Members - Tiers 1 & 2 ..... 18
Statistical Data – Inactive Members - Tiers 1 & 2 ..... 19
Active Age, Service and Pay Distributions – Tiers 1 & 2 ..... 20
Age Distributions – Inactive Members ..... 21
**ACTUARIAL ASSUMPTIONS AND METHODS** ..... **22**
**PLAN PROVISIONS** ..... **27**
**ACTUARIAL FUNDING POLICY** ..... **33**
**SUPPLEMENTARY INFORMATION** ..... **38**
Glossary ..... 38
Discussion of Risk ..... 42

# SUMMARY

The regular annual actuarial valuation of the Arizona Corrections Officer Retirement Plan for the Town of Oro Valley - Dispatchers, performed as of June 30, 2025, has been completed and the results are presented in this Report. The purpose of this valuation is to:

- Compute the employers' recommended contribution rates for the fiscal year ending June 30, 2027. This information is contained in the section entitled "Contribution Results".
- Compute the liabilities associated with benefits likely to be paid on behalf of current retired and active members and compare accumulated assets with the liabilities to assess the funded condition. This information is contained in the section entitled "Liability Support."

| Valuation Date | June 30, 2025 | June 30, 2024 |
|---|---|---|
| Applicable to Fiscal Year Ending | 2027 | 2026 |
| **EMPLOYER CONTRIBUTION REQUIREMENTS (AS A PERCENTAGE OF PAYROLL)** | | |
| Tiers 1 & 2 Members | | |
| Pension | 6.00% | 6.00% |
| Health | 0.00% | 0.00% |
| Total | 6.00% | 6.00% |
| **FUNDED STATUS** | | |
| Tiers 1 & 2 Members | | |
| Pension | 100.2% | 102.8% |
| Health | 384.1% | 316.0% |
| Total | 101.9% | 104.3% |

## CHANGES FROM PRIOR YEAR

Changes in the results from the prior year's valuation can be illustrated in the following tables along with high-level explanations for the entire Plan below:

### CONTRIBUTION RATE

| | Tiers 1 & 2 | |
|---|---|---|
| | Pension | Health |
| Contribution Rate Last Valuation | 6.00% | 0.00% |
| Asset Experience | (2.99%) | (0.14%) |
| Payroll Base | 0.00% | (0.25%) |
| Liability Experience | 24.71% | (0.48%) |
| Additional Contribution | 0.00% | 0.00% |
| Assumption/Method Change | 0.00% | 0.00% |
| Other | (21.72%) | 0.87% |
| Contribution Rate This Valuation | 6.00% | 0.00% |

### FUNDED STATUS

| | Tiers 1 & 2 | |
|---|---|---|
| | Pension | Health |
| Funded Status Last Valuation | 102.8% | 316.0% |
| Asset Experience | 0.6% | 3.5% |
| Liability Experience | (5.0%) | 50.4% |
| Additional Contribution | 0.0% | 0.0% |
| Assumption/Method Change | 0.0% | 0.0% |
| Other | 1.8% | 14.2% |
| Funded Status This Valuation | 100.2% | 384.1% |

**Assets Experience** – Asset gains and losses (relative to the assumed earnings rate) are smoothed over seven years for Tiers 1 and 2. The return on the market value of assets for the year ending June 30, 2025 was 11.0%. On a smoothed, actuarial value of assets basis, the average return was 7.9%. This return exceeded the 2024 assumed earnings rate of 7.2%.

**Payroll Base** – Under the current amortization policy for Tiers 1 and 2, the contribution rate is developed as a level percentage of payroll. Payroll for this purpose includes members of this plan and the defined contribution plan's members that would have been in this plan. To the extent that actual payroll is lower/greater than last year's projected payroll, the contribution rate will increase/decrease as a result.

**Liability Experience** – Experience overall was favorable, driven by higher than expected investment returns, lower than expected salary increases for actives, and favorable overall decrement experience.

**Additional Contribution** – Monies contributed in excess of the required contribution rate in order to pay down the unfunded liability.

**Assumption / Method Change** – The Board continued the decrease in the payroll growth assumption from 1.00% to 0.50%.

**Other** – This is the combination of all other factors that could impact liabilities year-over-year, with the primary sources being changes in member data.

# CONTRIBUTION RESULTS

## DEVELOPMENT OF EMPLOYER CONTRIBUTIONS – TIERS 1 & 2 MEMBERS

| Valuation Date | June 30, 2025 | | June 30, 2024 | |
|---|---|---|---|---|
| Applicable to Fiscal Year Ending | 2027 | | 2026 | |
| | Rate | Dollar | Rate | Dollar |
| **PENSION** | | | | |
| Normal Cost | | | | |
| Total Normal Cost | 9.47% | $8,057 | 9.19% | $17,597 |
| Employee Cost | (7.65%) | (6,508) | (7.65%) | (14,644) |
| Employer (Net) Normal Cost | 1.82% | 1,549 | 1.54% | 2,953 |
| Amortization of Unfunded Liability | 0.98% | 834 | 0.00% | 0 |
| Total Employer Cost (Pension) | 2.80% | 2,383 | 1.54% | 2,953 |
| **HEALTH** | | | | |
| Normal Cost | 0.19% | $160 | 0.20% | $389 |
| Amortization of Unfunded Liability | (0.19%) | (160) | (0.20%) | (389) |
| Total Employer Cost (Health) | 0.00% | 0 | 0.00% | 0 |
| **Total Employer Cost (Pension + Health)** | **2.80%** | **2,383** | **1.54%** | **2,953** |
| Total Minimum Contribution Requirement (if applicable) | 6.00% | | 6.00% | |
| Alternate Contribution Rate (ACR) [1] | 6.00% | | 6.00% | |
| Underlying Payroll (as of valuation date) | | 85,074 | | 191,430 |

The results above are shown both prior to and after the application of the statutory minimum contribution requirement of 6% of payroll.

[1] The Alternate Contribution Rate is the sum of the positive amortization rates for Tiers 1 & 2 Pension and Health (subject to an 6% minimum) and is charged when retirees return to active status.

## DEVELOPMENT OF CONTRIBUTIONS – TIER 3 DEFINED CONTRIBUTION (DC) MEMBERS

| Valuation Date | June 30, 2025 | | June 30, 2024 | |
|---|---|---|---|---|
| Applicable to Fiscal Year Ending | 2027 | | 2026 | |
| | Rate | Dollar | Rate | Dollar |
| **TIER 3 DC ONLY** | | | | |
| Employee Cost | 7.00% | $ 0 | 7.00% | $ 0 |
| Employee Health Subsidy Program Cost | 0.18% | 0 | 0.20% | 0 |
| Employee Disability Program Cost | 0.43% | 0 | 0.43% | 0 |
| **Total Employee Cost** | **7.61%** | **0** | **7.63%** | **0** |
| | | | | |
| Employer Cost | 5.00% | 0 | 5.00% | 0 |
| Employer Health Subsidy Program Cost | 0.18% | 0 | 0.20% | 0 |
| Employer Disability Program Cost | 0.43% | 0 | 0.43% | 0 |
| **Total Employer Cost (before Legacy)** | **5.61%** | **0** | **5.63%** | **0** |
| ER Legacy Cost of Tiers 1 & 2 Amort of Unfunded Liabilities [1] | 0.98% | 0 | 0.00% | 0 |
| **Total Employer Cost (with Legacy)** | **6.59%** | **0** | **5.63%** | **0** |
| Underlying Payroll (as of valuation date) | | 0 | | 0 |

[1] Pursuant to ARS § 38-891(A), the amortization of positive unfunded liabilities for Tiers 1 & 2 shall be applied to all Tier 3 payroll on a level percent basis. However, while it is statutorily required to present the rates in this manner, these are the minimums where alternate methods for paying down that unfunded liability is at the discretion of each employer. Further, to understand the effects of reform in relation to Tier 3, compare the total rate of Tier 3 before application of those legacy costs.

## CONTRIBUTION RATE SUMMARY

| | Tier 1 | Tier 2 | Tier 3 | |
|---|---|---|---|---|
| Membership Date On or After | 7/1/1986 | 1/1/2012 | 7/1/2018 | |
| Available Retirement Plan | DB Only | DB Only | DB Only [1] | DC Only |
| **EMPLOYEE CONTRIBUTION RATE** | | | | |
| PSPRS DB Rate | 7.65% | 7.65% | N/A | |
| PSPRS DC Rate [2] | | | | 7.00% |
| Employer Health Subsidy Program Cost | | | | 0.18% |
| PSPDCRP Disability Program Rate | | | | 0.43% |
| **Total EE Contribution Rate** | 7.65% | 7.65% | N/A | 7.61% |
| **EMPLOYER CONTRIBUTION RATE** | | | | |
| PSPRS DB Normal Cost | 1.82% | 1.82% | N/A | |
| PSPRS DB Tier 1 & 2 Legacy Cost [3] | 0.98% | 0.98% | N/A | 0.98% |
| PSPRS DC Rate | | | | 5.00% |
| Employer Health Subsidy Program Cost | | | | 0.18% |
| PSPDCRP Disability Program Rate | | | | 0.43% |
| **Total ER Contribution Rate** | 2.80% | 2.80% | N/A | 6.59% |
| **Employer Alternate Contribution Rate [4]** | 6.00% | 6.00% | 6.00% | 6.00% |

Exhibit summarizes employee and employer contributions based on Statute and the results of June 30, 2025 actuarial valuation. Pension and health components are combined, where applicable.

[1] Applicable to AOC Probation and Surveillance only.

[2] Although the default contribution rate is 7%, Tier 3 members in the DC plan may choose an employee contribution rate anywhere be-tween 5% and 40%.

[3] Per statute (ARS § 38-891(A), any positive unfunded liability for Tiers 1 and 2 is to be applied to all Tier 3 (DB and DC) payrolls.

[4] The Alternate Contribution Rate is the sum of the positive amortization rates for Tiers 1 & 2 Pension and Health (subject to a 6% minimum) and is charged when retirees return to active status.

## IMPACT OF ADDITIONAL CONTRIBUTIONS

| | Additional Contribution (000s) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Impact On | $0 | $10 | $20 | $30 | $40 | $50 | $60 | $70 | $80 | $90 | $100 |
| Funded Status - June 30, 2025 | 100.2% | 100.4% | 100.6% | 100.9% | 101.1% | 101.4% | 101.6% | 101.8% | 102.1% | 102.3% | 102.5% |
| FYE 2027 Contribution Rate | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% |

Table shows the hypothetical change in the funded status and contribution rate from the June 30, 2025 actuarial valuation results for Tiers 1 & 2 if an additional contribution of the amount shown had been made to the Fund on June 30, 2025. This illustration can help estimate the impact of contributing additional monies to the fund in the future.

## HISTORICAL SUMMARY OF RATES

| | | | Pension | | | Health | | |
|---|---|---|---|---|---|---|---|---|
| | Valuation Date June 30 | Fiscal Year Ending June 30 | Normal Cost | Unfunded Amortization | Total | Normal Cost | Unfunded Amortization | Total |
| **TIERS 1 & 2** | 2021 | 2023 | 2.83% | 115.62% | 118.45% | 0.24% | (0.24%) | 0.00% |
| (Employer) | 2022 | 2024 | 2.25% | 126.19% | 128.44% | 0.23% | (0.23%) | 0.00% |
| | 2023 | 2025 | 1.51% | 0.00% | 1.51% | 0.21% | (0.21%) | 0.00% |
| | 2024 | 2026 | 1.54% | 0.00% | 1.54% | 0.20% | (0.20%) | 0.00% |
| | 2025 | 2027 | 1.82% | 0.98% | 2.80% | 0.19% | (0.19%) | 0.00% |

# LIABILITY SUPPORT

## LIABILITIES AND FUNDED RATIOS BY BENEFIT - TIERS 1 & 2

| | June 30, 2025 | June 30, 2024 |
|---|---|---|
| **PENSION** | | |
| Actuarial Present Value of Benefits (PVB) | | |
| Retirees and Beneficiaries | $ 3,733,130 | $ 2,625,259 |
| Vested Members | 1,149 | 28,152 |
| Active Members | 489,939 | 1,434,762 |
| Total Actuarial Present Value of Benefits | 4,224,218 | 4,088,173 |
| Actuarial Accrued Liability (AAL) | | |
| All Inactive Members | 3,734,279 | 2,653,411 |
| Active Members | 440,328 | 1,342,545 |
| Total Actuarial Accrued Liability | 4,174,607 | 3,995,956 |
| Actuarial Value of Assets (AVA) | 4,181,047 | 4,106,486 |
| Unfunded Actuarial Accrued Liability | (6,440) | (110,530) |
| PVB Funded Ratio (AVA / PVB) | 99.0% | 100.4% |
| AAL Funded Ratio (AVA / AAL) | 100.2% | 102.8% |
| **HEALTH** | | |
| Actuarial Present Value of Benefits (PVB) | | |
| Retirees and Beneficiaries | $ 16,521 | $ 10,733 |
| Active Members | 9,569 | 19,848 |
| Total Present Value of Benefits | 26,090 | 30,581 |
| Actuarial Accrued Liability (AAL) | | |
| All Inactive Members | 16,521 | 10,733 |
| Active Members | 8,815 | 18,088 |
| Total Actuarial Accrued Liability | 25,336 | 28,821 |
| Actuarial Value of Assets (AVA) | 97,324 | 91,076 |
| Unfunded Actuarial Accrued Liability | (71,988) | (62,255) |
| PVB Funded Ratio (AVA / PVB) | 373.0% | 297.8% |
| AAL Funded Ratio (AVA / AAL) | 384.1% | 316.0% |

Pension and health liabilities were not impacted under the lateral transfer methodology.

## DERIVATION OF EXPERIENCE (GAIN)/LOSS

| | | Tiers 1 & 2 | |
|---|---|---|---|
| | | Pension | Health |
| (1) | Unfunded Actuarial Accrued Liability as of June 30, 2024 | (110,530) | (62,255) |
| (2) | Normal Cost Developed in Last Valuation | 2,953 | 389 |
| (3) | Actual Contributions | 9,118 | 0 |
| (4) | Expected Interest On (1), (2), and (3) | (8,068) | (4,454) |
| (5) | Expected Unfunded Actuarial Accrued Liability as of June 30, 2025: (1)+(2)-(3)+(4) | (124,763) | (66,320) |
| (6) | Changes to UAAL Due to Assumptions, Methods and Benefits | 0 | 0 |
| (7) | Change to UAAL Due to Actuarial (Gain)/Loss | 118,323 | (5,668) |
| (8) | Unfunded Actuarial Accrued Liability as of June 30, 2025 | (6,440) | (71,988) |

## AMORTIZATION OF UNFUNDED LIABILITIES - TIERS 1 & 2

| | Date Established | Outstanding Balance | Years Remaining | Amortization Rate |
|---|---|---|---|---|
| **PENSION** | 6/30/2019 | 0 | 11 | 0.00% |
| | 6/30/2021 | 98,877 | 11 | 14.60% |
| | 6/30/2022 | 137,514 | 12 | 19.19% |
| | 6/30/2023 | (257,983) | 13 | (34.23%) |
| | 6/30/2024 | (86,485) | 14 | (10.97%) |
| | 6/30/2025 | 101,637 | 15 | 12.39% |
| | Total | (6,440) | | 0.98% |
| **HEALTH** | 6/30/2019 | 0 | 10 | 0.00% |
| | 6/30/2021 | 0 | 10 | 0.00% |
| | 6/30/2022 | 0 | 10 | 0.00% |
| | 6/30/2023 | 0 | 10 | 0.00% |
| | 6/30/2024 | 0 | 10 | 0.00% |
| | 6/30/2025 | (69,454) | 10 | (10.94%) |
| | Total | (69,454) | | (10.94%) |

# ASSET SUPPORT

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR YEAR ENDED JUNE 30, 2025

| | Tiers 1 & 2 | |
|---|---|---|
| | Pension | Health |
| **ADDITIONS** | | |
| Contributions | | |
| Member Contributions | $ 33,885,185 | $ 0 |
| Employer Contributions | 158,736,763 | 0 |
| Health Insurance | 0 | 238,176 |
| Total Contributions | 192,621,948 | 238,176 |
| Investment Income | | |
| Net Increase in Fair Value | 391,272,119 | 13,909,651 |
| Interest and Dividends | 73,029,160 | 2,596,174 |
| Other Income | 42,339,729 | 1,504,460 |
| Less Investment Expenses | (9,979,582) | (290,972) |
| Net Investment Income | 496,661,426 | 17,719,313 |
| Non-investment Income | | |
| Transfers In | 60,728 | 0 |
| Total Additions | 689,344,102 | 17,957,489 |
| **DEDUCTIONS** | | |
| Distributions to Members | | |
| Benefit Payments | 242,275,675 | 0 |
| Health Insurance Subsidy | 0 | 5,259,944 |
| Refund of Contributions | 12,401,433 | 0 |
| Total Distributions | 254,677,108 | 5,259,944 |
| Administrative Expenses | 4,190,027 | 141,085 |
| Transfers Out | 225,843 | 0 |
| Other | 0 | 0 |
| Total Deductions | 259,092,978 | 5,401,029 |
| **NET INCREASE / (DECREASE)** | 430,251,124 | 12,556,460 |
| **NET POSITION HELD IN TRUST** | | |
| Prior Valuation | 4,499,633,348 | 162,705,984 |
| Beginning of the Year Adjustment | (4) | (0) |
| End of the Year | 4,929,884,468 | 175,262,444 |

## DEVELOPMENT OF PENSION ACTUARIAL VALUE OF ASSETS - TIERS 1 & 2

| A. Investment Income | |
|---|---|
| A1. Actual Investment Income | $ 492,471,399 |
| A2. Expected Amount for Immediate Recognition | 321,772,601 |
| A3. Amount Subject to Amortization | 170,698,798 |

| | Year Ended June 30 | | | | | | |
|---|---|---|---|---|---|---|---|
| B. Amortization Schedule | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
| 2025 Experience (A3 / 7) | 24,385,543 | 24,385,543 | 24,385,543 | 24,385,543 | 24,385,543 | 24,385,543 | 24,385,540 |
| 2024 Experience | 17,668,689 | 17,668,689 | 17,668,689 | 17,668,689 | 17,668,689 | 17,668,690 | |
| 2023 Experience | 2,641,788 | 2,641,788 | 2,641,788 | 2,641,788 | 2,641,789 | | |
| 2022 Experience | (55,178,167) | (55,178,167) | (55,178,167) | (55,178,167) | | | |
| 2021 Experience | 57,594,125 | 57,594,125 | 57,594,122 | | | | |
| 2020 Experience | (13,457,282) | (13,457,281) | | | | | |
| 2019 Experience | (5,782,112) | | | | | | |
| Total Amortization | 27,872,584 | 33,654,697 | 47,111,975 | (10,482,147) | 44,696,021 | 42,054,233 | 24,385,540 |

| C. Actuarial Value of Assets | Total | Employer |
|---|---|---|
| C1. Actuarial Value of Assets, June 30, 2024 | 4,461,039,238 | |
| C2. Non-investment Net Cash Flow | (62,220,275) | |
| C3. Preliminary Actuarial Value of Assets, June 30, 2025: (A2 + B + C1 + C2) | 4,748,464,148 | |
| C4. Market Value of Assets, June 30, 2025 | 4,929,884,468 | 4,340,788 |
| C5. Final Actuarial Value of Assets, June 30, 2025 (C3 Within 20% Corridor of C4) | 4,748,464,148 | 4,181,047 |

| D. Rates of Return | |
|---|---|
| D1. Market Value Rate of Return | 11.0% |
| D2. Actuarial Value Rate of Return | 7.9% |

## DEVELOPMENT OF HEALTH ACTUARIAL VALUE OF ASSETS - TIERS 1 & 2

| A. Investment Income | |
|---|---|
| A1. Actual Investment Income | $ 17,578,228 |
| A2. Expected Amount for Immediate Recognition | 11,216,630 |
| A3. Amount Subject to Amortization | 6,361,598 |

| | Year Ended June 30 | | | | | | |
|---|---|---|---|---|---|---|---|
| B. Amortization Schedule | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
| 2025 Experience (A3 / 7) | 908,800 | 908,800 | 908,800 | 908,800 | 908,800 | 908,800 | 908,798 |
| 2024 Experience | 672,291 | 672,291 | 672,291 | 672,291 | 672,291 | 672,294 | |
| 2023 Experience | 86,024 | 86,024 | 86,024 | 86,024 | 86,021 | | |
| 2022 Experience | (2,435,759) | (2,435,759) | (2,435,759) | (2,435,757) | | | |
| 2021 Experience | 3,479,700 | 3,479,700 | 3,479,703 | | | | |
| 2020 Experience | (806,920) | (806,919) | | | | | |
| 2019 Experience | (382,213) | | | | | | |
| Total Amortization | 1,521,923 | 1,904,137 | 2,711,059 | (768,642) | 1,667,112 | 1,581,094 | 908,798 |

| C. Actuarial Value of Assets | Total | Employer |
|---|---|---|
| C1. Actuarial Value of Assets, June 30, 2024 | 159,542,103 | |
| C2. Non-investment Net Cash Flow | (5,021,768) | |
| C3. Preliminary Actuarial Value of Assets, June 30, 2025: (A2 + B + C1 + C2) | 167,258,888 | |
| C4. Market Value of Assets, June 30, 2025 | 175,262,444 | 101,981 |
| C5. Final Actuarial Value of Assets, June 30, 2025 (C3 Within 20% Corridor of C4) | 167,258,888 | 97,324 |

| D. Rates of Return | |
|---|---|
| D1. Market Value Rate of Return | 11.0% |
| D2. Actuarial Value Rate of Return | 8.1% |

# MEMBER STATISTICS

## STATISTICAL DATA – ACTIVE MEMBERS - TIERS 1 & 2

| | June 30, 2025 | June 30, 2024 |
|---|---|---|
| **ACTIVES** | | |
| Number | 1 | 2 |
| Average Current Age | 53.8 | 53.9 |
| Average Age at Employment | 35.9 | 32.3 |
| Average Past Service | 17.9 | 21.6 |
| Average Annual Salary | $82,396 | $72,947 |
| | | |
| **ACTIVES (TRANSFERRED)** | | |
| Number | 0 | 0 |
| Average Current Age | N/A | N/A |
| Average Age at Employment | N/A | N/A |
| Average Past Service | N/A | N/A |
| Average Annual Salary | N/A | N/A |
| | | |
| **TOTAL NUMBER (ACTIVE)** | 1 | 2 |

## STATISTICAL DATA – INACTIVE MEMBERS - TIERS 1 & 2

| | June 30, 2025 | June 30, 2024 |
|---|---|---|
| **RETIREES** | | |
| Number | 5 | 4 |
| Average Current Age | 66.8 | 68.4 |
| Average Annual Benefit | $47,234 | $41,072 |
| **BENEFICIARIES** | | |
| Number | 1 | 1 |
| Average Current Age | 71.0 | 70.0 |
| Average Annual Benefit | $39,312 | $38,541 |
| **DISABILITY RETIREES** | | |
| Number | 1 | 1 |
| Average Current Age | 54.0 | 53.0 |
| Average Annual Benefit | $5,084 | $4,984 |
| **INACTIVE / VESTED** | | |
| Number | 1 | 2 |
| Average Current Age | 43.1 | 43.7 |
| Average Accumulated Contributions | $1,121 | $12,051 |
| **TOTAL NUMBER (INACTIVE)** | 8 | 8 |
| **FORMER MEMBERS (TRANSFERRED)** | 0 | 0 |

## ACTIVE AGE, SERVICE AND PAY DISTRIBUTIONS – TIERS 1 & 2

| | Past Service | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Age | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30+ | Total Count | Total Pay | Average Pay |
| <25 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 25 - 29 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 30 - 34 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 35 - 39 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 40 - 44 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 45 - 49 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 50 - 54 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 1 | 82,396 | 82,396 |
| 55 - 59 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 60 - 64 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 65+ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 1 | 82,396 | 82,396 |

## AGE DISTRIBUTIONS – INACTIVE MEMBERS

| | Retirees, Disableds and Beneficiaries | |
|---|---|---|
| Age | Count | Annual Pensions |
| <40 | 0 | 0 |
| 40-45 | 0 | 0 |
| 45-49 | 0 | 0 |
| 50-54 | 1 | 5,084 |
| 55-59 | 2 | 58,557 |
| 60-64 | 0 | 0 |
| 65-69 | 1 | 54,916 |
| 70-74 | 2 | 33,290 |
| 75-79 | 1 | 36,868 |
| 80-84 | 0 | 0 |
| 85-89 | 0 | 0 |
| 90-94 | 0 | 0 |
| 95-99 | 0 | 0 |
| 100+ | 0 | 0 |
| Total | 7 | 40,080 |

# ACTUARIAL ASSUMPTIONS AND METHODS

| | |
|---|---|
| Interest Rate | 7.20% per year. This is the assumed earnings rate on System assets, compounded annually, net of investment and administrative expenses. |
| Mortality Rate | ***Active Lives:***<br>PubS-2010 Employee mortality, adjusted by a factor of 1.28 for male members and 1.11 for female members, with generational improvements using 85% of the most recent projection scale (currently Scale MP-2021). 100% of active deaths are assumed to be in the line of duty.<br><br>***Inactive Lives:***<br>PubS-2010 Healthy Retiree mortality, adjusted by a factor of 1.33 for male retirees and 1.13 for female retirees, with generational improvements using 85% of the most recent projection scale (currently Scale MP-2021).<br><br>***Beneficiaries:***<br>PubS-2010 Survivor mortality, adjusted by a factor of 0.99 for male beneficiaries and adjusted by a factor of 1.09 for female beneficiaries, with generational improvements using 85% of the most recent projection scale (currently Scale MP-2021).<br><br>***Disabled Lives:***<br>PubS-2010 Disabled mortality, adjusted by a factor of 1.02 for male disabled members and 0.98 for female disabled members, with generational improvements using 85% of the most recent projection scale (currently Scale MP-2021).<br><br>The mortality assumptions sufficiently accommodate anticipated future mortality improvements. |
| Retirement / DROP Rates | These rates are used to project future decrements from the active population due to retirement. The rates below are based on a 2022 experience study using actual plan experience.<br><br>**Tier 1 – reaching 20 (25 for dispatchers) years of service after age 62:**<br>Age-related rates based on age at retirement: 35% per year from age 62 - 74 and 100% assumed at age 75. |

**Tier 1 – reaching 20 (25 for dispatchers) years of service before age 62:**
Service-related rates based on service at retirement. See complete table of rates at the end of this section.

