MINUTES[1]

TUSAYAN TOWN COUNCIL SPECIAL MEETING

PURSUANT TO A.R.S. § 38-431.02 & § 38-431.03
Thursday, June 18, 2026, at 1:00 p.m.
TUSAYAN TOWN HALL BUILDING
845 Mustang Drive, Tusayan, Arizona

TOWN COUNCIL SPECIAL MEETING MINUTES[2]

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

Mayor Vail called the meeting to order at 1:00 p.m. and led the Council and public in the Pledge of Allegiance.

2. ROLL CALL - One or two Council Members may attend by telephone.

MAYOR CLARINDA VAIL – Present
COUNCIL MEMBER ANDREW ALDAZ – Present
VICE MAYOR GREG BRUSH – Present
COUNCIL MEMBER ELENA VILLANUEVA – Absent
COUNCIL MEMBER JOSH COLLET – Present

3. CONSENT AGENDA

A. *Ratification of payable accounts and after-payable accounts*

Town Manager Clifton explained that this Item was added as a placeholder. He advised that they would have payables a week from Monday, and there are none to approve today.

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[1] *For economy of space and ease of reading the minutes have been organized according to the agenda language. Items as they appear on the agenda have been italicized with the actual minute entries entered in plain type for reader convenience.*

[2] *Minutes are organized by agenda item in the order in which they were discussed.*

4. *WORKSHOP ITEMS*

1. *Discussion and consideration of FY 2026-2027 Annual Budget.*

2. *Discussion and consideration of the Five-Year Plan.*

Town Manager Clifton introduced Tessa Beuning with Abdo, our financial team, on Teams.

Ms. Beuning provided an overview of updates to the long-term capital plan since the previous meeting, noting that many elements had already been discussed.

Key Elements of the Miscellaneous Capital Plan:

- 2027 projects include a trail system, landscaping, warning siren, accounting software, vehicles, cookout site improvements, and various repair work.
- Additional equipment replacements and landscaping are projected for 2028 through 2031.
- Changes from prior version: Town Hall and HURF Capital Funds were extracted and moved to separate funds, with adjustments made to align with the updated Budget.

Sports Complex Fund (Newly Added):

- The project is phased, with Phase 1 split between 2027 and 2028 at a total cost of approximately $15 million.
- Funding is projected through bonding and transfers totaling about $1.25 million.
- Previously included ~$1.5 million grant/Diamondback contribution has been removed from the Budget. Its status remains unknown and will be updated if new information becomes available.

There was a discussion about the Diamondback grant status. Town Manager Clifton commented that he would be glad to look into it.

Ms. Beuning provided an overview of the Town Hall Capital Project Fund. The project spans 2026–2028, with planning and design work scheduled for 2026 and 2027. Construction is expected to potentially begin in 2027 and continue across 2027 and 2028.

Town Manager Clifton reported that the contract with Michael Taylor Architects has been signed and he is actively working on the project. Council previously approved pursuing a Construction Manager at Risk (CMAR) process. The Town Manager is currently preparing an RSOQ (Request for Statement of Qualifications) to solicit qualified contractors. The solicitation is expected to generate strong local interest, including from the Flagstaff area. The idea is to have a procurement process and have a review board that includes Council Members Aldaz and Collet (plus others) to evaluate the responses. They will make a selection and take it to the Council for ratification.

Town Manager Clifton commented that once onboarded, the CMAR contractor will work collaboratively with the architect (at the contractor's risk) all the way up to construction. He explained that the benefit of going through that process is that we should receive a 'not to exceed bid' from that contractor on the project. So, it is kind of an effort where we front load the procurement at this time, and later on, we do not have to procure, we just go with that 'not to

exceed' figure subject to Council approval. Another advantage of that is, of course, saving steps in the design process because we'll have a contractor at the table.

Ms. Beuning noted that the project would be funded primarily through bonding proceeds, with further details on funding sources to be provided later.