**Tier 2:**
Age-related rates based on age at retirement:

| Age | Rate |
|---|---|
| 53 - 54 | 40% |
| 55 | 30% |
| 56 - 57 | 15% |
| 58 - 59 | 30% |
| 60 - 61 | 65% |
| 62+ | 100% |

| | |
|---|---|
| Disability Rate | These rates are used to project future decrements from the active population due to disability. Complete table of rates based on age at disability are provided at the end of this section. These rates are based on a 2022 experience study using actual plan experience. 80% of disablements are assumed to be duty-related. |
| Termination Rate | These rates are used to project future decrements from the active population due to termination. Complete table of rates based on service at termination are provided at the end of this section. The rates apply to members prior to retirement eligibility and are based on a 2022 experience study using actual plan experience. |
| Inflation | 2.50%. |
| Cost-of-Living Adjustment | 1.85%. |
| Salary Increases | See table at the end of this section. This is an annual increase for individual member's salary. These rates are based on a 2022 experience study using actual plan experience. |
| Marital Status | For active members, 75% of males and 50% of females are assumed to be married. Actual marital status is used, where applicable, for inactive members. |

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|---|---|
| Spouse's Age | Males spouses are assumed to be two years older than females members and female spouses are assumed to be three years younger than males members. |
| Benefit Commencement | Deferred members are assumed to commence benefits as follows:<br>• Less than 10 years service (all tiers): immediate refund of contributions<br>• Tier 1 (10+ years service): life annuity payable at age 62<br>• Tiers 2 & 3 (10+ years service): immediate refund of contributions |
| Reverse DROP Election | Based on experience provided by PSPRS, 20% of eligible members are assumed to elect the reverse DROP benefit. Interest is credited at 2.00% annually. |
| Health Care Utilization | For active members, 60% of retirees are expected to utilize retiree health care. Actual utilization is used for inactive members. |
| Funding Method | Entry Age Normal Cost Method. |
| Lateral Transfers | When active members transfer between employers, the new employer's liability starts from their new date of hire with no past service liability (i.e., all liability is accrued through normal cost). Per PSPRS administrative decision, once the new employer's liability is fully funded, the liability will reflect all past service liability. |
| Actuarial Asset Method | Each year the assumed investment income is recognized in full while the difference between actual and assumed investment income are smoothed over a fixed 7-year period. Actuarial Assets shall not be less than 80% nor greater than 120% of the Market Value of Assets. Note that during periods when investment performance exceeds (falls short) of the assumed rate, the actuarial value of assets will tend to be less (greater) than the market value of assets. |

| | |
|---|---|
| Amortization Method | See Funding Policy for complete details. In short:<br>**Tiers 1 & 2:**<br>• Any positive UAAL (assets less than funding policy targets) is amortized using a layered approach according to a Level Dollar method over a closed period of 15 years (phased into from current period).<br>• Any negative UAAL (assets greater than funding policy targets) is amortized according to a Level Dollar method over an open period of 10 years. |
| Payroll Growth | 0.50% per year. This is the annual increase expected on total employer payroll. |

**Changes Since the Prior Valuation**

The payroll growth assumption was lowered from 1.00% to 0.50%.

There were no method changes since the prior valuation.

**RETIREMENT RATES**

| Service | Rate |
|---|---|
| 20 | 32% |
| 21 | 32% |
| 22 | 20% |
| 23 | 17% |
| 24 | 17% |
| 25 | 17% |
| 26 | 24% |
| 27 | 17% |
| 28 | 17% |
| 29 | 17% |
| 30 | 25% |
| 31 | 25% |
| 32 | 25% |
| 33 | 25% |
| 34 | 30% |
| 35 | 30% |
| 36 | 30% |
| 37+ | 100% |

**TERMINATION RATES**

| Service | Tier 1 and Tier 2 | Tier 3 |
|---|---|---|
| 0 | 23.0% | 15.0% |
| 1 | 20.0% | 13.5% |
| 2 | 16.5% | 12.0% |
| 3 | 15.5% | 11.0% |
| 4 | 14.0% | 9.0% |
| 5 | 10.5% | 8.0% |
| 6 | 10.0% | 7.0% |
| 7 | 9.0% | 6.0% |
| 8 | 8.0% | 6.0% |
| 9 | 8.0% | 6.0% |
| 10 | 8.0% | 6.0% |
| 11 | 6.5% | 2.5% |
| 12 | 5.0% | 2.5% |
| 13 | 4.0% | 2.5% |
| 14 | 3.0% | 2.5% |
| 15 | 3.0% | 2.5% |
| 16 | 2.0% | 2.0% |
| 17 | 2.0% | 1.5% |
| 18 | 2.0% | 1.0% |
| 19 | 2.0% | 0.5% |
| 20+ | 2.0% | 0.5% |

**OTHER RATES**

| Age | Disability Rate | Salary Scale |
|---|---|---|
| 20 | 0.020% | 6.25% |
| 21 | 0.020% | 6.00% |
| 22 | 0.020% | 5.50% |
| 23 | 0.020% | 5.25% |
| 24 | 0.020% | 5.25% |
| 25 | 0.020% | 5.25% |
| 26 | 0.020% | 5.25% |
| 27 | 0.020% | 5.00% |
| 28 | 0.020% | 5.00% |
| 29 | 0.020% | 5.00% |
| 30 | 0.020% | 4.75% |
| 31 | 0.020% | 4.75% |
| 32 | 0.020% | 4.50% |
| 33 | 0.020% | 4.50% |
| 34 | 0.020% | 4.25% |
| 35 | 0.035% | 4.25% |
| 36 | 0.035% | 4.00% |
| 37 | 0.035% | 4.00% |
| 38 | 0.035% | 3.75% |
| 39 | 0.035% | 3.75% |
| 40 | 0.045% | 3.75% |
| 41 | 0.045% | 3.75% |
| 42 | 0.045% | 3.75% |
| 43 | 0.045% | 3.50% |
| 44 | 0.045% | 3.50% |
| 45 | 0.055% | 3.50% |
| 46 | 0.055% | 3.50% |
| 47 | 0.055% | 3.50% |
| 48 | 0.055% | 3.50% |
| 49 | 0.055% | 3.50% |
| 50 | 0.080% | 3.50% |
| 51 | 0.080% | 3.50% |
| 52 | 0.080% | 3.25% |
| 53 | 0.080% | 3.25% |
| 54 | 0.080% | 3.25% |
| 55 | 0.100% | 3.25% |
| 56 | 0.100% | 3.25% |
| 57 | 0.100% | 3.25% |
| 58 | 0.100% | 3.00% |
| 59 | 0.100% | 3.00% |
| 60 | 0.200% | 3.00% |
| 61+ | 0.000% | 3.00% |

# PLAN PROVISIONS

***The following is a summary of the benefit provisions provided in Title 38, Chapter 5, Article 6 of the Arizona Revised Statutes.***

| | |
|---|---|
| Membership | Full-time employees of a participating employer in a designated position, whose customary employment is at least 40 hours each week. Includes employees hired after July 1, 2018 only if they are a judiciary probation or surveillance officer who makes the irrevocable election to participate in the plan. |
| Benefit Tiers | Benefits differ for members based on their hire date:<br><br>**Tier 1:** Hired before January 1, 2012<br>**Tier 2:** Hired on or after January 1, 2012 but before July 1, 2018<br>**Tier 3:** Hired on or after July 1, 2018 |
| Salary | Salary is the amount including base salary, shift and military differential pay, and holiday pay, paid to an employee on a regular payroll basis. For Tier 3 members, salary is limited by statutory cap ($70,000 with adjustments by the Board). |
| Average Monthly Benefit Salary | **Tier 1:** One-thirty-sixth of the highest total salary during a period of thirty-six consecutive months of service within the last one hundred twenty months of service.<br><br>**Tiers 2 & 3:** One-sixtieth of the highest total salary during a period of sixty consecutive months of service within the last one hundred twenty months of service. |
| Credited Service | Total periods of service, both from service other State plans and those compensated periods of service for which the member made contributions to the fund. |

Normal Retirement

Date

**Tier 1**: First day of the month following attainment of 1) age 62 with 10 years of Credited Service, 2) 20 (25, if dispatcher) years of Credited Service, or 3) age and Credited Service points equal to 80.

**Tier 2:** First day of month following the attainment of 1) age 52.5 with 25 years of Credited Service, or 2) age 62 with 10 years of Credited Service.

**Tier 3:** First day of month following the attainment of age 55 with 10 years of Credited Service.

Benefit

**Tier 1:** 2.50% times Credited Service (up to 20 years) times Average Monthly Salary. If Credited Service exceeds 20 years, an additional 2.00% accrual is provided for up to five years. If Credited Service exceeds 25 years, the additional accrual for service in excess of 20 years is increased to 2.50%. Maximum benefit equals 80% of Average Monthly Salary.

**Tier 2:** 2.50% times Credited Service times Average Monthly Salary (maximum benefit equals 80% of Average Monthly Salary).

**Tier 3:** Benefit multiplier (below) times Average Monthly Benefit Salary times Credited Service (maximum benefit of 80% of Average Monthly Benefit Salary):

| Credited Service | Benefit Multiplier |
|---|---|
| 10 years, but less than 15 | 1.25% |
| 15 years, but less than 20 | 1.50% |
| 20 years, but less than 22 | 1.75% |
| 22 years, but less than 25 | 2.00% |
| 25+ years | 2.25% |

Form of Benefit

For married retirees, an annuity payable for the life of the member with 80% continuing to the eligible spouse upon death. For unmarried retirees, the normal form is a single life annuity.

Early Retirement

***Only applicable to Tier 3 members***

Date

Attainment of age 52.5 and 10 years of Credited Service.

Benefit

Actuarial equivalent of Normal Retirement benefit.

Form of Benefit

Same as Normal Retirement

Disability Benefit –Duty-Related

| | |
|---|---|
| Eligibility | Total and permanent disability incurred in performance of duty. |
| Benefit Amount | The greater of 1) 50% of Average Monthly Salary, and 2) the Normal Retirement pension that the member is entitled to receive. |

Disability Benefit – Ordinary (not duty-related)

| | |
|---|---|
| Eligibility | Total and permanent disability not incurred in performance of duty. |
| Benefit Amount | **Dispatchers**: Normal Retirement pension that the member is entitled to receive prorated on Credited Service (maximum 25 years) over 25.<br><br>**All Others**: Normal Retirement pension that the member is entitled to receive prorated on Credited Service (maximum 20 years) over 20. |

Pre-Retirement Death Benefit

| | |
|---|---|
| Payable to Eligible Survivor | Payable to eligible spouse for life; payable to eligible children until adopted, age 18, or age 23 if full-time student. Note that this benefit is only payable following death of an active member.<br><br>**Service Incurred**: 100% of Average Monthly Salary.<br><br>**Non-Service Incurred**: 100% of Average Monthly Salary. |

Vesting (Termination)

| | |
|---|---|
| Vesting Service Requirement | 10 years. |
| Non-Vested Benefit | **Tier 1:** Lump sum payment of accumulated contributions, plus additional amount based on years of Credited Service. |

| Service | Additional % of Contributions |
|---|---|
| Less than 5 years | 0% |
| 5 years | 25% |
| 6 years | 40% |
| 7 years | 55% |
| 8 years | 70% |
| 9 years | 85% |
| 10+ years | 100% |

**Tiers 2 & 3**: Lump sum payment of accumulated contributions, with

| | |
|---|---|
| | interest at rate determined by the Board. |
| Vested Benefit | **Tier 1:** Deferred lump sum based on two times member's accumulated contributions, deferred to age 62. Member is not entitled to survivor benefits, benefit increases, or group health insurance subsidy.<br><br>**Tiers 2 & 3:** Deferred retirement annuity calculated same as normal retirement pension. Payable if contributions left in fund until reach age requirement. Member is entitled to survivor benefits, benefit increases, and group health insurance subsidy. |
| Cost-of-Living Adjustment | ***Payable to retired member or survivor of retired member***<br>**Tiers 1 & 2:** Compound cost-of-living adjustment on base benefit. First payment is made on July 1, 2018, with annual adjustments effective every July 1 thereafter.<br><br>Cost-of-living adjustment will be based on the average annual percentage change in the Metropolitan Phoenix-Mesa Consumer Price Index published by the United States Department of Labor, Bureau of Statistics. Maximum increase of 2%.<br><br>**Tier 3:** Compound cost-of-living adjustment on base benefit beginning earlier of first calendar year after the 7th anniversary of retirement or when the retired member reaches 60 years of age.<br><br>A cost-of-living adjustment shall be paid on July 1 each year that the funded ratio for members hired on or after July 1, 2017 is 70% or more.<br><br>The cost-of-living adjustment will be based on the average annual percentage change in the Metropolitan Phoenix-Mesa Consumer Price Index published by the United States Department of Labor, Bureau of Statistics. The cost-of-living adjustment will not exceed:<br><br>• 2%, if funded ratio for members who are hired on or after July 1, 2017 is 90% or more;<br>• 1.5%, if funded ratio for members who are hired on or after July 1, 2017 is 80-90%;<br>• 1%, if funded ratio for members who are hired on or after July 1, 2017 is 70-80%. |

Reverse Deferred Retirement Option Plan (Reverse DROP)

| | |
|---|---|
| Eligibility | Tier 1 and eligible for normal pension with at least 24 years of Credited Service (25 years for dispatchers). Must not have been awarded disability pension. |
| Reverse DROP Date | First day of month immediately following completion of required Credited Service or date not more than 60 consecutive months before the date the member elects to participate in the Reverse DROP, whichever is later. |
| Benefit Amount | Calculated based on Credited Service and Average Monthly Salary as of the Reverse DROP Date. |
| Reverse DROP Lump Sum | Accumulated benefit amounts (with interest) from Reverse DROP date to the date the member elected to participate in Reverse DROP. Interest is equal to the yield on five-year Treasury note as of the first day of the month, as published by the Federal Reserve Board. |

Post-Retirement Health Insurance Subsidy

Eligibility: Retired member or survivor who elect health coverage provided by the state or participating employer.

Maximum Subsidy Amounts (monthly)

| | Member Only | With Dependents |
|---|---|---|
| Medicare Eligible | $100 | $170 |
| One w/ Medicare | N/A | $215 |
| Not Medicare Eligible | $150 | $260 |

Contributions

Employee

**Tiers 1 & 2:**

- **Non-Dispatchers**: 8.41% of salary, or 50/50 split of total employer and employee costs, whichever is lower, until the plan is 100% funded. Minimum contribution of 7.65% of salary.
- **Dispatchers**: 0.45% less than non-dispatcher rate until plan is 100% funded; equal thereafter.

**Tier 3:** 66.7% of the Normal Cost plus 50% of a level-dollar amortization of unfunded actuarial accrued liability over a closed period not to exceed 10 years.

Employer

**Tiers 1 & 2:** Normal Cost, plus amortization of unfunded actuarial accrued liability over a closed period not to exceed 20 years. Contribution will never be less than 6% of payroll.

**Tier 3:** 33.3% of the Normal Cost plus 50% of a level-dollar

| | |
|---|---|
| | amortization of unfunded actuarial accrued liability over a closed period not to exceed 10 years. |

**Changes Since the Prior Valuation**

None.

# ACTUARIAL FUNDING POLICY

A pension plan funding policy describes how pension funding will improve for underfunded plans or maintain funded benefits for funded plans over time for those benefits defined in Arizona Revised Statutes (ARS). Those benefits defined in ARS are to be equitably managed and administered by the Arizona Public Safety Personnel Retirement System (PSPRS agency).

This Actuarial Funding Policy identifies the funding objectives and elements of the actuarial funding policy set by the Board for the PSPRS agency. The Board adopted this Funding Policy to help ensure the systematic funding of future benefit payments for members of the retirement systems as established by the legislature.

This policy covers all retirements systems administered by the Board: The Public Safety Personnel Retirement System (PSPRS); the Correction Officers Retirement Plan (CORP); and the Elected Officials Retirement Plan (EORP).

To achieve the systematic funding of future benefits, metrics are identified to measure the progress, or the lack of progress, over time to identify trends. These trends inform the continuation of the current policies or identify areas of needed research for consideration.

This funding policy is reviewed annually and adopted by the Board in accordance with ARS 38-863.02. This policy was reviewed and adopted by the Board in September 2025.

### PSPRS STATEMENT OF PURPOSE

The Purpose of the Public Safety Personnel Retirement System is to provide uniform, consistent, and equitable statewide retirement programs for those who have been entrusted to our care.

### FUNDING OBJECTIVES

1. Maintain adequate assets so that current plan assets, plus future contributions and investment earnings, are sufficient to fund all benefits expected to be paid to members and their beneficiaries.
    a. Corollary 1a: Current and future contributions should be calculated based upon assumptions that reflect the Board's best estimate of future experience and methods that appropriately allocate costs to address generational equity.
    b. Corollary 1b: While the shorter-term objective is to fully fund the Actuarial Accrued Liability (AAL) that estimates benefits earned as of the valuation date, contributions should target the long-term Present Value of Benefits (PVB) to fund all benefits and help offset risks.
    c. As closed plans mature, the target funding should be 110% of AAL or 100% of PVB, whichever is greater.

2. Maintain public policy goals of accountability and transparency through stakeholder communication and education. Each policy element is clear in intent and effect, and each should be considered in a balanced approach to determine how and when the funding requirements of the plan will be met.
    a. Corollary 2a: Board shall provide stakeholders with separate reports and tools to help explain current results as well as to help model future funding requirements.

3. Promote intergenerational equity. Defined benefit pensions are designed with a long-term perspective and designed to minimize contribution volatility that cannot avoid some level of generational cost shift. However, the goal is that each generation of members and employers (taxpayers) should, to the extent possible, incur the cost of benefits for the employees who provide services to them, rather than shifting those costs to other generations of members and employers (taxpayers).
    a. Corollary 3a: A systematic reduction of the Unfunded Actuarial Accrued Liability (UAAL) over a reasonable time period is paramount to achieving this objective.

Consideration can be given to reduce volatility, to the extent possible, of employer and employee contribution rates as long as the integrity of the objectives listed above is not compromised.

**ELEMENTS OF ACTUARIAL FUNDING POLICY**

1. Actuarial Cost Method
    a. The Entry Age Normal level percent of pay actuarial cost method of valuation shall be used in determining the AAL and Normal Cost. Differences in the past between assumed experience and actual experience ("actuarial gains and losses") shall become part of the AAL. The Normal Cost shall be determined on an individual basis for each active member.

2. Asset Smoothing Method
    a. The investment gains or losses of each valuation period, resulting from the difference between the actual investment return and assumed investment return, shall be recognized annually in level amounts over five years (Tier 3) or seven years (Tiers 1 and 2) in calculating the Actuarial Value of Assets (AVA).
    b. The AVA so determined shall be subject to a 20% corridor relative to the Market Value of Assets (MVA).

3. Amortization Method (Unfunded Amounts)
    a. The AVA is subtracted from the computed AAL. Any unfunded amount is amortized as a level percent of payroll over a closed period.
    b. The unfunded liabilities, for EORP and Tiers 1 & 2 for both PSPRS and CORP, determined in the 6/30/2019 actuarial valuation will become the initial layer for each employer beginning with the 6/30/2020 actuarial valuation and amortized using the current closed year period for that employer and continue to decrease each year.

i. The payroll growth rate assumption used to amortize the PSPRS Unfunded Liability will be decreased by 0.75% each year with the intention of ultimately achieving 0.0%.
ii. The payroll growth rate used to amortize the Correction Officers Retirement Plan (CORP) Unfunded Liability will be reduced by 0.5% until 0.0% is reached.
iii. The payroll growth rate used to amortize the Elected Officials Retirement Plan (EORP) Unfunded Liability will be 0.0%.

c. Gains and losses, for EORP and Tiers 1 & 2 for both PSPRS and CORP, for each employer beginning with the 6/30/2020 actuarial valuation will be amortized as a new layer over the same amortization period as the regular unfunded liability to a minimum of 15 years. Once the amortization period for each employer decreases to 15 years, each subsequent year's gains and losses will be amortized as a new 15-year closed layer.
i. The payroll growth rate used to amortize the unfunded liability for all Plans under this paragraph will be 0.0% (i.e. level-dollar amortization).

d. Tier 3 amortization methods are established in ARS 38-843.G and ARS 38-891.K.

4. Amortization Method (Overfunded Amounts)
a. The AVA is subtracted from the target funding level (greater of 110% of AAL or 100% of PVB). Any overfunded amount is amortized as a level dollar amount over an open 10-year period.

5. Tier 3 Rate Calculation
a. Tier 3 is distinct from Tiers 1 & 2 in PSPRS and CORP as the contributions are a shared percentage (50/50 split for PSPRS: for CORP, employer 1/3 and member 2/3 of the normal cost plus 50 percent each, member and employer, of the UAAL amortization) for employers and members based on the actuarially calculated rate. To reduce the impact of volatility to rates, the Tier 3 rates will be smoothed over a 3-year rolling period based on the actuarially calculated rates for each year's actuarial valuation.
i. Beginning with the 6/30/2023 valuation, the prospective Tier 3 rates set by the Board of Trustees are planned to be a rolling average of the actuarial calculated Tier 3 rates using the 6/30/2023, 6/30/2022 and 6/30/2021 rates in the initial process.
ii. As assumptions may be updated year-to-year, the prior calculated rates are not updated for those changes, the prior calculated rates are used to smooth in the new rates.

b. At the May 2023 Board Meeting, the Board changed the assumed rate of return for CORP Tier 3, which was at 7.2%, to match the 7.0% assumed rate of return for PSPRS Tier 3. The Board committed to continue to monitor market conditions and directions with the intent to ultimately adopt a single assumed rate of return for all investments for retirement systems/plans administered by PSPRS agency.

6. Assumed Rate of Return (ARR)
a. At the May 2023 Board Meeting, the Board changed the assumed rate of return for CORP Tier 3, which was at 7.2%, to match the 7.0% assumed rate of return for PSPRS Tier 3. The Board will

continue to monitor market conditions and directions with the intent to ultimately adopt a single assumed rate of return for all investments for retirement systems/plans administered by PSPRS agency.

7. EORP Floor Considerations
    a. Establish a "floor" for EORP based on the immediately previous valuation by adjusting payroll growth, amortization periods of the original layer or other possible options, to improve funding in maintaining contribution levels opposed to reducing employer contributions.

**METRICS TO MONITOR FUNDING OBJECTIVES**

1. Appropriateness of Assumptions – Gain/Loss Experience (Corollary 1a)
    a. Metric: Do the cumulative gain/loss layers over the prior five years exceed 8% of plan assets?
    b. Measurement: History of annual gain/loss (split by asset and liability experience) and five-year cumulative results will be tracked.
    c. Action Plan: This metric assumes that a full experience study is performed at least every five years so objective of measurement is to monitor interim experience. If the metric answer is yes, a review of the sources or causes of gains and losses should be analyzed and presented to the Advisory Committee to provide a recommendation to the Board of Trustees. The analysis and presentation are intended to provide a basis for consideration if assumption changes are warranted between full experience studies.

2. Funding Targets (Corollary 1b)
    a. Metric: Has the funded status, on both an AAL and PVB basis when compared to the MVA, increased over a five-year period?
    b. Measurement: History of funded status measures will be tracked.
    c. Action Plan: If the answer is no and not readily explainable (e.g., significant assumption change), a review of the reason(s) for the decrease should be researched and presented to the Advisory Committee to provide a recommendation to the Board of Trustees. The analysis and presentation are intended to provide a basis for consideration if changes to assumptions and/or methods are warranted between full experience studies.

3. Communication with Stakeholders (Corollary 2a)
    a. Metric: Have reports and budgeting tools been provided to stakeholders in a timely fashion?
    b. Measurement: Yes/No answer based on input from PSPRS administrator. (An annual standard survey of stakeholders – 3 to 5 questions.)
    c. Action Plan: If the answer is no, and periodically regardless (e.g., every three years), PSPRS staff will revisit this metric to report to the Advisory Committee to provide a recommendation to the Board of Trustees if current reports / tools are sufficient and if the delivery timing is appropriate.

4. Timely Recognition of Costs (Corollary 3a)

a. Metric: Has the percentage of unfunded liability subject to negative amortization decreased over a five-year lookback period?
b. Measurement: History of unfunded liability subject to negative amortization as a percentage of total unfunded liability will be tracked.
c. Action Plan: If the answer is no, and not readily explainable (e.g., adopted assumption changes being phased in are anticipated to address negative amortization), a review of the reason(s) for negative amortization should be researched and presented to the Advisory Committee to provide a recommendation to the Board of Trustees. The analysis and presentation are intended to provide a basis for consideration if changes to assumptions and/or methods are warranted between full experience studies.

# SUPPLEMENTARY INFORMATION

## GLOSSARY

| | |
|---|---|
| Accrued Benefit | The benefit earned as of a specific date based on the provisions of the plan and the member's age, service, and salary as of that date. |
| Actuarial Accrued Liability | The portion of the anticipated future benefits allocated to years prior to the valuation date determined according to the plan's Actuarial Cost Method. |
| Actuarial Value of Assets | The asset value used in the valuation to determine contribution requirements. It represents the plan's Market Value of Assets (see below), with adjustments according to the plan's Actuarial Asset Method. These adjustments produce a "smoothed" value that is likely to be less volatile from year to year than the Market Value of Assets. |
| Actuarial Assumptions | Assumptions regarding the occurrence of future events affecting plan costs. These assumptions include rates of investment earnings, changes in compensation, rates of mortality, withdrawal, disablement, and retirement as well as statistics related to marriage and family composition. |
| Actuarial Cost Method | A method of determining the portion of the cost of a plan to be allocated to each year; sometimes referred to as the "actuarial funding method." Each cost method allocates a certain portion of the actuarial present value of benefits between the Actuarial Accrued Liability and future normal costs to ensure the plan is adequately and systematically funded. |
| Actuarial Gain or Loss | The change in Unfunded Actuarial Accrued Liability resulting from experience different from Actuarial Assumptions. Gains decrease the Unfunded Actuarial Accrued Liability and losses increase the Unfunded Actuarial Accrued Liability. |

| | |
|---|---|
| Actuarial Present Value | The estimated amount of funds required as of a specified date to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest, and by probabilities of payments between the specified date and the expected date of payment. |
| Amortization Payment | The portion of the plan contribution designated to pay interest and reduce the outstanding principal balance of Unfunded Actuarial Accrued Liability. If the amortization payment is less than the accrued interest on the Unfunded Actuarial Accrued Liability the outstanding principal balance will increase. |
| Decrements | Events which result in the termination of membership in the system such as retirement, disability, withdrawal, or death. |
| Entry Age Normal Cost Method | Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.<br><br>The normal cost accrual rate equals:<br><br>(i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by<br><br>(ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.<br><br>In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.<br><br>The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's |

| | |
|---|---|
| | attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.<br><br>Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan. |
| Funded Ratio | A measure of the ratio of the plan assets to liabilities of the system. Typically, the assets used in the measure are the Actuarial Value of Assets as determined by the asset valuation method. The Funded Ratio depends not only on the financial strength of the plan but also on the asset valuation method used to determine the assets and on the Actuarial Cost Method used to determine the liabilities. |
| Interest Rate | The assumed long-term rate of return on plan assets. |
| Market Value of Assets | The fair market value of plan assets as of the valuation date. |
| Normal Cost | The current year's cost for benefits yet to be funded. Under the Entry Age Normal cost method, it is determined for each participant as the present value of future benefits, determined as of the Member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age. |
| Present Value of Benefits | The single sum value on the valuation date of all future benefits to be paid to current plan participants. |
| Projected Annual Payroll | The projected annual rate of pay for the fiscal year following the fiscal year beginning on the valuation date of all covered Members. |
| Projected Benefits | The benefits expected to be paid in the future based on the provisions of the plan and the Actuarial Assumptions. The projected values are based on anticipated future advancement in age and accrual of service as well as increases in salary paid to the participant. |

| | |
|---|---|
| Total Annual Payroll | The projected annual rate of pay for the fiscal year beginning on the valuation date of all covered Members. |
| Ultimate Cost | The total cost to the plan once the last benefit has been paid. The Ultimate Cost equals<br><br>Benefit Payments<br>Plus: Expenses<br>Less: Investment Income<br><br>The Ultimate Cost is independent of the Actuarial Cost Method selected. |
| Unfunded Actuarial Accrued Liability | The difference between the Actuarial Accrued Liability and the Actuarial Value of Assets. Under the Entry Age Normal Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan. |

## DISCUSSION OF RISK

ASOP No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions, states that the actuary should identify risks that, in the actuary's professional judgment, may reasonably be anticipated to significantly affect the plan's future financial condition.

Throughout this report, actuarial results are determined using various actuarial assumptions. These results are based on the premise that all future plan experience will align with the plan's actuarial assumptions; however, there is no guarantee that actual plan experience will align with the plan's assumptions. It is possible that actual plan experience will differ from anticipated experience in an unfavorable manner that will negatively impact the plan's funded position.

Below are examples of ways in which plan experience can deviate from assumptions and the potential impact of that deviation. Typically, this results in an actuarial gain or loss representing the current-year financial impact on the plan's unfunded liability of the experience differing from assumptions; this gain or loss is amortized over a period of time determined by the plan's amortization method. When assumptions are selected that adequately reflect plan experience, gains and losses typically offset one another in the long term, resulting in a relatively low impact on the plan's contribution requirements associated with plan experience. When assumptions are too optimistic, losses can accumulate over time and the plan's amortization payment could potentially grow to an unmanageable level.

- Investment Return: When the rate of return on the Actuarial Value of Assets falls short of the assumption, this produces a loss representing assumed investment earnings that were not realized. Further, it is unlikely that the plan will experience a scenario that matches the assumed return in each year as capital markets can be volatile from year to year. Therefore, contribution amounts can vary in the future.
- Salary Increases: When a plan participant experiences a salary increase that was greater than assumed, this produces a loss representing the cost of an increase in anticipated plan benefits for the participant as compared to the previous year. The total gain or loss associated with salary increases for the plan is the sum of salary gains and losses for all active participants.
- Payroll Growth: The plan's payroll growth assumption, if one is used, causes a predictable annual increase in the plan's amortization payment in order to produce an amortization payment that remains constant as a percentage of payroll if all assumptions are realized. If payroll increases less than the plan's payroll growth assumption, the plan's amortization payment can increase significantly as a percentage of payroll even if all assumptions other than the payroll growth assumption are realized.
- Demographic Assumptions: Actuarial results take into account various potential events that could happen to a plan participant, such as retirement, termination, disability, and death. Each of these potential events is assigned a liability based on the likelihood of the event and the financial consequence of the event for the plan. Accordingly, actuarial liabilities reflect a blend of financial

consequences associated with various possible outcomes (such as retirement at one of various possible ages). Once the outcome is known (e.g. the participant retires) the liability is adjusted to reflect the known outcome. This adjustment produces a gain or loss depending on whether the outcome was more or less favorable than other outcomes that could have occurred.

- Contribution risk: This risk results from the potential that actual employer contributions may deviate from actuarially determined contributions, which are determined in accordance with the Board's funding policy. The funding policy is intended to result in contribution requirements that if paid when due, will result in a reasonable expectation that assets will accumulate to be sufficient to pay plan benefits when due. Contribution deficits, particularly large deficits and those that occur repeatedly, increase future contribution requirements and put the plan at risk for not being able to pay plan benefits when due.

**IMPACT OF PLAN MATURITY ON RISK**

For newer pension plans, most of the participants and associated liabilities are related to active members who have not yet reached retirement age. As pension plans continue in operation and active members reach retirement ages, liabilities begin to shift from being primarily related to active members to being shared amongst active and retired members. Plan maturity is a measure of the extent to which this shift has occurred. It is important to understand that plan maturity can have an impact on risk tolerance and the overall risk characteristics of the plan. For example, closed plans with a large amount of retired liability do not have as long of a time horizon to recover from losses (such as losses on investments due to lower than expected investment returns) as plans where the majority of the liability is attributable to active members. For this reason, less tolerance for investment risk may be warranted for highly mature closed plans with a substantial inactive liability. Similarly, mature closed plans paying substantial retirement benefits resulting in a small positive or net negative cash flow can be more sensitive to near term investment volatility, particularly if the size of the fund is shrinking, which can result in less assets being available for investment in the market.

To assist with determining the maturity of the plan, we have provided some relevant metrics in the table following titled "Plan Maturity Measures and Other Risk Metrics". For a better understanding of the overall Plan and the impact of these risks, please refer to the consolidated PSPRS valuation report.

**LOW DEFAULT RISK OBLIGATION MEASURE**

ASOP No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, was revised as of December 2021 to include a "low-default-risk obligation measure" (LDROM). This liability measure is consistent with the determination of the actuarial accrued liability shown on page 8 in terms of member data, plan provisions, and assumptions/methods, including the use of the Entry Age Normal Cost Method, except that the interest rate is tied to low-default-risk fixed income securities. The S&P Municipal Bond 20 Year High Grade Rate Index (daily rate closest to, but not later than, the measurement date) was selected to represent a current market rate of low risk but longer-term investments that could be included in a low-risk asset portfolio. The interest rate used in this valuation was 4.81%, resulting in an LDROM of $5,593,520 for Tiers 1 and 2. The LDROM should not be considered the "correct" liability measurement; it simply shows a possible

outcome if the Board elected to hold a very low risk asset portfolio. The Board actually invests the pension plan's contributions in a diversified portfolio of stocks and bonds and other investments with the objective of maximizing investment returns at a reasonable level of risk. Consequently, the difference between the plan's Actuarial Accrued Liability disclosed earlier in this section and the LDROM can be thought of as representing the expected taxpayer savings from investing in the plan's diversified portfolio compared to investing only in high quality bonds.

The actuarial valuation reports the funded status and develops contributions based on the expected return of the plan's investment portfolio. If instead, the plan switched to investing exclusively in high quality bonds, the LDROM illustrates that reported funded status would be lower (which also implies that the Actuarially Determined Contributions would be higher), perhaps significantly. Unnecessarily high contribution requirements in the near term may not be affordable and could imperil plan sustainability and benefit security.

## PLAN MATURITY MEASURES AND OTHER RISK METRICS – TIERS 1 & 2

| | 6/30/2025 | 6/30/2024 | 6/30/2023 | 6/30/2022 | 6/30/2021 |
|---|---|---|---|---|---|
| **Support Ratio** | | | | | |
| Total Actives | 1 | 2 | 2 | 2 | 2 |
| Total Inactives | 8 | 8 | 9 | 9 | 10 |
| Actives / Inactives | 12.5% | 25.0% | 22.2% | 22.2% | 20.0% |
| **Asset Volatility Ratio** | | | | | |
| Market Value of Assets (MVA) | 4,340,788 | 4,142,013 | 3,851,063 | 1,662,090 | 1,789,608 |
| Total Annual Payroll | 82,396 | 145,894 | 145,894 | 139,892 | 132,031 |
| MVA / Total Annual Payroll | 5,268.2% | 2,839.1% | 2,639.6% | 1,188.1% | 1,355.4% |
| **Accrued Liability (AL) Ratio** | | | | | |
| Inactive Accrued Liability | 3,734,279 | 2,653,411 | 2,694,780 | 2,630,985 | 2,569,215 |
| Total Accrued Liability | 4,174,607 | 3,995,956 | 3,910,076 | 3,721,151 | 3,551,295 |
| Inactive AL / Total AL | 89.5% | 66.4% | 68.9% | 70.7% | 72.3% |
| **Funded Ratio** | | | | | |
| Actuarial Value of Assets (AVA) | 4,181,047 | 4,106,486 | 3,929,592 | 1,710,819 | 1,649,829 |
| Total Accrued Liability | 4,174,607 | 3,995,956 | 3,910,076 | 3,721,151 | 3,551,295 |
| AVA / Total Accrued Liability | 100.2% | 102.8% | 100.5% | 46.0% | 46.5% |
| **Net Cash Flow Ratio** | | | | | |
| Net Cash Flow [1] | (245,403) | (96,744) | 2,032,267 | (60,256) | (10,257) |
| Market Value of Assets (MVA) | 4,340,788 | 4,142,013 | 3,851,063 | 1,662,090 | 1,789,608 |
| Net Cash Flow / MVA | (5.7%) | (2.3%) | 52.8% | (3.6%) | (0.6%) |

[1] Determined as total contributions minus benefit payments. Administrative expenses are typically included but are considered part of the net interest rate assumption for this plan.



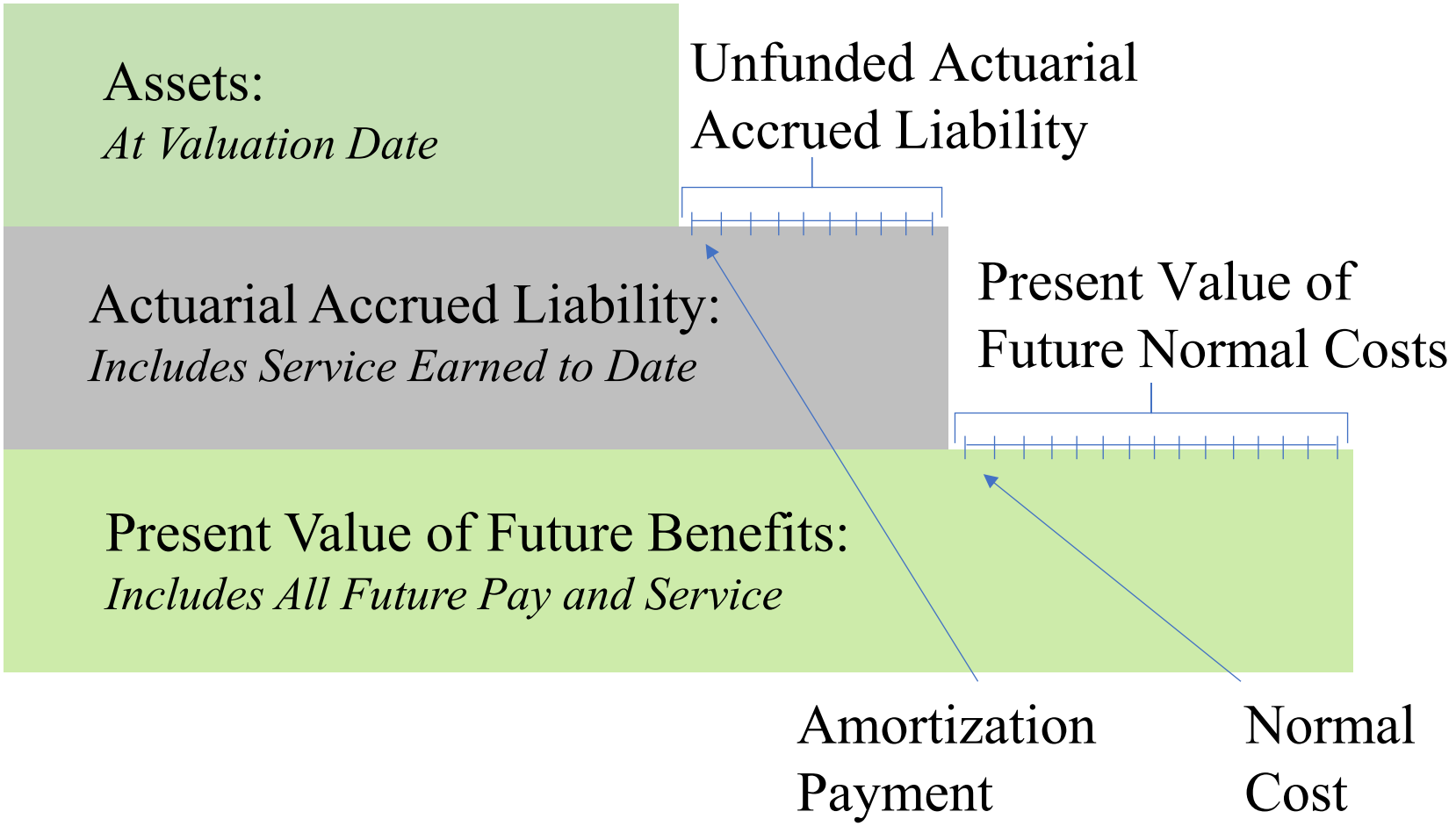
# TOWN OF ORO VALLEY
# UPDATE-JUNE 2026

# Pension funding equation

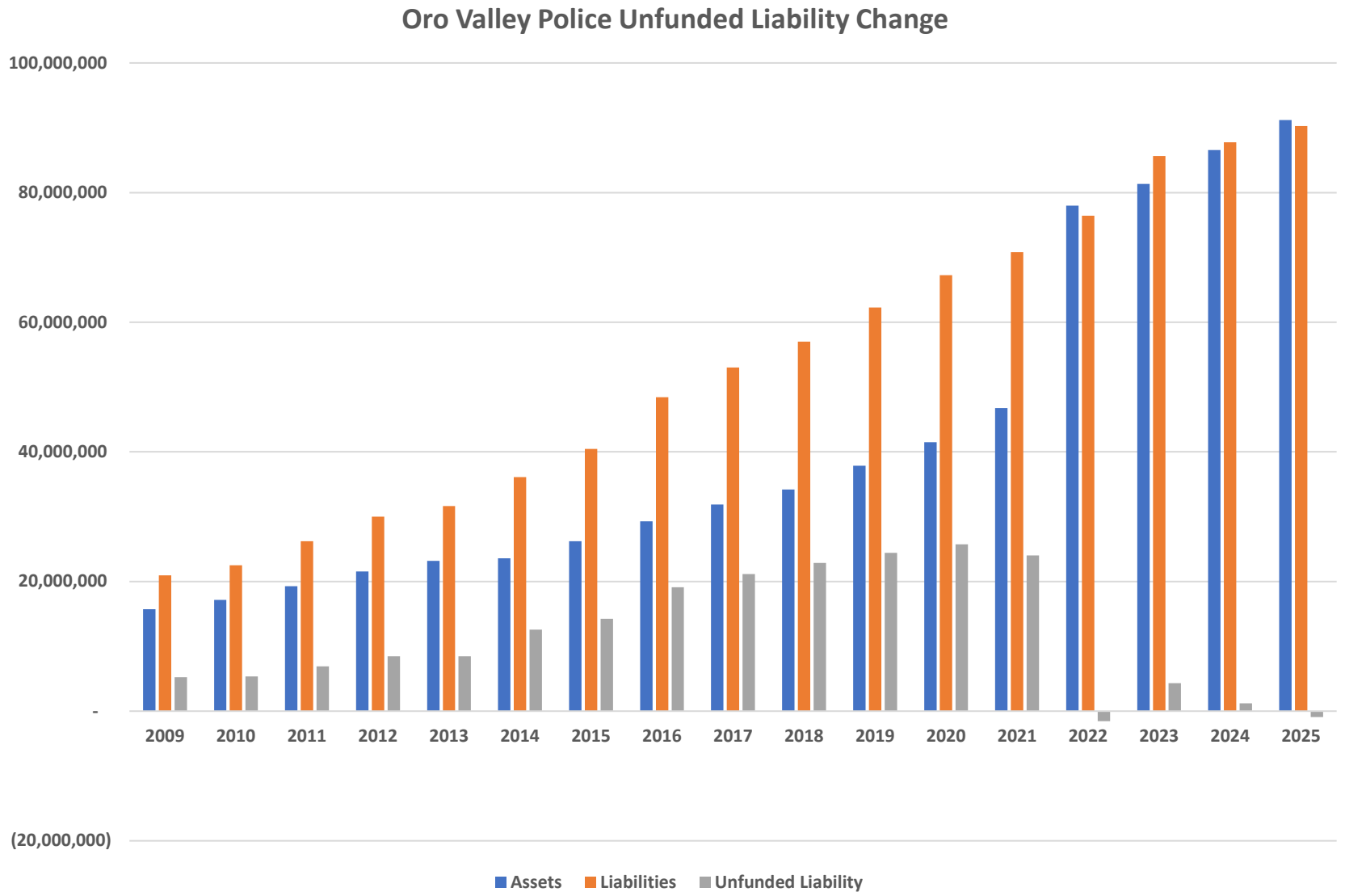
$$C + I = B + E$$

Contributions  Investment Income  Benefits  Expenses

# LIABILITY METHODS



# • TOWN OF ORO VALLEY POLICE



- TOWN OF ORO VALLEY (P.14)