HURF Streets Fund

- 2026: Equipment purchase
- 2027: Paving, traffic lines, bus stops, and curb work.
- This fund was previously included in the General Capital Fund in early drafts but has now been separated into its own dedicated fund.

Flood Mitigation Capital Project Fund

- 2026: Planning and design work.
- 2027–2029: Phase 1 potentially starting in 2027, including easement work and property acquisitions budgeted for 2027.
- Funding: Primarily transfers from the General Fund plus estimated grant funds.
- Phase 2: Listed in the plan but with no dollar amounts assigned, as it is contingent on securing future grant funding. It is not currently included in the long-term financial projections until funding becomes more certain.

Town Manager Clifton reminded everyone that we are at 30% design; the next step is to go to 60% design which is anticipated to take several months, and that work is now commencing. After that, it will likely go to construction drawings as we seek federal funds for this. He noted that we have a pending grant with the BUILD Grant, and we should hear later this month about that. Having a 60% design is going to help in starting to negotiate with property owners for easement acquisitions and so forth. He commented that he thought it positions us very well to continue our pursuit of federal dollars at that point with a pretty good idea of what is going to be built, how it is going to be phased, and what it will cost.

Ms. Beuning presented a financial overview of the proposed debt structure for funding certain capital projects through bonding.

Debt Service Fund (starting in 2027):

- A new debt service fund will be established to manage debt-related activity.
- Initial transfer from the General Fund: $1.8 million.
- Bond proceeds:
    - Approximately $17.646 million allocated to the Town Hall project.
    - $15 million allocated to the Sports Complex.
- Bond issuance costs: ~$600,000 (paid from the debt service fund).

For 2028 and beyond, the General Fund will make annual transfers into the debt service fund to cover principal and interest payments. These transfers will be supported by the proposed increase in the TPT tax.

General Fund Forecast:

- The summary starts with 2025 audited numbers, uses 2026 estimates (based on actuals through April plus projections), and extends with budgeted/calculated figures for 2027–2031.
- The TPT tax increase is expected to support ongoing general operations, planned capital projects, and the new debt obligations.
- Despite the additional transfers for debt, the General Fund is projected to remain financially healthy, maintaining a solid fund balance and positive cash balances through 2031.

Tax Rate Increase Impact:

Ms. Beuning presented an updated summary showing the effects of a proposed tax rate increase. It compares the current 2% rate with the impact of a 2% increase applied to various property classes (excluding the additional hotel tax), along with moving the restaurant tax to 6%. The figures are calculated for a half-year implementation in 2027 (starting January 1) and full-year impacts from 2028 onward.

Planned Fund Transfers

Ms. Beuning reviewed the anticipated transfers, which had been discussed at the previous meeting:

- 2026: Approximately $4 million transferred into the Capital Fund (from fund closings) to cover planned projects and bring the fund to a zero starting balance.
- 2027: Total transfers of approximately $10.79 million, including:
    - $2,689,000 to the Capital Fund ($689,520 for project matches/funding + $2 million to build reserves for future projects and maintenance).
    - $250,000 to the Sports Complex Fund.
    - $2 million from the General Fund to the Housing Capital Fund (set aside for a potential future project).
    - $4 million to the Flood Mitigation Fund for project costs.
    - $1.8 million to start the Debt Service Fund.

Ongoing transfers are planned for 2028–2031 to support capital projects and debt service.

Cash Balance Summary:

A multi-year projection (starting from the 2025 audited amounts through 2026–2031 budgeted/estimated figures) was shown to illustrate the combined impacts of the tax changes, fund transfers, bonding sources, and planned projects. The summary indicates that all funds are projected to maintain adequate cash balances to support the planned activities.

General Fund:

- Revenues: $5,744,290
- Operating expenditures (including other financing uses/transfers): $6,124,123
- Transfers to capital funds from reserves: $8,939,520
- Beginning fund balance: $13,362,552
- Projected ending fund balance: Approximately $4,043,199

The fund balance is projected to decrease significantly in FY 2027 due to the large reserve transfers for capital projects, but it remains well above the Town's 15% fund balance policy requirement, indicating strong reserve levels.