Arizona Public Safety Personnel Retirement System

*Actuarial Valuation as of June 30, 2025 - Oro Valley Police Dept. (122)*

# LIABILITY SUPPORT

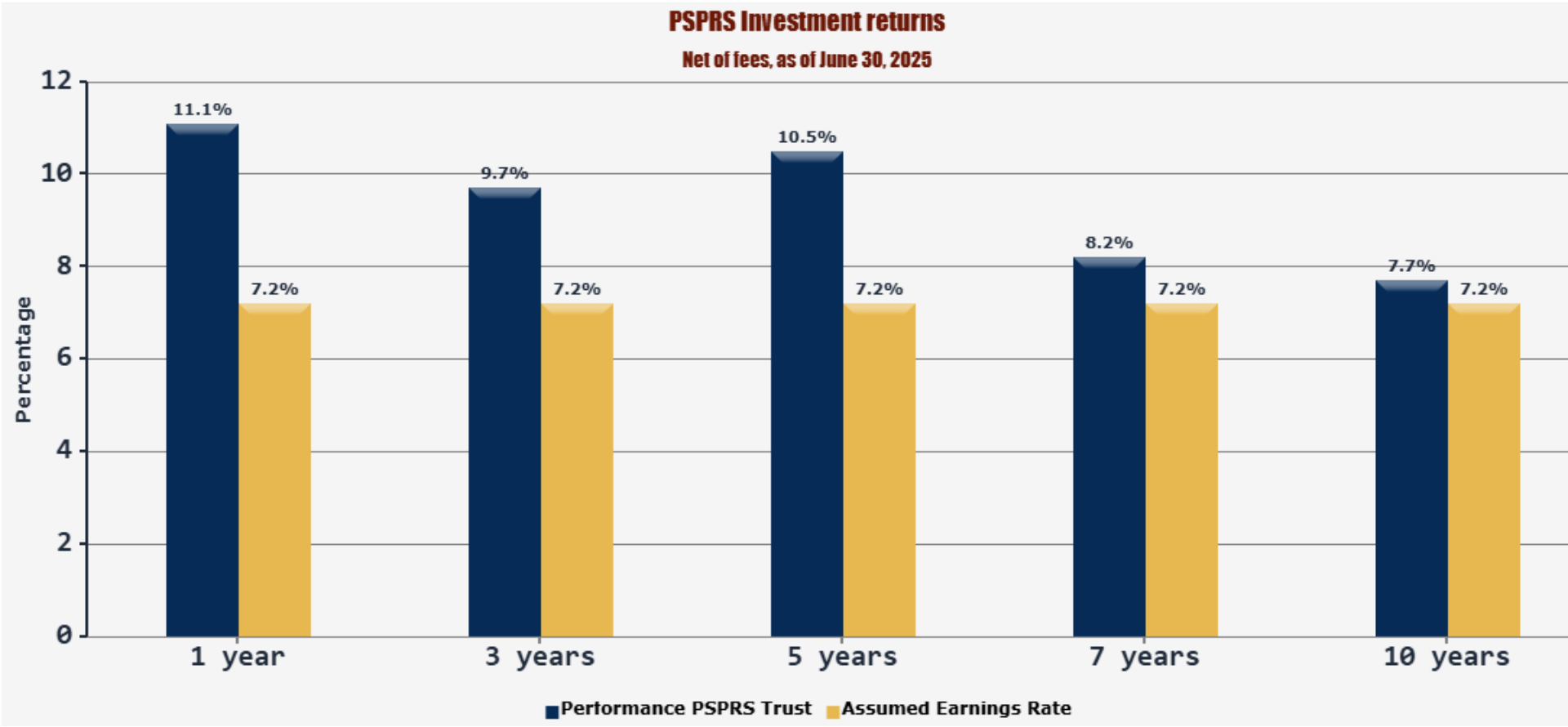
## LIABILITIES AND FUNDED RATIOS BY BENEFIT - TIERS 1 & 2

| | June 30, 2025 | June 30, 2024 |
|---|---|---|
| **PENSION** | | |
| Actuarial Present Value of Benefits (PVB) | | |
| Retirees and Beneficiaries | $ 52,987,686 | $ 46,079,112 |
| DROP Members | 12,019,150 | 13,233,011 |
| Vested Members | 1,109,503 | 910,525 |
| Active Members | 31,064,576 | 35,460,056 |
| Total Actuarial Present Value of Benefits | 97,180,915 | 95,682,704 |
| Actuarial Accrued Liability (AAL) | | |
| All Inactive Members | 66,116,339 | 60,222,648 |
| Active Members | 24,153,409 | 27,533,294 |
| Total Actuarial Accrued Liability | 90,269,748 | 87,755,942 |
| Actuarial Value of Assets (AVA) | 91,172,990 | 86,551,076 |
| Unfunded Actuarial Accrued Liability | (903,242) | 1,204,866 |
| PVB Funded Ratio (AVA / PVB) | 93.8% | 90.5% |
| AAL Funded Ratio (AVA / AAL) | 101.0% | 98.6% |

# Oro Valley Police—Paid $27,612,366 on 7/6/21

| | 6/30/25 |
|---|---|
| Present Value of Benefits (PVB) | $97,180,915 |
| Actuarial Accrued Liability (AAL) | $90,269,748 |
| Actuarial Value of Assets (AVA) | $91,172,990 |
| Market Value of Assets (MVA) | $94,785,694 |
| Unfunded AAL | ($ 903,242) |
| Funded Ratio | 101.0% |
| FY26 Employer Contribution Rate | 10.47% |
| Owe on POBs (2.39%) | $15,115,000 |

# PSPRS Fund Performance



# QUESTIONS, COMMENTS, AND DISCUSSION

**Town Council Regular Session** **3.**

**Meeting Date:** 06/03/2026

**Submitted By:** Christopher Hutchison, Finance

**Department:** Finance

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**SUBJECT:**

PUBLIC HEARING: RESOLUTION NO. (R)26-31, DISCUSSION AND POSSIBLE ACTION REGARDING THE ADOPTION OF THE TENTATIVE BUDGET FOR FY 2026/27

**RECOMMENDATION:**

Staff recommends approval of the Tentative Budget for FY 2026/27.

**EXECUTIVE SUMMARY:**

This item is for Council consideration and adoption of the Town's Tentative Budget for FY 2026/27 in the amount of $127,985,725. Adoption of this resolution will also set the maximum expenditure limitation for FY 2026/27.

Once the limitation is set, expenditures for the year may not exceed that amount. The Council has the authority to make changes to the budget prior to the final budget adoption scheduled for June 17, 2026. However, the total amount of the final budget may not exceed the expenditure limitation set this evening.

**BACKGROUND OR DETAILED INFORMATION:**

In conformance with State law, the tentative budget must be adopted prior to the third Monday in July. The adoption of the tentative budget will set the maximum limit of expenditures for fiscal year 2026/2027. The total budget may be reduced prior to final adoption, but it cannot be increased.

In coordination with Mayor and Council, staff have prepared a tentative budget of $127,985,725 for fiscal year 2026/2027, which is a decrease of $2,052,909 from the Town Manager's Recommended Budget. This budget reflects the careful allocation of the Town's resources to Mayor and Council's goals. Additionally, this budget continues to make investments in current employees, resources and tools, and strategic goals.

The budget is structurally balanced with ongoing revenues used to fund ongoing expenditures. Total revenues anticipated for fiscal year 2026/2027, are $107,261,735. Existing fund balances will be utilized for one-time expenditures, carryover requests, and capital projects.

The proposed tentative budget maintains current service levels while supporting key investments in Town operations and infrastructure. Eligible employees would receive up to a 3% pay increase, keeping the Town competitive in the local labor market. The Capital Improvement Plan includes several significant projects: the NWRRDS project, improvements to the Vistoso Trails Nature Preserve, and planning and design for the new Police headquarters building.

The proposed Capital Improvement Plan (CIP) totals $24,215,466, or 19% of the tentative budget. A copy of the tentative budget ten-year CIP schedule is included in this item as part of the overall tentative budget document.

The tentative budget is presented in forms prescribed by the Arizona Auditor General. The official budget forms will be published as required for two consecutive weeks in a newspaper of general circulation along with notices of public hearing on the final budget. Staff will describe significant budget changes made since the Town

Manager's Recommended Budget presentations on May 4, at tonight's meeting.

Council will then hold a public hearing on June 17, 2026, and consider final budget adoption thereafter.

**FISCAL IMPACT:**

The proposed Tentative Budget for FY26/27 is $127,985,725.

**SUGGESTED MOTION:**

I MOVE to approve Resolution No. (R)26-31, adopting the Tentative Budget for Fiscal Year 2026/27.

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**Attachments**

(R)26-31 Tentative Budget Adoption Resolution
FY27 AG Schedules
Fund Summaries
FY27 CIP Schedule
Changes from TMRB
Staff Presentation

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**RESOLUTION NO. (R)26-31**

**A RESOLUTION OF THE MAYOR AND TOWN COUNCIL OF THE TOWN OF ORO VALLEY, ARIZONA, ADOPTING ESTIMATES OF THE AMOUNTS REQUIRED FOR THE FISCAL YEAR 2026/2027 AS A TENTATIVE BUDGET; SETTING FORTH THE RECEIPTS AND EXPENDITURES/EXPENSES FOR THE FISCAL YEAR 2026/2027; GIVING NOTICE OF THE TIME FOR THE FINAL PUBLIC HEARING FOR ADOPTING THE BUDGET FOR THE FISCAL YEAR 2026/2027; PROVIDING FOR CONTINGENCIES; PROVIDING FOR THE USE OF FUNDS; SETTING THE LOCAL ALTERNATIVE EXPENDITURE LIMITATION FOR FISCAL YEAR 2026/2027**

**WHEREAS**, the A.R.S. 42-17101 requires that cities and towns in Arizona adopt a tentative budget by the third Monday in July of each year; and

**WHEREAS,** the Town Council and staff held a Council Budget Study Session on May 4, 2026, to establish and review the proposed budget; and

**WHEREAS**, adoption of the budget will allow the Town of Oro Valley local government to provide the necessary public services for the health, welfare and safety of its citizenry.

**NOW, THEREFORE, BE IT RESOLVED by the Mayor and Town Council of the Town of Oro Valley, Arizona that:**

**SECTION 1**. The statements and schedules of the tentative budget for the fiscal year 2026/2027 accompany and be included as part of this Resolution as attached hereto.

**SECTION 2**. The statements and schedules herein contained be adopted for the purpose as hereafter set forth as the tentative budget for the Town of Oro Valley, Arizona for the fiscal year 2026/2027.

**SECTION 3**. The statements setting forth the receipts, expenditures/expenses and amounts collectible for the fiscal year 2026/2027 accompany and be included as part of this resolution.

**SECTION 4** The expenditure limitation as noted on the Summary Schedule of Estimated Revenues and Expenditures/Expenses for the fiscal year 2026/2027 be included as part of this resolution.

**SECTION 5**. The Town Clerk is hereby authorized and directed to publish in the manner prescribed by law, the estimates of expenditures/expenses, as hereinafter set forth, together with a notice that the Town Council will meet for the purpose of final public hearing and for adoption of the budget for fiscal year 2026/2027 for the Town of Oro Valley, Arizona on the 17th of June 2026.

**SECTION 6**. The money from any fund may be used for any of the appropriations except money specifically restricted by State Law or by Town Ordinance or Resolution.

**SECTION 7.** The various Town officers and employees are hereby directed to perform all acts necessary or desirable to give effect to this resolution.

**PASSED AND ADOPTED** by the Mayor and Town Council of the Town of Oro Valley, Arizona this 3rd day of June, 2026.

**TOWN OF ORO VALLEY**

_____
Joseph C. Winfield, Mayor

**ATTEST:**

_____
Michael Standish, Town Clerk

Date:_____

**APPROVED AS TO FORM:**

_____
Steven Zraick, Town Attorney

Date:_____

# Town of Oro Valley

## Table of Contents

## Fiscal year 2027


Resolution for the adoption of the budget

Schedule A—Summary Schedule of estimated revenues and expenditures/expenses

Schedule B—Tax levy and tax rate information

Schedule C—Revenues other than property taxes

Schedule D—Other financing sources/(uses) and interfund transfers

Schedule E—Expenditures/expenses by fund

Schedule F—Expenditures/expenses by department (as applicable)

Schedule G—Full-time employees and personnel compensation

**Town of Oro Valley**
**Summary Schedule of estimated revenues and expenditures/expenses**
**Fiscal year 2027**

| Fiscal year | | Sch | | Funds | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | General Fund | Special Revenue Funds | Debt Service Fund | Capital Projects Funds | Enterprise Funds Available | Internal Service Funds | Total all funds |
| 2026 | Adopted/adjusted budgeted expenditures/expenses* | E | 1 | 54,175,132 | 19,453,346 | 4,123,070 | 17,253,784 | 51,109,661 | 5,384,557 | 151,499,550 |
| 2026 | Actual expenditures/expenses** | E | 2 | 50,882,230 | 16,815,296 | 4,022,071 | 6,756,600 | 42,227,274 | 5,015,136 | 125,718,607 |
| 2027 | Beginning fund balance/(deficit) or net position/(deficit) at July 1*** | | 3 | 16,090,550 | 3,448,301 | 107,428 | 23,031,465 | 15,731,806 | 2,920,260 | 61,329,810 |
| 2027 | Primary property tax levy | B | 4 | - | | | | | | - |
| 2027 | Secondary property tax levy | B | 5 | | | | | | | - |
| 2027 | Estimated revenues other than property taxes | C | 6 | 59,645,003 | 13,541,607 | 118,836 | 3,255,385 | 26,157,261 | 4,543,643 | 107,261,735 |
| 2027 | Other financing sources | D | 7 | - | - | - | - | - | - | - |
| 2027 | Other financing (uses) | D | 8 | - | - | - | - | - | - | - |
| 2027 | Interfund transfers in | D | 9 | - | 3,000,000 | 3,608,234 | 5,123,200 | 2,400,000 | - | 14,131,434 |
| 2027 | Interfund Transfers (out) | D | 10 | 7,693,886 | - | - | 4,034,696 | 2,402,852 | - | 14,131,434 |
| 2027 | Line 11: Reduction for fund balance reserved for future budget year expenditures | | | | | | | | | |
| | Maintained for future debt retirement | | 11 | | | | | | | - |
| | Maintained for future capital projects | | | | | | | | | - |
| | Maintained for future financial stability | | | | | | | | | - |
| 2027 | Total financial resources available | | 12 | 68,041,667 | 19,989,908 | 3,834,498 | 27,375,354 | 41,886,215 | 7,463,903 | 168,591,545 |
| 2027 | Budgeted expenditures/expenses | E | 13 | 55,018,570 | 17,787,440 | 3,807,070 | 12,924,992 | 32,907,588 | 5,540,065 | 127,985,725 |

| | Expenditure limitation comparison | 2026 | 2027 |
|---|---|---|---|
| 1 | Budgeted expenditures/expenses | $ 151,499,550 | $ 127,985,725 |
| 2 | Add/subtract: estimated net reconciling items | | |
| 3 | Budgeted expenditures/expenses adjusted for reconciling items | 151,499,550 | 127,985,725 |
| 4 | Less: estimated exclusions | | |
| 5 | Amount subject to the expenditure limitation | $ 151,499,550 | $ 127,985,725 |
| 6 | EEC expenditure limitation | $ 175,243,841 | $ 179,794,919 |

X The city/town does not levy property taxes and does not have special assessment districts for which property taxes are levied. Therefore, Schedule B has been omitted.

* Includes expenditure/expense adjustments approved in the current year from Schedule E.
** Includes actual amounts as of the date the proposed budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.
*** Amounts on this line represent beginning fund balance/(deficit) or net position/(deficit) amounts except for nonspendable amounts (e.g., prepaids and inventories) or amounts legally or contractually required to be maintained intact (e.g., principal of a permanent fund).

# Town of Oro Valley
## Revenues other than property taxes
## Fiscal Year 2027

| Source of revenues | Estimated revenues 2026 | Actual revenues* 2026 | Estimated revenues 2027 |
|---|---|---|---|
| **General Fund** | | | |
| **Local taxes** | | | |
| Local Sales Tax | $ 27,844,136 | $ 27,184,288 | $ 29,111,307 |
| Cable Franchise Tax | 653,051 | 653,051 | 622,813 |
| **Licenses and permits** | | | |
| Licenses | 255,000 | 229,304 | 233,890 |
| Permits | 1,707,103 | 1,835,555 | 1,247,595 |
| Fees | 154,020 | 252,620 | 255,146 |
| **Intergovernmental** | | | |
| State/County Shared | 19,863,884 | 19,809,059 | 21,172,646 |
| State Grants | 91,851 | 146,851 | 146,851 |
| Federal Grants | 375,000 | 581,368 | 475,000 |
| Reimbursements | 2,320,362 | 2,320,362 | 2,296,060 |
| **Charges for services** | | | |
| Reimbursements | 135,000 | 135,000 | 135,000 |
| Fees | 1,096,760 | 1,224,275 | 1,247,623 |
| Other | 1,818,463 | 1,806,126 | 1,864,061 |
| **Fines and forfeits** | | | |
| Fines | 68,680 | 56,000 | 68,680 |
| **Interest on investments** | | | |
| Interest Income | 637,500 | 650,000 | 627,531 |
| **Miscellaneous** | | | |
| Miscellaneous | 210,300 | 218,100 | 140,800 |
| **Total General Fund** | $ 57,231,110 | $ 57,101,958 | $ 59,645,003 |

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

# Town of Oro Valley
## Revenues other than property taxes
## Fiscal Year 2027

| Source of revenues | Estimated revenues 2026 | Actual revenues* 2026 | Estimated revenues 2027 |
|---|---|---|---|
| **Special revenue funds** | | | |
| **Highway User Revenue Fund** | | | |
| Highway User Fuel Tax | $ 4,456,367 | $ 4,290,852 | $ 4,573,619 |
| Permits | 30,000 | 40,000 | 35,350 |
| Interest Income | 99,000 | 140,000 | 161,202 |
| Other | 2,500 | 50,489 | 2,500 |
| | $ 4,587,867 | $ 4,521,341 | $ 4,772,671 |
| **Services and Forfeitures** | | | |
| Seizures and Forfeitures | $ 20,000 | $ 19,000 | $ 20,000 |
| Interest Income | 20,000 | 13,378 | 20,000 |
| | $ 40,000 | $ 32,378 | $ 40,000 |
| **Community Center Fund** | | | |
| Local Sales Tax | $ 3,972,920 | $ 593,099 | $ |
| Charges for Services | 7,159,243 | 8,279,276 | 8,704,286 |
| Interest Income | 22,500 | 50,000 | 21,150 |
| Other | 37,550 | 37,802 | 3,500 |
| | $ 11,192,213 | $ 8,960,177 | $ 8,728,936 |
| **Total special revenue funds** | $ 15,820,079 | $ 13,513,896 | $ 13,541,607 |

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

| | | | |
|---|---|---|---|
| **Debt service funds** | | | |
| **Municipal Debt Service Fund** | | | |
| Federal Grants | $ 14,504 | $ 12,133 | $ 8,836 |
| Interest Income | 32,000 | 25,000 | 30,000 |
| Miscellaneous | 80,000 | 120,000 | 80,000 |
| | $ 126,504 | $ 157,133 | $ 118,836 |
| **Total debt service funds** | $ 126,504 | $ 157,133 | $ 118,836 |

# Town of Oro Valley
## Revenues other than property taxes
## Fiscal Year 2027

| Source of revenues | Estimated revenues 2026 | Actual revenues* 2026 | Estimated revenues 2027 |
|---|---|---|---|
| **Capital projects funds** | | | |
| **Grants and Contributions Fund** | | | |
| Federal Grants | $ 1,019,550 | $ 292,318 | $ 83,200 |
| State Grants | 103,400 | 102,154 | 340,400 |
| Interest Income | 6,000 | 18,384 | 19,000 |
| Miscellaneous | 561,000 | | 566,000 |
| | $ 1,689,950 | $ 412,856 | $ 1,008,600 |
| **Townwide Roadway Development Impact Fee Fund** | | | |
| Development Impact Fees | $ 488,915 | $ 625,952 | $ 192,255 |
| Interest Income | 100,000 | 110,000 | 100,000 |
| | $ 588,915 | $ 735,952 | $ 292,255 |
| **Parks and Recreation Impact Fee Fund** | | | |
| Development Impact Fees | $ 364,897 | $ 382,217 | $ 109,463 |
| Interest Income | 18,000 | 16,000 | 19,000 |
| | $ 382,897 | $ 398,217 | $ 128,463 |
| **Police Impact Fee Fund** | | | |
| Development Impact Fees | $ 104,596 | $ 140,087 | $ 36,203 |
| Interest Income | 3,000 | 3,600 | 4,000 |
| | $ 107,596 | $ 143,687 | $ 40,203 |
| **Capital Fund** | | | |
| Miscellaneous | $ 1,068,926 | $ 1,357,020 | $ 1,196,470 |
| Interest Income | 470,000 | 550,000 | 442,944 |
| | $ 1,538,926 | $ 1,907,020 | $ 1,639,414 |
| **PAG/RTA Fund** | | | |
| State Grants | $ 30,000 | $ 20,538 | $ 130,000 |
| Interest Income | 14,000 | 13,720 | 15,000 |
| | $ 44,000 | $ 34,258 | $ 145,000 |
| **Recreation in Lieu Fee Fund** | | | |
| Interest Income | $ 800 | $ 1,400 | $ 1,450 |
| | $ 800 | $ 1,400 | $ 1,450 |
| **Total capital projects funds** | $ 4,353,084 | $ 3,633,390 | $ 3,255,385 |

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

# Town of Oro Valley
## Revenues other than property taxes
## Fiscal Year 2027

| Source of revenues | Estimated revenues 2026 | Actual revenues* 2026 | Estimated revenues 2027 |
|---|---|---|---|
| **Enterprise funds** | | | |
| **Water Utility Fund** | | | |
| Water Sales | $ 18,511,000 | $ 18,752,246 | $ 19,435,000 |
| Charges for Services | 3,457,000 | 3,428,800 | 3,427,500 |
| Interest Income | 100,000 | 400,000 | 245,000 |
| State Grants | | 841,639 | |
| Miscellaneous | 20,000 | 22,388 | |
| | $ 22,088,000 | $ 23,445,073 | $ 23,107,500 |
| **Water Rescources Development Impact Fee Fund** | | | |
| Development Impact Fees | $ 930,078 | $ 853,919 | $ 815,019 |
| Interest Income | 175,000 | 180,000 | 150,000 |
| Federal Grants | | 1,262,459 | |
| | $ 1,105,078 | $ 2,296,378 | $ 965,019 |
| **Stormwater Utility Fund** | | | |
| Charges for Services | $ 1,527,000 | $ 1,543,429 | $ 1,758,800 |
| Interest Income | 20,000 | 48,000 | 45,000 |
| Federal Grants | 239,200 | 210,991 | 280,942 |
| | $ 1,786,200 | $ 1,802,420 | $ 2,084,742 |
| **Total enterprise funds** | $ 24,979,278 | $ 27,543,871 | $ 26,157,261 |

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

| | | | |
|---|---|---|---|
| **Internal service funds** | | | |
| **Benefit Self Insurance Fund** | | | |
| Interest Income | $ 120,000 | $ 158,000 | $ 119,000 |
| Miscellaneous | 3,959,376 | 3,782,073 | 4,424,643 |
| | $ 4,079,376 | $ 3,940,073 | $ 4,543,643 |
| **Total internal service funds** | $ 4,079,376 | $ 3,940,073 | $ 4,543,643 |
| **Total all funds** | $ 106,589,431 | $ 105,890,321 | $ 107,261,735 |

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

# Town of Oro Valley
## Other financing sources/(uses) and interfund transfers
## Fiscal year 2027

| Fund | Other financing 2027 Sources | Other financing 2027 (Uses) | Interfund transfers 2027 In | Interfund transfers 2027 (Out) |
|---|---|---|---|---|
| **General Fund** | | | | |
| Transfer to Capital Fund | $ | $ | $ | $ 4,000,000 |
| Transfer to Grants Fund | | | | 123,200 |
| Transfer to Debt Service Fund | | | | 3,570,686 |
| **Total General Fund** | $ | $ | $ | $ 7,693,886 |
| **Special revenue funds** | | | | |
| Community Center Fund | | | | |
| Highway Fund | | | 3,000,000 | |
| **Total special revenue funds** | $ | $ | $ 3,000,000 | $ |
| **Debt service funds** | | | | |
| Municipal Debt Service Fund | $ | $ | $ 3,608,234 | $ |
| **Total debt service funds** | $ | $ | $ 3,608,234 | $ |
| **Capital projects funds** | | | | |
| Grants and Contributions Fund | $ | $ | $ 123,200 | $ |
| Police Impact Fee Fund | | | | 34,696 |
| Capital Fund | | | 4,000,000 | 3,000,000 |
| Townwide Roadway Impact Fee Fund | | | | 1,000,000 |
| PAG/RTA Fund | | | 1,000,000 | |
| **Total capital projects funds** | $ | $ | $ 5,123,200 | $ 4,034,696 |
| **Enterprise funds** | | | | |
| Water Utility Fund | $ | $ | $ | $ 2,402,852 |
| Water Resource Impact Fee Fund | $ | $ | $ 2,400,000 | |
| **Total enterprise funds** | $ | $ | $ 2,400,000 | $ 2,402,852 |
| **Total all funds** | $ | $ | $ 14,131,434 | $ 14,131,434 |

# Town of Oro Valley
## Expenditures/expenses by fund
## Fiscal year 2027

| Fund/Department | Adopted budgeted expenditures/ expenses 2026 | Expenditure/ expense adjustments approved 2026 | Actual expenditures/ expenses* 2026 | Budgeted expenditures/ expenses 2027 |
|---|---|---|---|---|
| **General Fund** | | | | |
| Council | $ 216,163 | $ | $ 203,163 | $ 215,480 |
| Clerk | 446,275 | | 436,887 | 459,030 |
| Town Manager's Office | 1,738,771 | | 1,749,402 | 1,854,148 |
| Human Resources | 744,887 | | 709,060 | 750,802 |
| Finance | 885,087 | | 884,808 | 887,430 |
| Information Technology | 6,021,164 | | 5,777,034 | 5,969,593 |
| Non Departmental | 3,098,504 | | 3,052,282 | 3,815,238 |
| Legal | 1,193,587 | | 921,432 | 1,075,855 |
| Community & Economic Development | 4,275,011 | | 4,009,588 | 4,224,650 |
| Parks & Recreation | 4,950,510 | | 4,924,785 | 5,288,482 |
| Police | 21,333,810 | | 20,695,667 | 20,595,219 |
| Town Court | 1,181,757 | | 1,126,102 | 1,126,278 |
| Public Works | 6,551,005 | | 6,392,019 | 6,756,365 |
| Contingency Reserve | 2,000,000 | (461,399) | | 2,000,000 |
| **Total General Fund** | $ 54,636,531 | $ (461,399) | $ 50,882,230 | $ 55,018,570 |
| **Special revenue funds** | | | | |
| Highway User Revenue Fund | $ 7,656,153 | $ | $ 6,105,105 | $ 7,950,951 |
| Seizures and Forfeitures | 382,860 | | 35,000 | 439,360 |
| Community Center Fund | 11,414,333 | | 10,675,191 | 9,397,129 |
| **Total special revenue funds** | $ 19,453,346 | $ | $ 16,815,296 | $ 17,787,440 |
| **Debt service funds** | | | | |
| Municipal Debt Service Fund | $ 4,123,070 | $ | $ 4,022,071 | $ 3,807,070 |
| **Total debt service funds** | $ 4,123,070 | $ | $ 4,022,071 | $ 3,807,070 |
| **Capital projects funds** | | | | |
| Grants and Contributions Fund | $ 2,042,500 | $ | $ 575,338 | $ 1,109,400 |
| Townwide Roadway Impact Fee Fund | 1,051,232 | | 4,287 | 955,294 |
| Parks and Recreation Impact Fee Fund | 437,001 | | 2,001 | 487,471 |
| Police Impact Fee Fund | 50,572 | | 572 | 50,707 |
| Recreation in Lieu Fee Fund | 18,216 | | | 18,216 |
| Capital Fund | 12,917,864 | 461,399 | 6,037,112 | 9,103,904 |
| PAG/RTA Fund | 275,000 | | 137,290 | 1,200,000 |
| **Total capital projects funds** | $ 16,792,385 | $ 461,399 | $ 6,756,600 | $ 12,924,992 |
| **Enterprise funds** | | | | |
| Water Utility Enterprise Fund | $ 22,256,516 | $ | $ 20,881,736 | $ 22,667,060 |
| Water Resources Dev Impact Fee Fund | 26,450,132 | | 19,950,132 | 7,616,054 |
| Stormwater Utility Enterprise Fund | 2,403,013 | | 1,395,406 | 2,624,474 |
| **Total enterprise funds** | $ 51,109,661 | $ | $ 42,227,274 | $ 32,907,588 |
| **Internal service funds** | | | | |
| Benefit Self Insurance Fund | $ 5,384,557 | $ | $ 5,015,136 | $ 5,540,065 |
| **Total internal service funds** | $ 5,384,557 | $ | $ 5,015,136 | $ 5,540,065 |
| **Total all funds** | $ 151,499,550 | $ | $ 125,718,607 | $ 127,985,725 |

* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.

# Town of Oro Valley
## Expenditures/expenses by department
## Fiscal year 2027

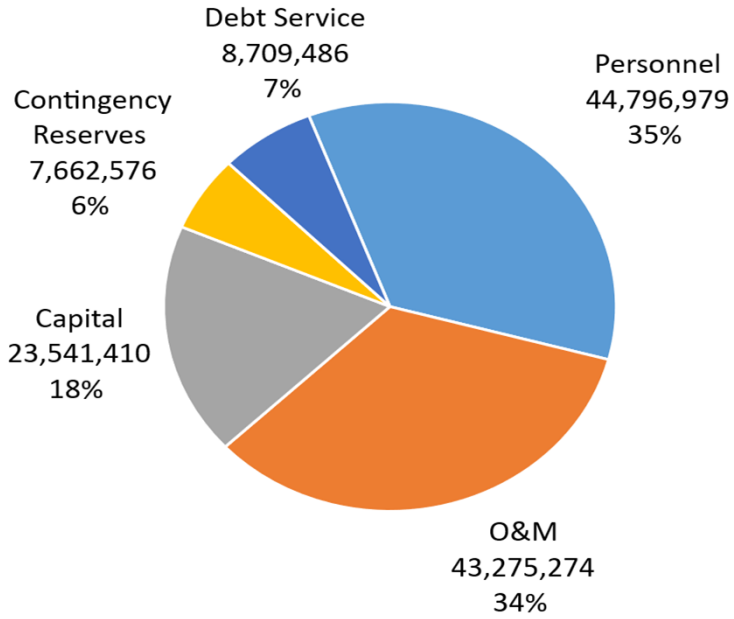
| Department/Fund | Adopted budgeted expenditures/ expenses 2026 | Expenditure/ expense adjustments approved 2026 | Actual expenditures/ expenses* 2026 | Budgeted expenditures/ expenses 2027 |
|---|---|---|---|---|
| Council | | | | |
| General Fund | $ 216,163 | $ | $ 203,163 | $ 215,480 |
| **Department total** | $ 216,163 | $ | $ 203,163 | $ 215,480 |
| Clerk | | | | |
| General Fund | $ 446,275 | $ | $ 436,887 | $ 459,030 |
| **Department total** | $ 446,275 | $ | $ 436,887 | $ 459,030 |
| Town Manager | | | | |
| General Fund | $ 1,738,771 | $ | $ 1,749,402 | $ 1,854,148 |
| **Department total** | $ 1,738,771 | $ | $ 1,749,402 | $ 1,854,148 |
| Human Resources | | | | |
| General Fund | $ 744,887 | $ | $ 709,060 | $ 750,802 |
| **Department total** | $ 744,887 | $ | $ 709,060 | $ 750,802 |
| Finance | | | | |
| General Fund | $ 885,087 | $ | $ 884,808 | $ 887,430 |
| **Department total** | $ 885,087 | $ | $ 884,808 | $ 887,430 |
| Information Technology | | | | |
| General Fund | $ 6,021,164 | $ | $ 5,777,034 | $ 5,969,593 |
| **Department total** | $ 6,021,164 | $ | $ 5,777,034 | $ 5,969,593 |
| Non Departmental | | | | |
| General Fund | $ 3,098,504 | $ | $ 3,052,282 | $ 3,815,238 |
| General Fund - Contingency Reserve | 2,000,000 | (461,399) | | 2,000,000 |
| Grants & Contributions Fund | 700,000 | | | 700,000 |
| Municipal Debt Service Fund | 4,123,070 | | 4,022,071 | 3,807,070 |
| Benefits Self Insurance Fund | 5,384,557 | | 5,015,136 | 5,540,065 |
| Capital Fund | 12,917,864 | 461,399 | 6,037,112 | 9,103,904 |
| **Department total** | $ 28,223,995 | $ | $ 18,126,601 | $ 24,966,277 |
| Legal | | | | |
| General Fund | $ 1,193,587 | $ | $ 921,432 | $ 1,075,855 |
| **Department total** | $ 1,193,587 | $ | $ 921,432 | $ 1,075,855 |
| Community and Economic Development | | | | |
| General Fund | $ 4,275,011 | $ | $ 4,009,588 | $ 4,224,650 |
| **Department total** | $ 4,275,011 | $ | $ 4,009,588 | $ 4,224,650 |
| Parks and Recreation | | | | |
| General Fund | $ 4,950,510 | $ | $ 4,924,785 | $ 5,288,482 |
| Grants & Contributions Fund | | | 67,765 | |
| Parks & Recreation Impact Fee Fund | 437,001 | | 2,001 | 487,471 |
| Recreation in Lieu Fee Fund | 18,216 | | | 18,216 |
| Community Center Fund | 11,414,333 | | 10,675,191 | 9,397,129 |
| **Department total** | $ 16,820,060 | $ | $ 15,669,742 | $ 15,191,298 |
| Police | | | | |
| General Fund | $ 21,333,810 | $ | $ 20,695,667 | $ 20,595,219 |
| Grants & Contributions Fund | 171,500 | | 238,896 | 409,400 |
| Seizures and Forfeitures | 382,860 | | 35,000 | 439,360 |
| Police Impact Fee Fund | 50,572 | | 572 | 50,707 |
| **Department total** | $ 21,938,742 | $ | $ 20,970,135 | $ 21,494,686 |
| Town Court | | | | |
| General Fund | $ 1,181,757 | $ | $ 1,126,102 | $ 1,126,278 |
| **Department total** | $ 1,181,757 | $ | $ 1,126,102 | $ 1,126,278 |
| Public Works | | | | |
| General Fund | $ 6,551,005 | $ | $ 6,392,019 | $ 6,756,365 |
| Grants & Contributions Fund | 1,171,000 | | 268,677 | |
| Highway Fund | 7,656,153 | | 6,105,105 | 7,950,951 |
| Stormwater Utility Fund | 2,403,013 | | 1,395,406 | 2,624,474 |
| PAG/RTA Fund | 275,000 | | 137,290 | 1,200,000 |
| Townwide Roadway Impact Fee Fund | 1,051,232 | | 4,287 | 955,294 |
| **Department total** | $ 19,107,403 | $ | $ 14,302,784 | $ 19,487,084 |
| Water Utility | | | | |
| Water Utility Fund | $ 22,256,516 | $ | $ 20,881,736 | $ 22,667,060 |
| Water Resources Dev Impact Fee Fund | 26,450,132 | | 19,950,132 | 7,616,054 |
| **Department total** | $ 48,706,648 | $ | $ 40,831,868 | $ 30,283,114 |

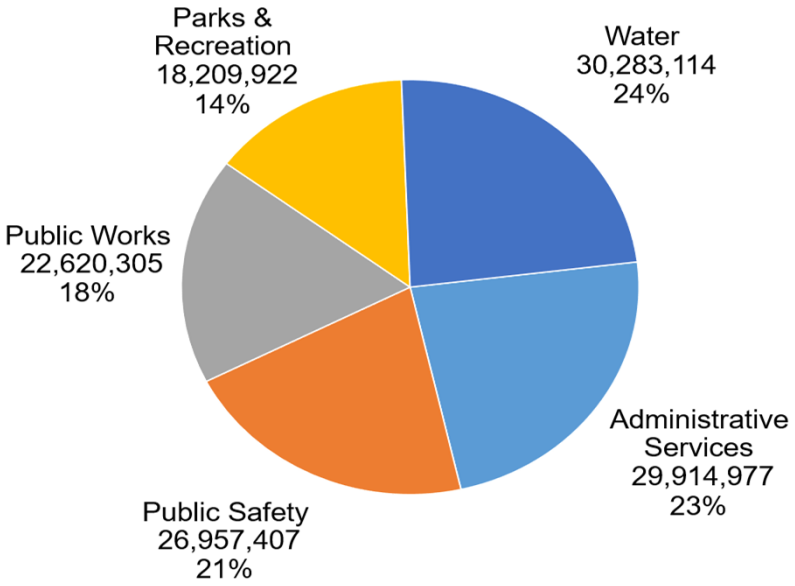
* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.

# Town of Oro Valley
## Full-time employees and personnel compensation
## Fiscal year 2027

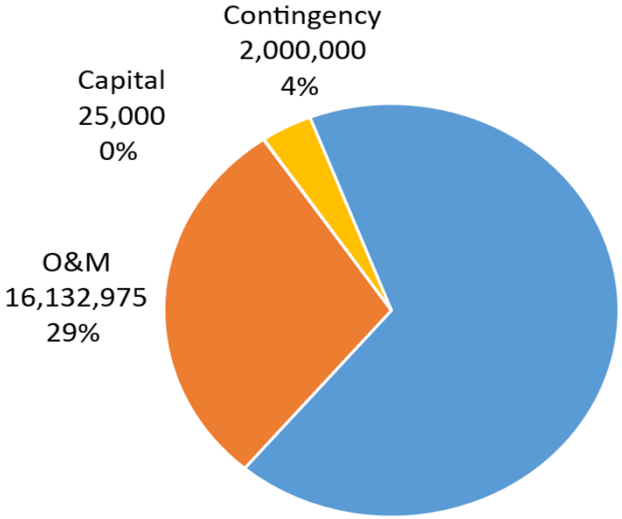
| Fund | Full-time equivalent (FTE) 2027 | Employee salaries and hourly costs 2027 | Retirement costs 2027 | Healthcare costs 2027 | Other benefit costs 2027 | Total estimated personnel compensation 2027 |
|---|---|---|---|---|---|---|
| **General Fund** | 337.78 | $ 27,317,084 | $ 3,114,388 | $ 3,305,254 | $ 3,123,869 | $ 36,860,595 |
| **Special revenue funds** | | | | | | |
| Highway Fund | 12.00 | $ 1,032,171 | $ 123,654 | $ 123,458 | $ 118,187 | $ 1,397,470 |
| Community Center Fund | 24.33 | 1,238,138 | 35,631 | 38,969 | 132,092 | 1,444,830 |
| **Total special revenue funds** | 36.33 | $ 2,270,309 | $ 159,285 | $ 162,428 | $ 250,279 | $ 2,842,300 |
| **Enterprise funds** | | | | | | |
| Water Utility Fund | 40.48 | $ 2,971,858 | $ 352,887 | $ 490,755 | $ 296,570 | $ 4,112,071 |
| Stormwater Utility Fund | 9.73 | 727,028 | 85,198 | 88,225 | 81,561 | 982,013 |
| **Total enterprise funds** | 50.21 | $ 3,698,886 | $ 438,085 | $ 578,981 | $ 378,131 | $ 5,094,083 |
| **Total all funds** | 424.31 | $ 33,286,279 | $ 3,711,758 | $ 4,046,662 | $ 3,752,280 | $ 44,796,979 |

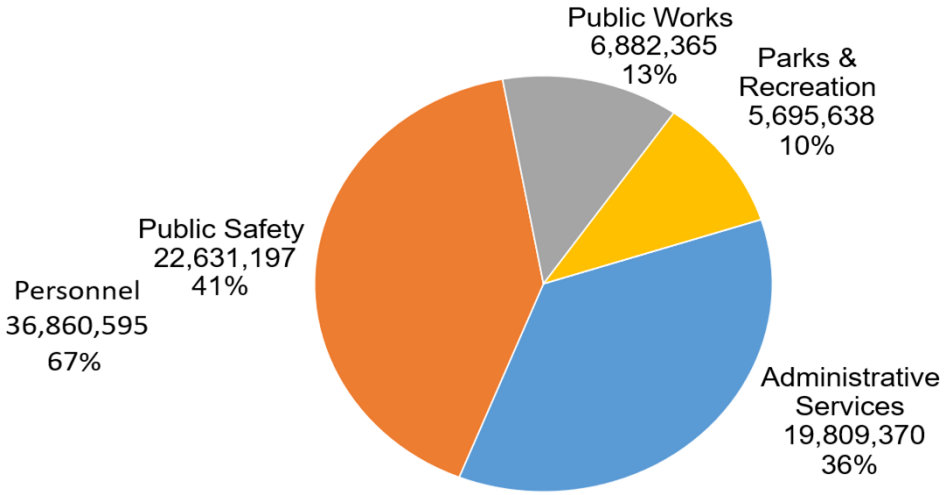
## FY 26/27 Tentative budget - $127,985,725




## FY 26/27 Tentative budget - General Fund - $55,018,570



# Fund Balance Report
# FY 2026/27 TENTATIVE BUDGET

| | | SOURCES | | USES | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Beginning Fund Balance | Revenue | Transfers In | Personnel | O&M | Capital | Debt Service | Contingency | Total Budget Appropriation | Transfers Out | Ending Fund Balance |
| **General Fund** | 16,090,550 | 59,645,003 | - | 36,860,595 | 16,132,975 | 25,000 | - | 2,000,000 | 55,018,570 | 7,693,886 | 15,023,098 |
| **Special Revenue Funds** | | | | | | | | | | | |
| Community Center Fund | 1,033,918 | 8,728,936 | - | 1,444,830 | 7,048,974 | 150,000 | 253,325 | 500,000 | 9,397,129 | - | 865,726 |
| Highway Fund | 2,015,023 | 4,772,671 | 3,000,000 | 1,397,470 | 1,246,991 | 5,106,490 | - | 200,000 | 7,950,951 | - | 2,036,743 |
| Seizures & Forfeitures | 399,360 | 40,000 | - | - | 100,000 | - | - | 339,360 | 439,360 | - | 339,360 |
| **Debt Service Fund** | 107,428 | 118,836 | 3,608,234 | - | 10,000 | - | 3,697,070 | 100,000 | 3,807,070 | - | 127,428 |
| **Capital Project Funds** | | | | | | | | | | | |
| Capital Fund | 17,717,774 | 1,639,414 | 4,000,000 | - | - | 7,103,904 | - | 2,000,000 | 9,103,904 | 3,000,000 | 13,253,284 |
| Grants & Contributions | 85,164 | 1,008,600 | 123,200 | - | 1,009,400 | - | - | 100,000 | 1,109,400 | - | 207,564 |
| TWDIF Fund | 3,826,696 | 292,255 | - | - | 5,294 | 650,000 | - | 300,000 | 955,294 | 1,000,000 | 2,463,657 |
| PAG/RTA Fund | 343,894 | 145,000 | 1,000,000 | - | 80,000 | 1,000,000 | - | 120,000 | 1,200,000 | - | 408,894 |
| Parks & Rec Impact Fee Fund | 777,254 | 128,463 | - | - | 2,471 | 300,000 | - | 185,000 | 487,471 | - | 603,246 |
| Police Impact Fee Fund | 227,265 | 40,203 | - | - | 707 | - | - | 50,000 | 50,707 | 34,696 | 232,065 |
| Rec In Lieu Fee Fund | 53,418 | 1,450 | - | - | - | - | - | 18,216 | 18,216 | - | 54,868 |
| **Internal Service Funds** | | | | | | | | | | | |
| Benefit Self Insurance Fund | 2,920,260 | 4,543,643 | - | - | 5,040,065 | - | - | 500,000 | 5,540,065 | - | 2,423,838 |
| **Enterprise Funds** | | | | | | | | | | | |
| Water Utility Fund | 6,546,045 | 23,107,500 | - | 4,112,071 | 11,957,720 | 2,270,000 | 3,827,269 | 500,000 | 22,667,060 | 2,402,852 | 5,083,632 |
| WRSDIF Fund | 7,542,015 | 965,019 | 2,400,000 | - | 184,232 | 6,000,000 | 931,822 | 500,000 | 7,616,054 | - | 3,790,980 |
| Stormwater Utility Fund | 1,643,746 | 2,084,742 | - | 982,013 | 456,445 | 936,016 | - | 250,000 | 2,624,474 | - | 1,354,014 |
| | **61,329,810** | **107,261,735** | **14,131,434** | **44,796,979** | **43,275,274** | **23,541,410** | **8,709,486** | **7,662,576** | **127,985,725** | **14,131,434** | **48,268,396** |

**Total Budget Appropriation[2] $127,985,725**

*1 - Per Town budgetary and financial policy 1-1-4.0, the budget shall include contingency appropriation to provide for unanticipated increases in service delivery costs, emergencies, and needs that may arise through the fiscal year. The contingency appropriation, except Seizures and Forfeitures Funds, may only be expended upon Town Council approval.*

*2 - The total budget appropriation excludes transfers out and does not include non-cash outlays for depreciation or amortization.*

*3 - The ending fund balance excludes contingency reserves.*

## Expenditure Schedule by Fund

| Fund/Department | FY 2024 Actual | FY 2025 Actual | FY 2026 Budget | FY 2027 Budget | % to Budget |
|---|---|---|---|---|---|
| **General Fund** | | | | | |
| Clerk | 403,496 | 514,388 | 446,275 | 459,030 | 2.9% |
| Community & Economic Development | 3,548,853 | 3,652,543 | 4,275,011 | 4,224,650 | -1.2% |
| Council | 184,698 | 216,145 | 216,163 | 215,480 | -0.3% |
| Finance | 825,859 | 856,458 | 885,087 | 887,430 | 0.3% |
| Non Departmental | 4,635,814 | 3,757,675 | 3,098,504 | 3,449,182 | 11.3% |
| Human Resources | 632,584 | 667,283 | 744,887 | 750,802 | 0.8% |
| Information Technology | 5,043,169 | 5,127,616 | 6,021,164 | 5,969,593 | -0.9% |
| Legal | 1,071,067 | 1,139,202 | 1,193,587 | 1,075,855 | -9.9% |
| Parks and Recreation | 4,464,202 | 4,646,070 | 4,950,510 | 5,654,538 | 14.2% |
| Police | 19,147,662 | 18,050,484 | 21,333,810 | 20,595,219 | -3.5% |
| Public Works | 6,535,148 | 6,133,031 | 6,551,005 | 6,756,365 | 3.1% |
| Town Court | 985,129 | 1,019,285 | 1,181,757 | 1,126,278 | -4.7% |
| Town Manager's Office | 1,596,585 | 1,654,950 | 1,738,771 | 1,854,148 | 6.6% |
| ***Subtotal*** | **49,074,267** | **47,435,129** | **52,636,531** | **53,018,570** | **0.7%** |
| **Special Revenue Funds** | | | | | |
| Community Center Fund | 8,964,043 | 9,299,757 | 10,914,333 | 8,897,129 | -18.5% |
| Highway User Revenue Fund | 6,215,406 | 7,449,056 | 7,456,153 | 7,750,951 | 4.0% |
| Seizures & Forfeitures Funds | 44,983 | - | 100,000 | 100,000 | 0.0% |
| ***Subtotal*** | **15,224,433** | **16,748,814** | **18,470,486** | **16,748,080** | **-9.3%** |
| **Debt Service Funds** | | | | | |
| Municipal Debt Service Fund | 4,037,583 | 4,029,508 | 4,023,070 | 3,707,070 | -7.9% |
| ***Subtotal*** | **4,037,583** | **4,029,508** | **4,023,070** | **3,707,070** | **-7.9%** |
| **Capital Project Funds** | | | | | |
| Capital Fund | 18,579,704 | 5,955,281 | 6,417,864 | 7,103,904 | 10.7% |
| Grants & Contributions Fund | 2,155,712 | 714,712 | 1,942,500 | 1,009,400 | 0.0% |
| Roadway Impact Fee Fund | 1,157 | 766,446 | 751,232 | 655,294 | -12.8% |
| PAG/RTA Fund | 471,950 | 43,043 | 155,000 | 1,080,000 | 596.8% |
| Parks and Recreation Impact Fee Fund | 600,540 | 959 | 252,001 | 302,471 | 20.0% |
| Police Impact Fee Fund | 154 | 274 | 572 | 707 | 23.6% |
| ***Subtotal*** | **21,809,218** | **7,480,715** | **9,519,169** | **10,151,776** | **6.6%** |
| **Enterprise Funds** | | | | | |
| Water Utility | 14,311,300 | 15,728,526 | 21,756,516 | 22,167,060 | 1.9% |
| Water Resources Dev. Impact Fee | 11,226,516 | 14,369,224 | 25,950,132 | 7,116,054 | -72.6% |
| Stormwater Utility | 1,334,818 | 1,216,706 | 2,153,013 | 2,374,474 | 10.3% |
| ***Subtotal*** | **26,872,634** | **31,314,456** | **49,859,661** | **31,657,588** | **-36.5%** |
| **Internal Service Funds** | | | | | |
| Benefit Self Insurance | 3,747,088 | 4,286,514 | 4,884,557 | 5,040,065 | 3.2% |
| ***Subtotal*** | **3,747,088** | **4,286,514** | **4,884,557** | **5,040,065** | **3.2%** |
| **Total Expenditures - All Funds** | **$ 120,765,221** | **$ 111,295,135** | **$ 139,393,474** | **$ 120,323,149** | **-13.7%** |

*Note: Does not include depreciation, amortization, interfund transfers or contingency amounts*