Street/HURF Fund:

- Revenues: $130,682
- Expenditures: $189,706 ($99,000 operating + ~$90,000 capital outlay)
- Projected drawdown of fund balance: $59,024
- Projected ending fund balance: $212,936

No major changes from prior presentations.

Capital Projects (2027)

Total planned capital projects across funds (Flood Mitigation, Town Hall, Sports Complex, and housing): $32,470,390.

Funding sources:

- Grants and contributions: ~$9,315,000
- General fund contributions: ~$6,939,000
- Bond proceeds: ~$32,646,000 (covering the balance)

Updates since last meeting: Added a potential housing project and removed the Dark Sky consultant.

Town-Wide Overview (All Funds Combined):

- Total revenues: $15,151,613
- Total expenses (including capital outlay): Approximately $37.5 million
- Bond proceeds: $33,246,000
- Projected ending total fund balance: $24 million.

Note that bond proceeds will arrive in 2027, but many capital projects will span multiple years, so the associated funds will be spent down over time.

Budget Process/Timeline:

- Tonight: Review of the Tentative Budget and potential adoption.
- If adopted: Post budget schedules on the Town website and publish the Tentative Budget for two weeks.
- July 14th Council Meeting: Potential approval of CFO designation resolution, plus public hearing on the Final Budget and TPT (transaction privilege tax) increase.
- Followed by posting of Final Budget schedules.

(Please see presentations attached to the online Agenda.)

Town Manager Clifton noted that there was an Action Item for the meeting. He commented that there was a resolution in the Agenda Packet. He noted that today's action would be approval of the Tentative Budget. He explained that at the same time, they set a noticed public hearing for July 14th for both the Budget and the Five-Year Plan as well as a public hearing for the TPT Increase. He commented that the Council will have the Finance Team, the Finance Advisors

from Hilltop, our Financial Advising Attorney, and our own Town Attorney in attendance on July 14th.

Mayor Vail asked for verification that in the FY 2027 Budget, the Emergency Landscaping Fund would not have the word Emergency.

Town Manager Clifton responded in the affirmative.

3. Approval of Public Notice for setting Public Hearings for FY 2026-27 Final Budget, Five-Year Plan, and TPT Increase for July 14, 2026.

Vice Mayor Brush moved to approve this Public Notice for July 14th, and Council Member Collet seconded the motion. Motion Carried. Aye: Mayor Vail, Vice Mayor Brush, Council Member Collet, Council Member Aldaz; Absent: Council Member Villanueva

(Please see the Notice of Public Hearing attached to the online Agenda.)

5. ACTION ITEMS

A. Consideration, discussion, and possible action regarding Tentative Budget FY 2026-2027 and Resolution 2026-02.

Council Member Collet moved that we adopt Resolution No. 2026-02, and Council Member Collet seconded the motion. Motion Carried. Aye: Mayor Vail, Vice Mayor Brush, Council Member Collet, Council Member Aldaz; Absent: Council Member Villanueva

6. CALL TO THE PUBLIC

No one spoke.

7. MOTION TO ADJOURN

At 4:30 p.m., Council Member Collet moved to adjourn, and Vice Mayor Brush seconded the motion. Motion Carried. Aye: Mayor Vail, Vice Mayor Brush, Council Member Collet, Council Member Aldaz, Absent: Council Member Villanueva

Clarinda Vail, Mayor 7/14/26 Date

ATTEST:

Tina M. Abriani, Town Clerk

CERTIFICATION

STATE OF ARIZONA §
§
COCONINO COUNTY §

I, TINA M. ABRIANI, do hereby certify that I am the Town Clerk of Town of Tusayan, County of Coconino, State of Arizona, and that the above minutes are a true and correct summary of the meeting of the Council held on JUNE 18, 2026. I further certify that the meeting was duly called and held, and that a quorum was present.

Tina M. Abriani 07-14-26

Town Clerk Date