## Fiscal Year 2026/27

# General Fund
# Fund Summary

| | FY 2026 Budget | FY 2026 Projected | FY 2027 Budget | Variance with Budget ($) | Variance with Budget (%) |
|---|---|---|---|---|---|
| **Revenues and Other Sources** | | | | | |
| Local Taxes | 28,497,187 | 27,837,339 | 29,734,120 | 1,236,933 | 4.3% |
| Licenses and Permits | 2,116,123 | 2,317,479 | 1,736,631 | (379,492) | -17.9% |
| Federal Grants | 375,000 | 581,368 | 475,000 | 100,000 | 26.7% |
| State Grants | 91,851 | 146,851 | 146,851 | 55,000 | 59.9% |
| State Shared Revenues | 19,863,884 | 19,809,058 | 21,172,646 | 1,308,762 | 6.6% |
| Intergovernmental | 2,320,362 | 2,320,362 | 2,296,060 | (24,302) | -1.0% |
| Charges for Services | 3,050,223 | 3,165,401 | 3,246,684 | 196,461 | 6.4% |
| Fines | 68,680 | 56,000 | 68,680 | - | 0.0% |
| Interest Income | 637,500 | 650,000 | 627,531 | (9,969) | -1.6% |
| Miscellaneous | 210,300 | 218,100 | 140,800 | (69,500) | -33.0% |
| **Total** | **$ 57,231,110** | **$ 57,101,958** | **$ 59,645,003** | **$ 2,413,893** | **4.2%** |
| **Expenditures and Other Uses** | | | | | |
| Personnel | 37,473,980 | 36,218,440 | 36,860,595 | (613,385) | -1.6% |
| Operations & Maintenance | 14,951,551 | 14,452,790 | 16,132,975 | 1,181,424 | 7.9% |
| Capital Outlay | 211,000 | 211,000 | 25,000 | (186,000) | -88.2% |
| Transfer to Capital Fund | 5,000,000 | 7,000,000 | 4,000,000 | (1,000,000) | -20.0% |
| Transfer to Grants Fund | 127,750 | 127,750 | 123,200 | (4,550) | -3.6% |
| Transfer to Debt Service Fund | 2,160,529 | 3,703,829 | 3,570,686 | 1,410,157 | 65.3% |
| **Total** | **$ 59,924,810** | **$ 61,713,809** | **$ 60,712,456** | **$ 787,646** | **1.3%** |
| Increase/(Decrease) | $ (2,693,700) | $ (4,611,851) | $ (1,067,453) | | |
| Beginning Fund Balance | | | 16,090,550 | | |
| **Ending Fund Balance** | | | 15,023,098 | | |
| Reserve (25% of Expenditures) | | | 13,254,643 | | |

**Fiscal Year 2026/27**

# Community Center Fund
# Fund Summary

| | FY 2026 Budget | FY 2026 Projected | FY 2027 Budget | Variance with Budget ($) | Variance with Budget (%) |
|---|---|---|---|---|---|
| **Revenues and Other Sources** | | | | | |
| Local Sales Tax | 3,972,920 | 593,099 | - | (3,972,920) | -100.0% |
| Charges for Services | 7,159,243 | 8,279,276 | 8,704,286 | 1,545,043 | 21.6% |
| Interest Income | 22,500 | 50,000 | 21,150 | (1,350) | -6.0% |
| Miscellaneous | 37,550 | 37,802 | 3,500 | (34,050) | -90.7% |
| **Total** | **$ 11,192,213** | **$ 8,960,177** | **$ 8,728,936** | **$ (2,463,277)** | **-22.0%** |
| **Expenditures and Other Uses** | | | | | |
| Personnel | 1,303,239 | 1,277,010 | 1,444,830 | 141,591 | 10.9% |
| Operations & Maintenance | 6,738,334 | 6,747,177 | 7,048,974 | 310,640 | 4.6% |
| Debt Service | 229,060 | 290,304 | 253,325 | 24,265 | 10.6% |
| Capital Outlay | 2,643,700 | 2,360,700 | 150,000 | (2,493,700) | -94.3% |
| Transfer to Debt Service Fund | 1,716,268 | 172,968 | - | (1,716,268) | -100.0% |
| **Total** | **$ 12,630,601** | **$ 10,848,159** | **$ 8,897,129** | **$ (3,733,472)** | **-29.6%** |
| Increase/(Decrease) | $ (1,438,388) | $ (1,887,982) | $ (168,193) | | |
| Beginning Fund Balance | | | $ 1,033,918 | | |
| **Ending Fund Balance** | | | **$ 865,726** | | |

**Fiscal Year 2026/27**

# Community Center Fund - CRC Operations
# Fund Summary

| | FY 2026 Budget | FY 2026 Projected | FY 2027 Budget | Variance with Budget ($) | Variance with Budget (%) |
|---|---|---|---|---|---|
| **Revenues and Other Sources** | | | | | |
| Local Sales Tax | 3,972,920 | 593,099 | - | (3,972,920) | -100.0% |
| Charges for Services | 1,534,165 | 1,675,276 | 1,824,962 | 290,797 | 19.0% |
| Interest Income | 22,500 | 50,000 | 21,150 | (1,350) | -6.0% |
| Miscellaneous | 3,500 | 3,752 | 3,500 | - | 0.0% |
| **Total** | **$ 5,533,085** | **$ 2,322,127** | **$ 1,849,612** | **$ (3,683,473)** | **-66.6%** |
| **Expenditures and Other Uses** | | | | | |
| Personnel | 1,303,239 | 1,300,447 | 1,444,830 | 141,591 | 10.9% |
| Operations & Maintenance | 1,188,257 | 1,088,397 | 817,169 | (371,088) | -31.2% |
| Debt Service | 50,500 | 50,500 | 18,900 | (31,600) | -62.6% |
| Capital Outlay | 2,013,700 | 1,678,700 | 50,000 | (1,963,700) | -97.5% |
| Transfer to Debt Service Fund | 1,716,268 | 172,968 | - | (1,716,268) | -100.0% |
| **Total** | **$ 6,271,964** | **$ 4,291,012** | **$ 2,330,899** | **$ (3,941,065)** | **-62.8%** |
| Increase/(Decrease) | $ (738,879) | $ (1,968,885) | $ (481,287) | | |
| Beginning Fund Balance | | | $ 653,015 | | |
| **Ending Fund Balance** | | | **$ 171,728** | | |

**Fiscal Year 2026/27**

# Community Center Fund - Golf Operations
# Fund Summary

| | FY 2026 Budget | FY 2026 Projected | FY 2027 Budget | Variance with Budget ($) | Variance with Budget (%) |
|---|---|---|---|---|---|
| **Revenues and Other Sources** | | | | | |
| Charges for Services | 5,625,078 | 6,604,000 | 6,879,324 | 1,254,246 | 22.3% |
| Miscellaneous | 34,050 | 34,050 | - | (34,050) | -100.0% |
| **Total** | **$ 5,659,128** | **$ 6,638,050** | **$ 6,879,324** | **$ 1,220,196** | **21.6%** |
| **Expenditures and Other Uses** | | | | | |
| Operations & Maintenance | 5,550,077 | 5,749,678 | 6,231,805 | 681,728 | 12.3% |
| Debt Service (Leases) | 178,560 | 239,804 | 234,425 | 55,865 | 31.3% |
| Capital Outlay | 630,000 | 682,000 | 100,000 | (530,000) | -84.1% |
| **Total** | **$ 6,358,637** | **$ 6,671,482** | **$ 6,566,230** | **$ 207,593** | **3.3%** |
| Increase/(Decrease) | $ (699,509) | $ (33,432) | $ 313,094 | | |
| Beginning Fund Balance | | | $ 266,568 | | |
| **Ending Fund Balance** | | | **$ 579,662** | | |

## Fiscal Year 2026/27

# Highway Fund
# Fund Summary

| | FY 2026 Budget | FY 2026 Projected | FY 2027 Budget | Variance with Budget ($) | Variance with Budget (%) |
|---|---|---|---|---|---|
| **Revenues and Other Sources** | | | | | |
| Licenses and Permits | 30,000 | 40,000 | 35,350 | 5,350 | 17.8% |
| State Shared Revenues (HURF) | 4,456,367 | 4,290,852 | 4,573,619 | 117,252 | 2.6% |
| Interest Income | 99,000 | 140,000 | 161,202 | 62,202 | 62.8% |
| Miscellaneous | 2,500 | 50,489 | 2,500 | - | 0.0% |
| Transfer from Capital Fund | 2,000,000 | 2,000,000 | 3,000,000 | 1,000,000 | 50.0% |
| **Total** | **$ 6,587,867** | **$ 6,521,341** | **$ 7,772,671** | **$ 1,184,804** | **18.0%** |
| **Expenditures and Other Uses** | | | | | |
| Personnel | 1,348,218 | 1,349,962 | 1,397,470 | 49,252 | 3.7% |
| Operations & Maintenance | 1,317,935 | 1,376,757 | 1,246,991 | (70,944) | -5.4% |
| Capital Outlay | 4,790,000 | 3,378,385 | 5,106,490 | 316,490 | 6.6% |
| **Total** | **$ 7,456,153** | **$ 6,105,105** | **$ 7,750,951** | **$ 294,798** | **4.0%** |
| Increase/(Decrease) | $ (868,286) | $ 416,236 | $ 21,720 | | |
| Beginning Fund Balance | | | $ 2,015,023 | | |
| **Ending Fund Balance** | | | **$ 2,036,743** | | |

## Fiscal Year 2026/27

# Seizures & Forfeitures Fund
# Fund Summary

| | FY 2026 Budget | FY 2026 Projected | FY 2027 Budget | Variance with Budget ($) | Variance with Budget (%) |
|---|---|---|---|---|---|
| **Revenues and Other Sources** | | | | | |
| Seizures and Forfeitures | 20,000 | 13,378 | 20,000 | - | 0.0% |
| Interest Income | 20,000 | 19,000 | 20,000 | - | 0.0% |
| **Total** | **$ 40,000** | **$ 32,378** | **$ 40,000** | **$ -** | **0.0%** |
| **Expenditures and Other Uses** | | | | | |
| Operations & Maintenance | 100,000 | 35,000 | 100,000 | - | 0.0% |
| **Total** | **$ 100,000** | **$ 35,000** | **$ 100,000** | **$ -** | **0.0%** |
| Increase/(Decrease) | $ (60,000) | $ (2,622) | $ (60,000) | | |
| Beginning Fund Balance | | | $ 399,360 | | |
| **Ending Fund Balance** | | | **$ 339,360** | | |

**Fiscal Year 2026/27**

# Municipal Debt Service Fund
# Fund Summary

| | FY 2026 Budget | FY 2026 Projected | FY 2027 Budget | Variance with Budget ($) | Variance with Budget (%) |
|---|---|---|---|---|---|
| **Revenues and Other Sources** | | | | | |
| Federal Subsidy | 14,504 | 12,133 | 8,836 | (5,668) | -39.1% |
| Interest Income | 32,000 | 25,000 | 30,000 | (2,000) | -6.3% |
| Miscellaneous | 80,000 | 120,000 | 80,000 | - | 0.0% |
| Transfer from General Fund | 3,703,829 | 3,703,829 | 3,570,686 | (133,143) | -3.6% |
| Transfer from Police Impact Fee Fund | 38,765 | 38,765 | 34,696 | (4,069) | -10.5% |
| Transfer from Comm Center Fund | 172,968 | 172,968 | - | (172,968) | -100.0% |
| Transfer from Water Utility Fund | 3,004 | 3,004 | 2,852 | (152) | -5.0% |
| **Total** | **$ 4,045,070** | **$ 4,075,699** | **$ 3,727,070** | **$ (318,000)** | **-7.9%** |
| **Expenditures and Other Uses** | | | | | |
| Operations & Maintenance | 10,000 | 9,000 | 10,000 | - | 0.0% |
| Debt Service | 4,013,070 | 4,013,071 | 3,697,070 | (316,000) | -7.9% |
| **Total** | **$ 4,023,070** | **$ 4,022,071** | **$ 3,707,070** | **$ (316,000)** | **-7.9%** |
| Increase/(Decrease) | $ 22,000 | $ 53,628 | $ 20,000 | | |
| Beginning Fund Balance | | | $ 107,428 | | |
| **Ending Fund Balance** | | | **$ 127,428** | | |

# Fiscal Year 2026/27

## Capital Fund
## Fund Summary

| | FY 2026 Budget | FY 2026 Projected | FY 2027 Budget | Variance with Budget ($) | Variance with Budget (%) |
|---|---|---|---|---|---|
| **Revenues and Other Sources** | | | | | |
| Interest Income | 470,000 | 550,000 | 442,944 | (27,056) | -5.8% |
| Miscellaneous | 40,000 | 328,094 | 80,000 | 40,000 | 100.0% |
| Vehicle Reserves | 1,028,926 | 1,028,926 | 1,116,470 | 87,544 | 8.5% |
| Transfer from General Fund | 5,000,000 | 7,000,000 | 4,000,000 | (1,000,000) | -20.0% |
| **Total** | **$ 6,538,926** | **$ 8,907,020** | **$ 5,639,414** | **$ (899,512)** | **-13.8%** |
| **Expenditures and Other Uses** | | | | | |
| Operations & Maintenance | - | 30,000 | - | - | 0.0% |
| Capital Outlay | 6,417,864 | 5,772,912 | 7,103,904 | 686,040 | 10.7% |
| Transfer to Grants Fund | 234,200 | 234,200 | - | (234,200) | -100.0% |
| Transfer to Highway Fund | 2,000,000 | 2,000,000 | 3,000,000 | 1,000,000 | 50.0% |
| **Total** | **$ 8,652,064** | **$ 8,037,112** | **$ 10,103,904** | **$ 1,451,840** | **16.8%** |
| Increase/(Decrease) | $ (2,113,138) | $ 869,908 | $ (4,464,490) | | |
| Beginning Fund Balance | | | 17,717,774 | | |
| **Ending Fund Balance** | | | **$ 13,253,284** | | |

**Fiscal Year 2026/27**

# Grants & Contributions Fund
# Fund Summary

| | FY 2026 Budget | FY 2026 Projected | FY 2027 Budget | Variance with Budget ($) | Variance with Budget (%) |
|---|---|---|---|---|---|
| **Revenues and Other Sources** | | | | | |
| Federal Grants | 1,019,550 | 292,318 | 83,200 | (936,350) | -91.8% |
| State Grants | 103,400 | 102,154 | 340,400 | 237,000 | 229.2% |
| Interest Income | 6,000 | 18,384 | 19,000 | 13,000 | 216.7% |
| Miscellaneous | 561,000 | - | 566,000 | 5,000 | 0.9% |
| Transfer from General Fund | 127,750 | 127,750 | 123,200 | (4,550) | -3.6% |
| Transfer from Capital Fund | 234,200 | 59,109 | - | (234,200) | -100.0% |
| **Total** | **$ 2,051,900** | **$ 599,715** | **$ 1,131,800** | **$ (920,100)** | **-44.8%** |
| **Expenditures and Other Uses** | | | | | |
| Operations & Maintenance | 771,500 | 238,896 | 1,009,400 | 237,900 | 30.8% |
| Capital Outlay | 1,171,000 | 336,442 | - | (1,171,000) | -100.0% |
| **Total** | **$ 1,942,500** | **$ 575,338** | **$ 1,009,400** | **$ (933,100)** | **-48.0%** |
| Increase/(Decrease) | $ 109,400 | $ 24,377 | $ 122,400 | | |
| Beginning Fund Balance | | | $ 85,164 | | |
| **Ending Fund Balance** | | | **$ 207,564** | | |

**Fiscal Year 2026/27**

# Townwide Roadway Development Impact Fee Fund
# Fund Summary

| | FY 2026 Budget | FY 2026 Projected | FY 2027 Budget | Variance with Budget ($) | Variance with Budget (%) |
|---|---|---|---|---|---|
| **Revenues and Other Sources** | | | | | |
| Impact Fees | 488,915 | 625,952 | 192,255 | (296,660) | -60.7% |
| Interest Income | 100,000 | 110,000 | 100,000 | - | 0.0% |
| **Total** | **$ 588,915** | **$ 735,952** | **$ 292,255** | **$ (296,660)** | **-50.4%** |
| **Expenditures and Other Uses** | | | | | |
| Operations & Maintenance | 4,287 | 4,287 | 5,294 | 1,007 | 23.5% |
| Capital Outlay | 746,945 | - | 650,000 | (96,945) | -13.0% |
| Transfer To PAG/RTA Fund | - | - | 1,000,000 | | |
| **Total** | **$ 751,232** | **$ 4,287** | **$ 1,655,294** | **$ 904,062** | **120.3%** |
| Increase/(Decrease) | $ (162,317) | $ 731,665 | $ (1,363,039) | | |
| Beginning Fund Balance | | | $ 3,826,696 | | |
| **Ending Fund Balance** | | | **$ 2,463,657** | | |

## Fiscal Year 2026/27

# PAG/RTA Fund
# Fund Summary

| | FY 2026 Budget | FY 2026 Projected | FY 2027 Budget | Variance with Budget ($) | Variance with Budget (%) |
|---|---|---|---|---|---|
| **Revenues and Other Sources** | | | | | |
| State Grants | 30,000 | 20,538 | 130,000 | 100,000 | 333.3% |
| Interest Income | 14,000 | 13,720 | 15,000 | 1,000 | 7.1% |
| Transfer from Roadway Imp Fee Fund | - | - | 1,000,000 | 1,000,000 | 0.0% |
| **Total** | **$ 44,000** | **$ 34,258** | **$ 1,145,000** | **$ 1,101,000** | **2502.3%** |
| **Expenditures and Other Uses** | | | | | |
| Operations & Maintenance | 80,000 | 67,290 | 80,000 | - | 0.0% |
| Capital Outlay | 75,000 | 70,000 | 1,000,000 | 925,000 | 1233.3% |
| **Total** | **$ 155,000** | **$ 137,290** | **$ 1,080,000** | **$ 925,000** | **596.8%** |
| Increase/(Decrease) | (111,000) | (103,032) | 65,000 | | |
| Beginning Fund Balance | | | $ 343,894 | | |
| **Ending Fund Balance** | | | **$ 408,894** | | |

**Fiscal Year 2026/27**

# Parks and Recreation Impact Fee Fund
# Fund Summary

| | FY 2026 Budget | FY 2026 Projected | FY 2027 Budget | Variance with Budget ($) | Variance with Budget (%) |
|---|---|---|---|---|---|
| **Revenues and Other Sources** | | | | | |
| Impact Fees | 364,897 | 382,217 | 109,463 | (255,434) | -70.0% |
| Interest Income | 18,000 | 16,000 | 19,000 | 1,000 | 5.6% |
| **Total** | **$ 382,897** | **$ 398,217** | **$ 128,463** | **$ (254,434)** | **-66.4%** |
| **Expenditures and Other Uses** | | | | | |
| Operations & Maintenance | 2,001 | 2,001 | 2,471 | 470 | 23.5% |
| Capital Outlay | 250,000 | - | 300,000 | 50,000 | 20.0% |
| **Total** | **$ 252,001** | **$ 2,001** | **$ 302,471** | **$ 50,470** | **20.0%** |
| Increase/(Decrease) | $ 130,896 | $ 396,216 | $ (174,008) | | |
| Beginning Fund Balance | | | $ 777,254 | | |
| **Ending Fund Balance** | | | **$ 603,246** | | |

**Fiscal Year 2026/27**

# Police Impact Fee Fund
# Fund Summary

| | FY 2026 Budget | FY 2026 Projected | FY 2027 Budget | Variance with Budget ($) | Variance with Budget (%) |
|---|---|---|---|---|---|
| **Revenues and Other Sources** | | | | | |
| Impact Fees | 104,596 | 140,087 | 36,203 | (68,393) | -65.4% |
| Interest Income | 3,000 | 3,600 | 4,000 | 1,000 | 33.3% |
| **Total** | **$ 107,596** | **$ 143,687** | **$ 40,203** | **$ (67,393)** | **-62.6%** |
| **Expenditures and Other Uses** | | | | | |
| Operations & Maintenance | 572 | 572 | 707 | 135 | 23.6% |
| Transfer to Debt Service Fund | 38,765 | 38,765 | 34,696 | (4,069) | -10.5% |
| **Total** | **$ 39,337** | **$ 39,337** | **$ 35,403** | **$ (3,934)** | **-10.0%** |
| Increase/(Decrease) | $ 68,259 | $ 104,350 | $ 4,800 | | |
| Beginning Fund Balance | | | $ 227,265 | | |
| **Ending Fund Balance** | | | **$ 232,065** | | |

## Fiscal Year 2026/27

# Recreation In Lieu Fee Fund
# Fund Summary

| | FY 2026 Budget | FY 2026 Projected | FY 2027 Budget | Variance with Budget ($) | Variance with Budget (%) |
|---|---|---|---|---|---|
| **Revenues and Other Sources** | | | | | |
| Interest Income | 800 | 1,400 | 1,450 | 650 | 81.3% |
| **Total** | **$ 800** | **$ 1,400** | **$ 1,450** | **$ 650** | **81.3%** |
| **Expenditures and Other Uses** | | | | | |
| Capital Outlay | - | - | - | - | 0.0% |
| **Total** | **$ -** | **$ -** | **$ -** | **$ -** | **0.0%** |
| Increase/(Decrease) | $ 800 | $ 1,400 | $ 1,450 | | |
| Beginning Fund Balance | | | 53,418 | | |
| **Ending Fund Balance** | | | **$ 54,868** | | |

**Fiscal Year 2026/27**

# Benefit Self Insurance Fund
# Fund Summary

| | FY 2026 Budget | FY 2026 Projected | FY 2027 Budget | Variance with Budget ($) | Variance with Budget (%) |
|---|---|---|---|---|---|
| **Revenues and Other Sources** | | | | | |
| Self Ins Premiums - Employer | 2,905,585 | 2,877,616 | 3,300,000 | 394,415 | 13.6% |
| Self Ins Premiums - Employee | 536,783 | 461,586 | 619,223 | 82,440 | 15.4% |
| COBRA Premiums | 45,000 | 48,554 | 45,000 | - | 0.0% |
| Retiree Premiums | 36,251 | 18,745 | 19,120 | (17,131) | -47.3% |
| Interest Income | 120,000 | 158,000 | 119,000 | (1,000) | -0.8% |
| Miscellaneous | 435,757 | 375,572 | 441,300 | 5,543 | 1.3% |
| **Total** | **$ 4,079,376** | **$ 3,940,073** | **$ 4,543,643** | **$ 464,267** | **11.4%** |
| **Expenditures and Other Uses** | | | | | |
| Outside Professional Services | 1,099,067 | 1,099,067 | 1,104,610 | 5,543 | 0.5% |
| Wellness Program | 169,000 | 169,000 | 169,000 | - | 0.0% |
| Claim Settlement | 3,616,490 | 3,747,069 | 3,766,455 | 149,965 | 4.1% |
| **Total** | **$ 4,884,557** | **$ 5,015,136** | **$ 5,040,065** | **$ 155,508** | **3.2%** |
| Increase/(Decrease) | (805,181) | (1,075,063) | $ (496,422) | | |
| Beginning Fund Balance | | 3,995,323 | $ 2,920,260 | | |
| **Ending Fund Balance** | | | **$ 2,423,838** | | |

## Fiscal Year 2026/27

# Water Utility Fund
# Fund Summary

| | FY 2026 Budget | FY 2026 Projected | FY 2027 Budget | Variance with Budget ($) | Variance with Budget (%) |
|---|---|---|---|---|---|
| **Revenues and Other Sources** | | | | | |
| Charges for Services | 3,457,000 | 3,428,800 | 3,427,500 | (29,500) | -0.9% |
| Federal Grants | - | 841,639 | - | - | 0.0% |
| Interest Income | 100,000 | 400,000 | 245,000 | 145,000 | 145.0% |
| Miscellaneous | 20,000 | 22,388 | - | (20,000) | -100.0% |
| Water Sales | 18,511,000 | 18,752,246 | 19,435,000 | 924,000 | 5.0% |
| Loan Proceeds | - | 4,807,200 | - | - | 0.0% |
| **Total** | **$ 22,088,000** | **$ 28,252,273** | **$ 23,107,500** | **$ 1,019,500** | **4.6%** |
| **Expenses and Other Uses** | | | | | |
| Personnel | 3,985,725 | 3,783,194 | 4,112,071 | 126,346 | 3.2% |
| Operations & Maintenance | 11,552,175 | 10,886,670 | 11,957,720 | 405,545 | 3.5% |
| Capital Outlay | 2,327,639 | 2,320,896 | 2,270,000 | (57,639) | -2.5% |
| Debt Service | 3,890,977 | 3,890,977 | 3,827,269 | (63,708) | -1.6% |
| Transfer to Debt Service Fund | 3,004 | 3,004 | 2,852 | (152) | -5.0% |
| Transfer to Impact Fee Fund | 9,880,000 | 9,880,000 | 2,400,000 | (7,480,000) | -75.7% |
| **Cash Total *** | **$ 31,639,520** | **$ 30,764,740** | **$ 24,569,912** | **$ (7,069,608)** | **-22.3%** |
| Increase/(Decrease) | $ (9,551,520) | $ (2,512,467) | $ (1,462,412) | | |
| Beginning Fund Balance | | | 6,546,045 | | |
| **Ending Fund Balance** | | | **$ 5,083,632** | | |

* Total expenses less non-cash outlays for depreciation & amortization

**Fiscal Year 2026/27**

# Water Resource and System Development Impact Fee Fund
## Fund Summary

| | FY 2026 Budget | FY 2026 Projected | FY 2027 Budget | Variance with Budget ($) | Variance with Budget (%) |
|---|---|---|---|---|---|
| **Revenues and Other Sources** | | | | | |
| Federal Grants | - | 1,262,459 | - | - | 0.0% |
| Impact Fees | 930,078 | 853,919 | 815,019 | (115,059) | -12.4% |
| Interest Income | 175,000 | 180,000 | 150,000 | (25,000) | -14.3% |
| Loan Proceeds | - | 7,210,800 | - | - | 0.0% |
| Transfer From Water Utility Fund | 9,880,000 | 9,880,000 | 2,400,000 | (7,480,000) | -75.7% |
| **Total** | **$ 10,985,078** | **$ 19,387,178** | **$ 3,365,019** | **$ (7,620,059)** | **-69.4%** |
| **Expenditures and Other Uses** | | | | | |
| Operations & Maintenance | 181,144 | 181,144 | 184,232 | 3,088 | 1.7% |
| Debt Service | 804,494 | 804,494 | 931,822 | 127,328 | 15.8% |
| Capital Outlay | 24,964,494 | 18,964,494 | 6,000,000 | (18,964,494) | -76.0% |
| **Total** | **$ 25,950,132** | **$ 19,950,132** | **$ 7,116,054** | **$ (18,834,078)** | **-72.6%** |
| Increase/(Decrease) | $ (14,965,054) | $ (562,954) | $ (3,751,035) | | |
| Beginning Fund Balance | | | $ 7,542,015 | | |
| **Ending Fund Balance** | | | **$ 3,790,980** | | |

## Fiscal Year 2026/27

# Stormwater Utility Fund
# Fund Summary

| | FY 2026 Budget | FY 2026 Projected | FY 2027 Budget | Variance with Budget ($) | Variance with Budget (%) |
|---|---|---|---|---|---|
| **Revenues and Other Sources** | | | | | |
| Federal Grants | 239,200 | 210,991 | 280,942 | - | 17.5% |
| Charges for Services | 1,527,000 | 1,543,429 | 1,758,800 | 231,800 | 15.2% |
| Interest Income | 20,000 | 48,000 | 45,000 | 25,000 | 125.0% |
| **Total** | **$ 1,786,200** | **$ 1,802,420** | **$ 2,084,742** | **$ 298,542** | **16.7%** |
| **Expenses and Other Uses** | | | | | |
| Personnel | 990,258 | 956,665 | 982,013 | (8,245) | -0.8% |
| Operations & Maintenance | 444,755 | 356,886 | 456,445 | 11,690 | 2.6% |
| Capital Outlay | 718,000 | 81,855 | 936,016 | 218,016 | 30.4% |
| **Cash Total *** | **$ 2,153,013** | **$ 1,395,406** | **$ 2,374,474** | **$ 221,461** | **10.3%** |
| Increase/(Decrease) | $ (366,813) | $ 407,014 | $ (289,732) | | |
| Beginning Fund Balance | | | 1,643,746 | | |
| **Ending Fund Balance** | | | **$ 1,354,014** | | |

* Total expenses less non-cash outlays for depreciation & amortization

# Town of Oro Valley 10-Year Capital Improvement Program - Tentative Budget

## CIP Project Listing by Category

* Denotes a project with carryforward funding from the prior year

| | Funding Source | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 | 2032/33 | 2033/34 | 2034/35 | 2035/36 | 10-Year Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Parks & Recreation** | | **3,429,995** | **2,945,000** | **930,000** | **1,245,000** | **515,000** | **3,837,000** | **735,000** | **945,000** | **500,000** | **5,490,000** | **20,571,995** |
| 36 Hole - Canada #16 Lake Dredging | Community Center Fund | - | - | - | - | - | 90,000 | - | - | - | - | **90,000** |
| 36 Hole - Canada Fairway Bunkers | Community Center Fund | - | - | - | - | - | - | - | - | - | 300,000 | **300,000** |
| 36 Hole - Canada Greens Conversion to Tiff Eagle | Community Center Fund | - | 800,000 | - | - | - | - | - | - | - | - | **800,000** |
| 36 Hole - Canada Greenside Bunker Project | Community Center Fund | - | 750,000 | - | - | - | - | - | - | - | - | **750,000** |
| 36 Hole - Conquistador Fairway Bunkers | Community Center Fund | - | - | - | - | - | - | - | - | 300,000 | - | **300,000** |
| 36 Hole - Conquistador Greenside Bunker Project | Community Center Fund | - | - | - | 750,000 | - | - | - | - | - | - | **750,000** |
| 36 Hole - Ditch Witch - Trencher | Community Center Fund | - | - | - | - | - | - | 65,000 | - | - | - | **65,000** |
| 36 Hole - Greenmaster Mowers Replacement - Reelmaster 5510D (Fairway Unit) | Community Center Fund | - | 115,000 | - | 125,000 | - | - | - | 135,000 | - | - | **375,000** |
| 36 Hole - Greenmaster Mowers Replacement - TriFlex 3300 Hydraulic (Greens Unit) 2@$60K | Community Center Fund | - | - | 130,000 | - | 140,000 | - | - | 150,000 | - | - | **420,000** |
| 36 Hole - John Deere 5510 Tractor with Backhoe - Wash Repair, irrigation mainlines | Community Center Fund | - | - | - | - | - | - | - | 100,000 | - | - | **100,000** |
| 36 Hole - John Deere Turf Gator (replace Cushman1200X - Crew Transportation Carts) | Community Center Fund | - | 65,000 | - | 70,000 | - | - | - | - | - | 75,000 | **210,000** |
| 36 Hole - Kubota MX5200 - Tractor (Spread Fert & Aerify Fairways) | Community Center Fund | - | - | - | - | - | - | - | - | 100,000 | - | **100,000** |
| 36 Hole - Procore 648 (Greens Aerifier) | Community Center Fund | - | - | - | - | 100,000 | - | - | - | - | 110,000 | **210,000** |
| 36 Hole - Toro 3500D (Sidewinder) Mowing Green Surrounds | Community Center Fund | - | - | - | - | - | - | 75,000 | - | - | - | **75,000** |
| 36 Hole - Toro 4500D Rough Mowing Units | Community Center Fund | - | - | - | - | - | 135,000 | - | - | - | 145,000 | **280,000** |
| 36 Hole - Toro Multi Pro 5800 - Chemical Spray Applications | Community Center Fund | - | - | - | - | - | 90,000 | - | - | - | - | **90,000** |
| 36 Hole - Toro Workman HDX - Heavy Duty for Hauling Equipment Pull Top Dresser | Community Center Fund | - | 30,000 | - | - | - | - | - | 60,000 | - | 60,000 | **150,000** |
| Community Center Audio System Upgrade | Community Center Fund | - | - | 100,000 | - | - | - | - | - | - | - | **100,000** |

**CIP Project Listing by Category**

* Denotes a project with carryforward funding from the prior year

| | Funding Source | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 | 2032/33 | 2033/34 | 2034/35 | 2035/36 | 10-Year Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Parks & Recreation (continued)** | | | | | | | | | | | | |
| Community Center Flat Roof Surface Replacement | Community Center Fund | - | 200,000 | - | 200,000 | - | 200,000 | - | 200,000 | - | 200,000 | **1,000,000** |
| CRC Fitness Exterior Window Replacement | Community Center Fund | - | - | - | - | - | 100,000 | - | - | - | - | **100,000** |
| CRC Pool Deck and Equipment Renovation | Community Center Fund | - | 100,000 | - | - | - | - | - | - | - | - | **100,000** |
| CRC Showers ADA Compliance | Community Center Fund | - | - | - | - | - | 44,000 | 220,000 | - | - | - | **264,000** |
| Golf Maintenance - Parking Lot Reconstruction | Community Center Fund | - | - | - | - | - | 300,000 | - | - | - | - | **300,000** |
| Golf Maintenance Facility Siding Replacement and Exterior Painting | Community Center Fund | - | 100,000 | - | - | - | - | - | - | - | - | **100,000** |
| James D. Kriegh Park - North Parking Lot Improvements | Capital Fund | 375,000 | - | - | - | - | - | - | - | - | - | **375,000** |
| James D. Kriegh Park Field Lighting | Capital Fund | - | - | - | - | 50,000 | 2,000,000 | - | - | - | - | **2,050,000** |
| MUP Big Wash Trailhead Improvements | Parks&Rec Impact Fee Fund | - | 250,000 | - | - | - | - | - | - | - | - | **250,000** |
| Naranja Park Basketball Courts | Capital Fund | - | - | - | - | - | - | - | - | - | 500,000 | **500,000** |
| Naranja Park Fields 7 & 8 | Capital Fund | - | - | - | - | - | - | - | - | - | 4,000,000 | **4,000,000** |
| Naranja Park Shade* | Parks&Rec Impact Fee Fund | 300,000 | - | - | - | - | - | - | - | - | - | **300,000** |
| OVAC Diving Board and Dive Block Replacement | Capital Fund | - | - | - | - | - | 136,000 | - | - | - | - | **136,000** |
| OVAC Olympic Pool Heater Replacement | Capital Fund | - | - | 500,000 | - | - | - | - | - | - | - | **500,000** |
| OVAC Pool Replastering | Capital Fund | - | - | - | - | - | - | - | 200,000 | - | - | **200,000** |
| OVAC Pump Room Upgrades - Phase Two | Capital Fund | 90,000 | - | - | - | - | - | - | - | - | - | **90,000** |
| Parks Maintenance Mower Replacement | Capital Fund | 115,000 | - | - | - | - | - | - | - | - | - | **115,000** |
| Pavement Preservation - CRC Parking Lot | Community Center Fund | 50,000 | 60,000 | - | - | - | - | - | - | - | - | **110,000** |
| Pusch Ridge Golf - Hole #1 Rip-Rap for erosion control and beautification | Community Center Fund | 100,000 | - | - | - | - | - | - | - | - | - | **100,000** |

**CIP Project Listing by Category**

* Denotes a project with carryforward funding from the prior year

| | Funding Source | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 | 2032/33 | 2033/34 | 2034/35 | 2035/36 | 10-Year Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Parks & Recreation (continued)** | | | | | | | | | | | | |
| Pusch Ridge Golf - Toro 4500D Rough Mowing Units | Community Center Fund | - | - | - | - | 125,000 | - | - | - | - | - | **125,000** |
| Pusch Ridge Golf Course Pavement Preservation | Community Center Fund | - | 275,000 | - | - | - | - | - | - | - | - | **275,000** |
| Pusch Ridge Tennis Court Resurfacing | Community Center Fund | - | - | - | - | - | 120,000 | - | - | - | - | **120,000** |
| Riverfront Park - Playground Renovation | Capital Fund | - | - | - | - | - | 500,000 | - | - | - | - | **500,000** |
| Riverfront Park - ramada over sports courts | Capital Fund | - | - | - | - | - | 22,000 | 275,000 | - | - | - | **297,000** |
| Vistoso Trails Nature Preserve Pond* | Capital Fund | 2,033,939 | - | - | - | - | - | - | - | - | - | **2,033,939** |
| Vistoso Trails Nature Preserve Site Improvements* | General Fund | 366,056 | 200,000 | 200,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | **1,466,056** |
| **Public Facilities, Vehicles & Equipment** | | **2,672,645** | **2,672,800** | **2,555,100** | **2,427,400** | **2,378,400** | **2,424,900** | **2,488,100** | **2,453,500** | **2,520,900** | **2,584,900** | **25,178,645** |
| 680 Fuel Station Renovation* | Capital Fund | 449,550 | - | - | - | - | - | - | - | - | - | **449,550** |
| Annual Sidewalk Program | Capital Fund | 100,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | **325,000** |
| Equipment Replacement Program | Capital Fund | - | 368,000 | 418,500 | 403,000 | 204,000 | 178,500 | 178,500 | 178,500 | 178,500 | 178,500 | **2,286,000** |
| Facility Maintenance Program | General Fund | 308,000 | 318,000 | 328,000 | 338,000 | 349,000 | 360,000 | 371,000 | 383,000 | 395,000 | 407,000 | **3,557,000** |
| MOC Water and Transit flat roof surface replacement | Capital Fund | - | 70,000 | - | - | - | - | - | - | - | - | **70,000** |
| Network Storage | Capital Fund | - | 50,000 | - | - | 50,000 | - | - | - | - | - | **100,000** |
| Phone System Refresh | Capital Fund | - | - | - | - | - | - | 100,000 | - | - | - | **100,000** |
| Public Meeting Recording Equipment Replacement | General Fund | - | 100,000 | - | - | - | - | - | - | - | - | **100,000** |
| Public Works Operations Laydown Yard (Electricity)* | Highway Fund | 208,019 | - | - | - | - | - | - | - | - | - | **208,019** |
| Server OS Refresh | Capital Fund | 60,000 | - | - | - | - | 60,000 | - | - | - | - | **120,000** |
| Streets & Drainage Operations Asphalt Laydown Machine | Highway Fund | 145,000 | - | - | - | - | - | - | - | - | - | **145,000** |
| Town Hall, Building A, Elevator System Modernization | Capital Fund | - | 75,000 | - | - | - | - | - | - | - | - | **75,000** |
| Vehicle Replacement Program* | Capital Fund<br>Water Utility Fund | 1,402,076 | 1,666,800 | 1,783,600 | 1,661,400 | 1,750,400 | 1,801,400 | 1,813,600 | 1,867,000 | 1,922,400 | 1,974,400 | **17,643,076** |

## Town of Oro Valley 10-Year Capital Improvement Program - Tentative Budget

**CIP Project Listing by Category**

* Denotes a project with carryforward funding from the prior year

| | Funding Source | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 | 2032/33 | 2033/34 | 2034/35 | 2035/36 | 10-Year Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Public Safety** | | **2,433,339** | **1,154,000** | **160,000** | **166,000** | **173,000** | **-** | **-** | **-** | **-** | **-** | **4,086,339** |
| Drone as First Responder Program | Grants Fund | 170,000 | 154,000 | 160,000 | 166,000 | 173,000 | - | - | - | - | - | **823,000** |
| PDHQ Development and Construction* | Capital Fund | 2,196,339 | 1,000,000 | - | - | - | - | - | - | - | - | **3,196,339** |
| Police - Peregrine Software | Grants Fund | 67,000 | - | - | - | - | - | - | - | - | - | **67,000** |
| **Stormwater** | | **886,016** | **583,921** | **2,368,007** | **2,561,528** | **3,380,313** | | **400,000** | | | | **10,179,785** |
| Canada Golf Course Drainage Improvements | Stormwater Utility Fund | - | - | - | - | - | - | 250,000 | - | - | - | **250,000** |
| Carmack Wash Upper Tributary C Flood Control and Channel Improvement | Stormwater Utility Fund | - | - | - | - | 3,380,313 | - | - | - | - | - | **3,380,313** |
| Catalina Ridge Channel Modification: Maintenance Access Ramp | Stormwater Utility Fund | 448,858 | - | - | - | - | - | - | - | - | - | **448,858** |
| Conquistador Golf Course Drainage Improvements | Stormwater Utility Fund | - | - | - | - | - | - | 150,000 | - | - | - | **150,000** |
| Gravel Pit Wash at Pomegranate Rd. Erosion Mitigation | Stormwater Utility Fund | - | 433,921 | - | - | - | - | - | - | - | - | **433,921** |
| Lower Highland Wash Flood Control and Channel Improvement Project | Stormwater Utility Fund | - | - | 2,368,007 | - | - | - | - | - | - | - | **2,368,007** |
| Mutterer's Wash Flood Control and Channel Improvement | Stormwater Utility Fund | - | - | - | 2,561,528 | - | - | - | - | - | - | **2,561,528** |
| Nanini Wash at N Paseo Del Norte Erosion Mitigation | Stormwater Utility Fund | 125,000 | - | - | - | - | - | - | - | - | - | **125,000** |
| Sierra Wash at Glover Rd Infrastructure Repair & Rehabilitation* | Stormwater Utility Fund | 312,158 | - | - | - | - | - | - | - | - | - | **312,158** |
| Storm Drain 89 Erosion Mitigation | Stormwater Utility Fund | - | 150,000 | - | - | - | - | - | - | - | - | **150,000** |

**CIP Project Listing by Category**

* Denotes a project with carryforward funding from the prior year

| | Funding Source | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 | 2032/33 | 2033/34 | 2034/35 | 2035/36 | 10-Year Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Streets/Roads** | | **6,593,471** | **18,660,516** | **15,563,880** | **36,316,726** | **30,791,628** | **15,991,677** | **9,896,967** | **12,140,596** | **4,318,664** | **4,365,274** | **154,639,401** |
| (RTA) Lambert Lane Widening - Thornydale Rd to Rancho Sonora Dr (Town Contribution of $1M) | PAG/RTA Fund Roadway Impact Fee Fund | - | - | - | 25,000,000 | 27,000,000 | - | - | - | - | - | **52,000,000** |
| (RTA) Shannon Road Widening - Lambert Lane to Tangerine Road (Town Contribution of $1M) | PAG/RTA Fund Roadway Impact Fee Fund | 1,000,000 | 9,100,000 | 8,170,000 | 6,880,000 | - | - | - | - | - | - | **25,150,000** |
| Annual Bridge Maintenance Program | Highway Fund | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | **500,000** |
| First Ave. Mill & Overlay (CDO Bridge to Tangerine Rd.) | Highway Fund | - | 1,695,000 | - | - | - | - | - | - | - | - | **1,695,000** |
| First Avenue Bridge Deck Replacement | Highway Fund | - | 199,500 | - | - | - | - | - | - | - | - | **199,500** |
| La Cañada Bridge Deck Repair (Northbound) | Highway Fund | 199,500 | - | - | - | - | - | - | - | - | - | **199,500** |
| La Cañada Drive Mill/Overlay (Naranja Dr. to Tangerine Rd.) | Highway Fund | 678,000 | - | - | - | - | - | - | - | - | - | **678,000** |
| Linda Vista Blvd Safety (Calle Buena Vista to Oracle Rd) | PAG/RTA | - | - | - | - | - | - | - | 3,121,000 | - | - | **3,121,000** |
| Moore Rd La Cholla Blvd Intersection | Roadway Impact Fee Fund | - | 500,000 | 1,700,000 | - | - | - | - | - | - | - | **2,200,000** |
| Moore Road Widen (La Cholla Blvd to La Cañada Drive) | PAG/RTA | - | - | - | - | - | 9,417,000 | - | - | - | - | **9,417,000** |
| Naranja Dr. Widening ( La Cholla Bl. to 1st Ave.) | PAG/RTA | - | - | - | - | - | - | - | 3,394,000 | - | - | **3,394,000** |
| Oracle Rd & Rams Field Intersection | Roadway Impact Fee Fund | - | - | - | 750,000 | - | - | - | - | - | - | **750,000** |
| Palisades Road Widening (1st Ave to 1 mile east) | PAG/RTA | - | - | - | - | - | - | 5,886,000 | - | - | - | **5,886,000** |
| Pavement Preservation - Non Roadways | Capital Fund | 140,000 | 140,000 | 140,000 | 140,000 | 140,000 | 140,000 | 140,000 | 140,000 | 140,000 | 140,000 | **1,400,000** |
| Pavement Preservation - Roadways | Highway Fund | 3,200,000 | 3,296,000 | 3,394,880 | 3,496,726 | 3,601,628 | 3,709,677 | 3,820,967 | 3,935,596 | 4,053,664 | 4,175,274 | **36,684,414** |
| Rancho Vistoso & Woodburne Intersection* | Roadway Impact Fee Fund | 650,000 | - | - | - | - | - | - | - | - | - | **650,000** |
| Rancho Vistoso Blvd Bridge Deck Replacement (East & Westbound Over Big Wash) | Highway Fund | - | 3,680,016 | - | - | - | - | - | - | - | - | **3,680,016** |

**CIP Project Listing by Category**

* Denotes a project with carryforward funding from the prior year

| | Funding Source | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 | 2032/33 | 2033/34 | 2034/35 | 2035/36 | 10-Year Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Streets/Roads (continued)** | | | | | | | | | | | | |
| RV Blvd Mill/Overlay - Honey Bee Wash Bridge to Green Tree Drive | Highway Fund | - | - | 2,034,000 | - | - | - | - | - | - | - | **2,034,000** |
| RV Blvd Mill/Overlay (Moore Rd to Tangerine Rd) | PAG/RTA | - | - | - | - | - | - | - | 1,500,000 | - | - | **1,500,000** |
| Summer Youth Transportation Art Program (Summer of 2025) | PAG/RTA | - | - | 75,000 | - | - | 75,000 | - | - | 75,000 | - | **225,000** |
| Tangerine Road Mill/Overlay (La Cañada Dr. to Oracle Rd.) | Highway Fund | - | - | - | - | - | 2,600,000 | - | - | - | - | **2,600,000** |
| Traffic Signal at Tangerine Rd / Mussette Dr* | Highway Fund | 675,971 | - | - | - | - | - | - | - | - | - | **675,971** |

## Town of Oro Valley 10-Year Capital Improvement Program - Tentative Budget

**CIP Project Listing by Category**

* Denotes a project with carryforward funding from the prior year

| | Funding Source | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 | 2032/33 | 2033/34 | 2034/35 | 2035/36 | 10-Year Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Water System** | | **8,200,000** | **2,450,000** | **2,700,000** | **2,750,000** | **2,750,000** | **2,200,000** | **2,200,000** | **2,200,000** | **2,200,000** | **2,200,000** | **29,850,000** |
| Booster Station HP Tank Replacement | Water Utility Fund | - | - | - | - | - | 200,000 | - | 200,000 | - | 200,000 | **600,000** |
| Booster Station Rehabilitation | Water Utility Fund | 250,000 | 250,000 | 500,000 | 550,000 | 550,000 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | **3,600,000** |
| Buildings & Improvements | Water Utility Fund | - | 100,000 | - | - | - | - | - | - | - | - | **100,000** |
| Control Systems - SCADA | Water Utility Fund | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | **4,500,000** |
| El Con/El Camino Diestro main and valve replacement* | Water Utility Fund | 100,000 | - | - | - | - | - | - | - | - | - | **100,000** |
| NWRRDS (Independent) Booster Station at Partnered Reservoir* | Water Impact Fee/ GPF | 3,000,000 | - | - | - | - | - | - | - | - | - | **3,000,000** |
| NWRRDS (Partnered) Pipeline Construction - Transmission Main* | Water Impact Fee/ GPF | 3,000,000 | - | - | - | - | - | - | - | - | - | **3,000,000** |
| Reservoir Rehabilitation | Water Utility Fund | 400,000 | 400,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | **4,800,000** |
| Water Meters- New Connections (based on 210 meters per year) | Water Utility Fund | 700,000 | 700,000 | 700,000 | 700,000 | 700,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | **6,000,000** |
| Well HP Tank Replacement | Water Utility Fund | - | - | - | - | - | - | 200,000 | - | 200,000 | - | **400,000** |
| Well Rehabilitation | Water Utility Fund | 250,000 | 500,000 | 500,000 | 500,000 | 500,000 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | **3,750,000** |
| **Grand Total** | | **24,215,466** | **28,466,237** | **24,276,987** | **45,466,654** | **39,988,341** | **24,453,577** | **15,720,067** | **17,739,096** | **9,539,564** | **14,640,174** | **244,506,165** |

# Changes from Recommended Budget of $130.0M

| | |
|---|---|
| **FY 26/27 Manager's Recommended Budget** | **$130,038,634** |
| General Fund | |
| Refinement of personnel budget amounts | (17,124) |
| Increased outside legal services in the Legal department | 75,000 |
| Community Center Fund | |
| Refinement of personnel budget amounts | 73,658 |
| Highway Fund | |
| Refinement of personnel budget amounts | 691 |
| La Cañada Bridge Deck Repair (Northbound) - moved from Grants Fund and reduced to local match only 5.7% | 199,500 |
| Capital Fund | |
| Moved purchase of grant funded transit vehicles from the Grants Fund to the Capital Fund and reduced outflow to 20% local match only | 180,465 |
| Grants & Contributions Fund | |
| La Cañada Bridge Deck Repair (Northbound) - moved to Highway Fund | (1,160,000) |
| Rancho Vistoso Bridge Deck Repair over Honeybee Wash - reduced to local match only and moved to Highway Fund | (685,000) |
| Transit vehicles replacements reduced outflow to 20% local match only | (902,323) |
| Water Utility Fund | |
| Refinement of personnel budget amounts | 1,255 |
| Stormwater Utility Fund | |
| Refinement of personnel budget amounts | 453 |
| Reduced carryover for Sierra Wash at Via Mandarina Drainage Improvements CIP project | (5,842) |
| Increased cost estimate for Catalina Ridge Channel Modification: Maintenance Access Ramp | 61,358 |
| New project - Nanini Wash at N Paseo Del Norte Erosion Mitigation | 125,000 |
| **Total Change** | (2,052,909) |
| **FY 26/27 Tentative Budget** | **$127,985,725** |

# FY 2026/27
# Tentative Budget Adoption

June 3, 2026

Town of Oro Valley

# FY 2026/27 TENTATIVE BUDGET

- Tentative Budget totals $127,985,725
  - $2,052,909 decrease from the Recommended Budget
  - $23,513,825 (15.5%) decrease from the FY 2025/26 Adopted Budget, driven primarily by the expected completion of the NWRRDS project in FY27, along with retiring debt, reduced contingency, and lower excess PSPRS contributions.
  - FY2026/27 expenditure limitation calculated by Economic Estimates Commission: $179,794,919

- General Fund Budget totals $55,018,570
  - $57,876 (0.1%) increase from the Recommended Budget ($54,960,694)
  - $382,039 (0.7%) increase from FY 2025/26 Adopted Budget ($54,636,531)

- Tentative Budget brings forward all changes from Manager's Recommended Budget as outlined in the Council communication, including updated and revised CIP budget figures

- If approved, Tentative Budget establishes the overall expenditure limitation

- Structurally balanced budget reflects the careful allocation of available resources

# Estimated Ending Fund Balances

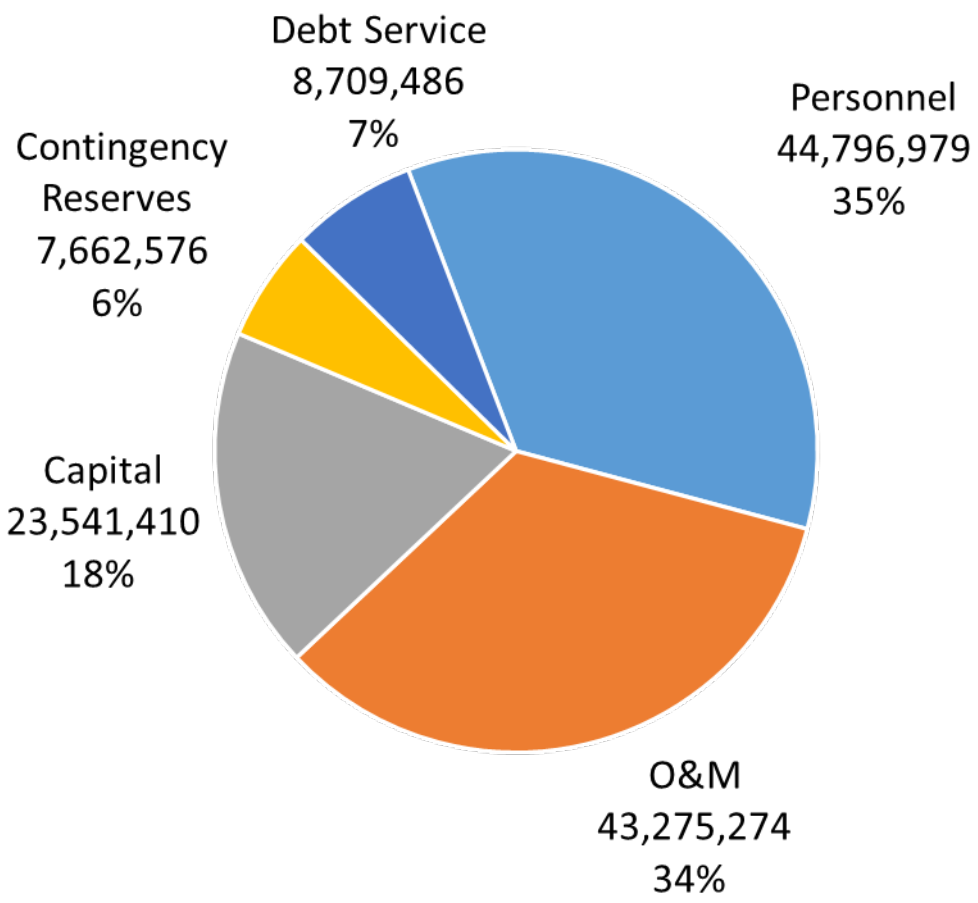
Town of Oro Valley

| | | SOURCES | | USES | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Beginning Fund Balance | Revenue | Transfers In | Personnel | O&M | Capital | Debt Service | Contingency | Total Budget Appropriation | Transfers Out | Ending Fund Balance |
| **General Fund** | 16,090,550 | 59,645,003 | - | 36,860,595 | 16,132,975 | 25,000 | - | 2,000,000 | 55,018,570 | 7,693,886 | 15,023,098 |
| **Special Revenue Funds** | | | | | | | | | | | |
| Community Center Fund | 1,033,918 | 8,728,936 | - | 1,444,830 | 7,048,974 | 150,000 | 253,325 | 500,000 | 9,397,129 | - | 865,726 |
| Highway Fund | 2,015,023 | 4,772,671 | 3,000,000 | 1,397,470 | 1,246,991 | 5,106,490 | - | 200,000 | 7,950,951 | - | 2,036,743 |
| Seizures & Forfeitures | 399,360 | 40,000 | - | - | 100,000 | - | - | 339,360 | 439,360 | - | 339,360 |
| **Debt Service Fund** | 107,428 | 118,836 | 3,608,234 | - | 10,000 | - | 3,697,070 | 100,000 | 3,807,070 | - | 127,428 |
| **Capital Project Funds** | | | | | | | | | | | |
| Capital Fund | 17,717,774 | 1,639,414 | 4,000,000 | - | - | 7,103,904 | - | 2,000,000 | 9,103,904 | 3,000,000 | 13,253,284 |
| Grants & Contributions | 85,164 | 1,008,600 | 123,200 | - | 1,009,400 | - | - | 100,000 | 1,109,400 | - | 207,564 |
| TWDIF Fund | 3,826,696 | 292,255 | - | - | 5,294 | 650,000 | - | 300,000 | 955,294 | 1,000,000 | 2,463,657 |
| PAG/RTA Fund | 343,894 | 145,000 | 1,000,000 | - | 80,000 | 1,000,000 | - | 120,000 | 1,200,000 | - | 408,894 |
| Parks & Rec Impact Fee Fund | 777,254 | 128,463 | - | - | 2,471 | 300,000 | - | 185,000 | 487,471 | - | 603,246 |
| Police Impact Fee Fund | 227,265 | 40,203 | - | - | 707 | - | - | 50,000 | 50,707 | 34,696 | 232,065 |
| Rec In Lieu Fee Fund | 53,418 | 1,450 | - | - | - | - | - | 18,216 | 18,216 | - | 54,868 |
| **Internal Service Funds** | | | | | | | | | | | |
| Benefit Self Insurance Fund | 2,920,260 | 4,543,643 | - | - | 5,040,065 | - | - | 500,000 | 5,540,065 | - | 2,423,838 |
| **Enterprise Funds** | | | | | | | | | | | |
| Water Utility Fund | 6,546,045 | 23,107,500 | - | 4,112,071 | 11,957,720 | 2,270,000 | 3,827,269 | 500,000 | 22,667,060 | 2,402,852 | 5,083,632 |
| WRSDIF Fund | 7,542,015 | 965,019 | 2,400,000 | - | 184,232 | 6,000,000 | 931,822 | 500,000 | 7,616,054 | - | 3,790,980 |
| Stormwater Utility Fund | 1,643,746 | 2,084,742 | - | 982,013 | 456,445 | 936,016 | - | 250,000 | 2,624,474 | - | 1,354,014 |
| | **61,329,810** | **107,261,735** | **14,131,434** | **44,796,979** | **43,275,274** | **23,541,410** | **8,709,486** | **7,662,576** | **127,985,725** | **14,131,434** | **48,268,396** |

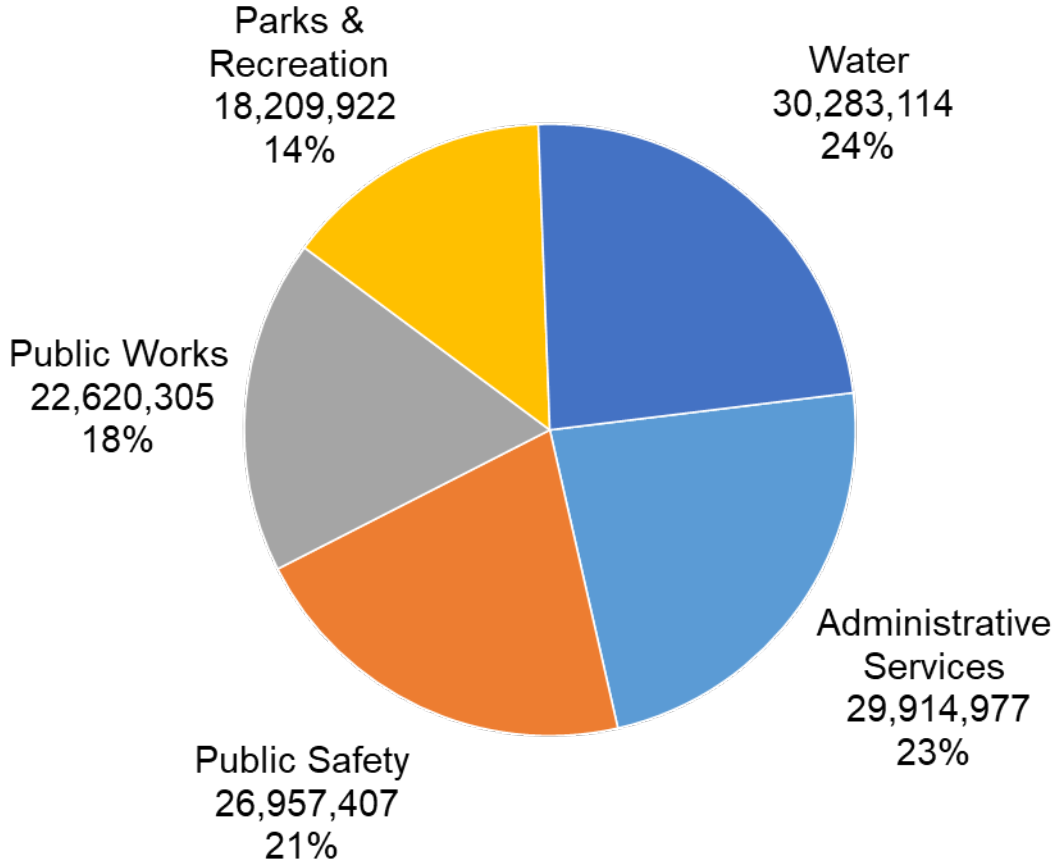
# FY 2026/27 Tentative Budget - $127,985,725

Town of Oro Valley

## By Category:



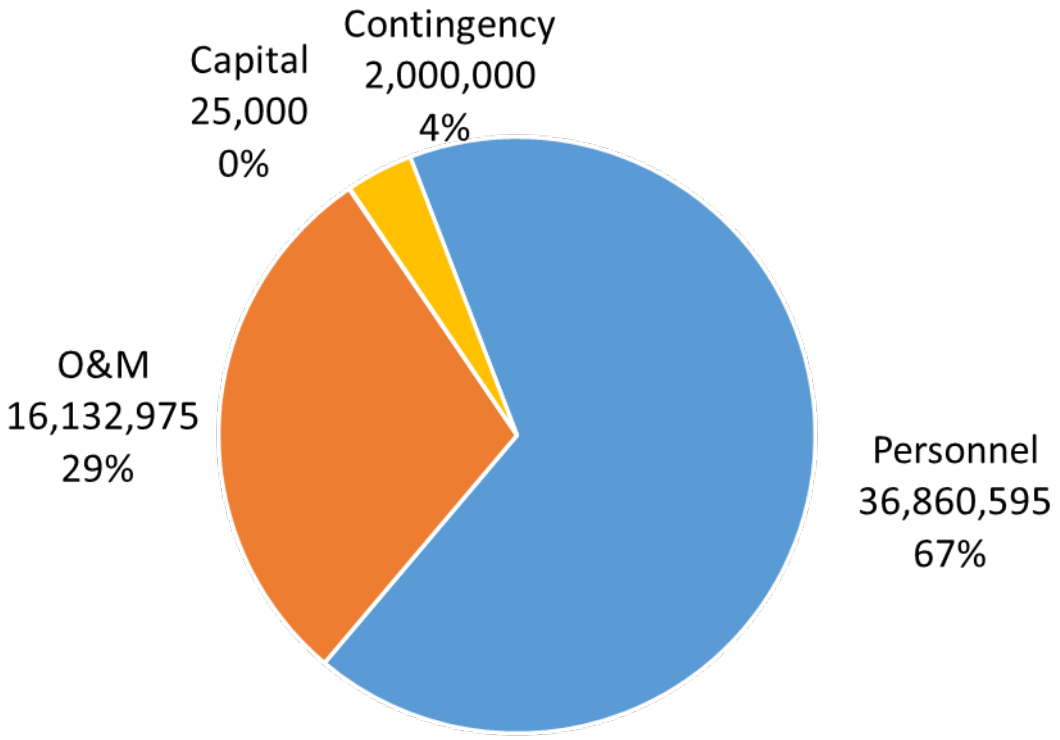

## By Function:



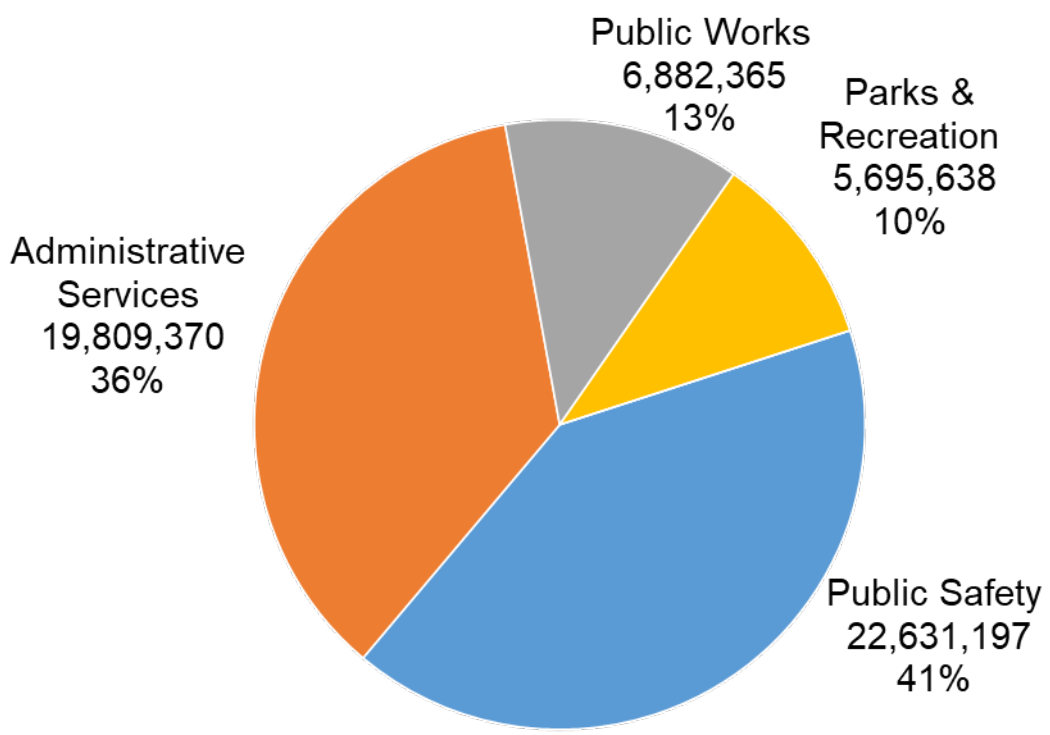
# FY 2026/27 Tentative General Fund Budget - $55,018,570

Town of Oro Valley

## By Category:

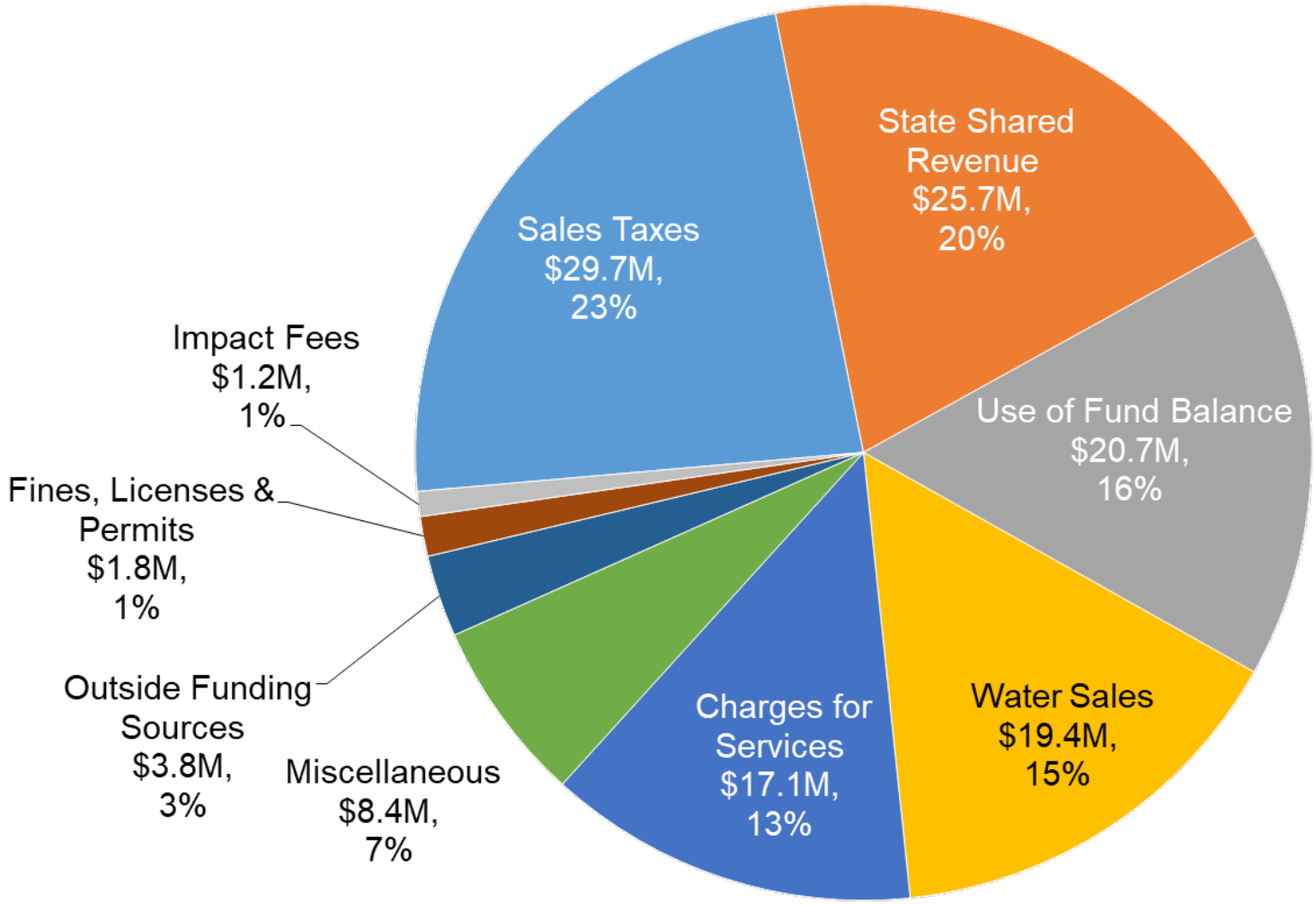



## By Function:



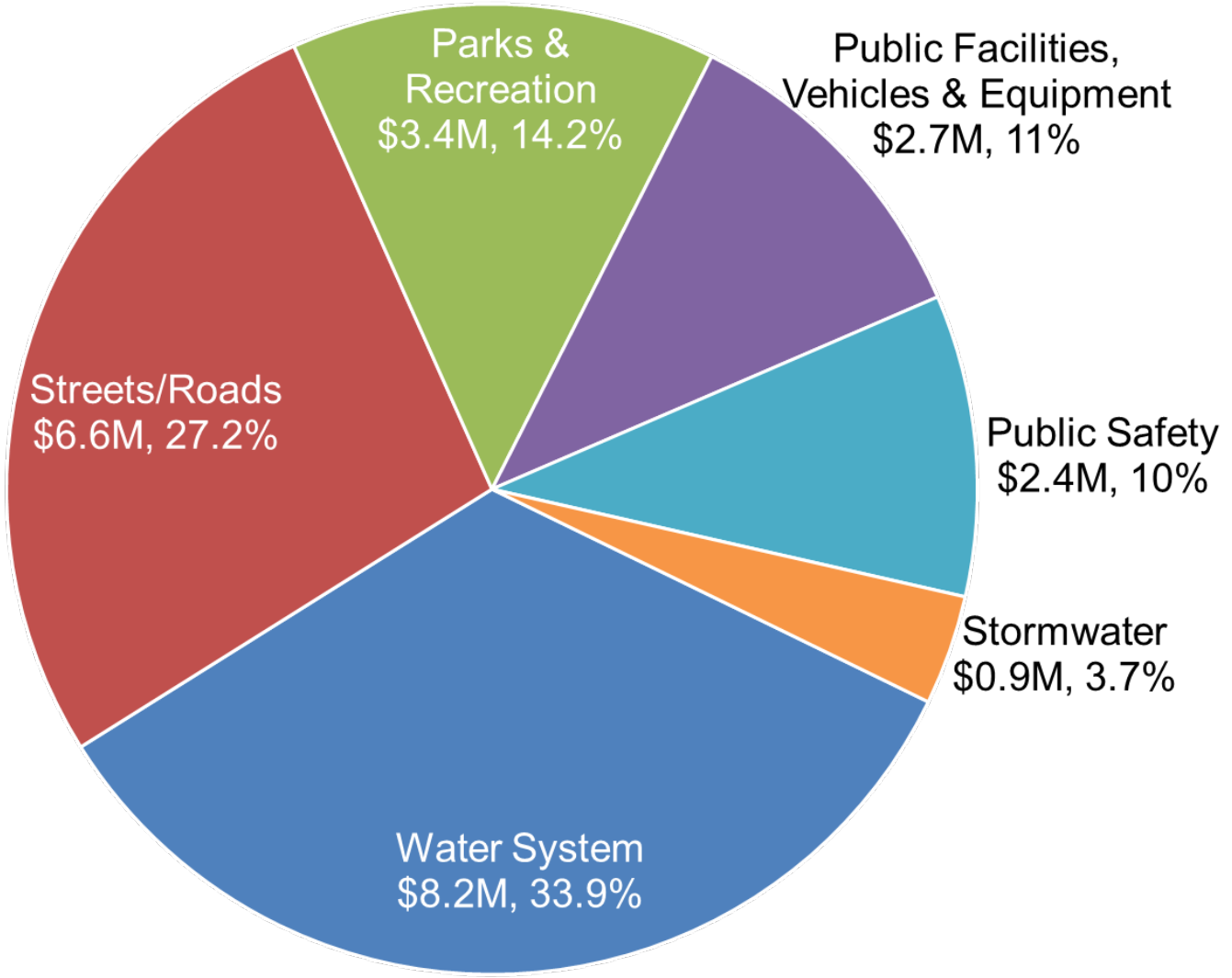
# FY 2026/27 Sources: $127,985,725

Town of Oro Valley



# FY 2026/27 CAPITAL IMPROVEMENT PROGRAM (CIP): $24,215,466

Town of Oro Valley



# FINAL NOTES AND NEXT STEPS

- Tentative Budget adoption sets the maximum spending ceiling at $127,985,725
- Once approved, expenditure authority may only be reallocated or reduced
- Council has authority to amend budget throughout the fiscal year (but cannot increase expenditure authority)
- Publish Tentative Budget for two consecutive weeks
- Final Budget approval and public hearing set for June 17th regular session