Date: March 8, 2026

To: Kevin Smith, Chuck Gillette, Dan Cazier, Bryan Pack, Sharon Gillespie, Chris Hart, Cade Visser

From: Mike Scott, Sharon Gillespie

Re: Fire Station Fundraising Issues

Updated March 11, 2026 with corrections to bond balances in the Bonding Option section on page 6.
Updated March 27, 2026 to exclude discussion of match issue, which has been resolved.

Purpose of this Memo

This memo provides background information on the financial considerations, policy issues, and governance decisions associated with a potential fundraising campaign to support the renovation and expansion of the Center Street Fire Station. The purpose is to outline the key issues and data that the City will need to consider as the fundraising approach is developed.

This memo is intended to inform discussion rather than propose final decisions. Several important policy questions still need to be resolved, including how the fundraising campaign should be structured, how donations will be presented publicly, and how any potential funding gaps would be addressed.

Sharon Gillespie is preparing a presentation that frames many of these questions and outlines a potential approach for the campaign. Ideally, the team will meet to review that presentation and discuss the key issues it raises so that a clear fundraising strategy can be developed for consideration by the City Council.

Although I will be out of town, I hope the team can still meet this week to work through these issues. I will remain available by email if questions arise.

Background and Timing of the Fire Station Project

Our current "Public Safety Facilities Plan" identified the long-term need to improve the Center Street Fire Station to serve a growing population but did not indicate the project would be needed in the near term. As a result, the project was not included in the city's current five-year capital plan adopted in June 2025.

However, in September 2025 the "Santa Clara–Ivins Fire Rescue Comprehensive Study" was completed and presented to the two cities. The study highlighted the rapid growth occurring in both cities, including the operational impacts expected from projects such as Black Desert Resort, and concluded that the fire department needs expanded facilities to safely meet the increased demand for emergency services.

As a result, the study elevates the priority of addressing a Center Street Fire Station remodel/expansion in the near term. In addition, the opportunity for a $2 million private donation creates a unique opportunity to advance the project sooner while reducing the financial burden on residents.

Critical Next Steps

Before launching a fundraising campaign, we need to determine how it will be structured and how the city will address any funding shortfalls or cost increases. These are policy decisions that ultimately need to be made by the City Council. This includes:

(1) Setting targets for each funding source;

(2) Setting a limit for total project costs;

(3) Determining, in a worst-case scenario, if we can delay all other capital projects or will we need to secure bond financing.

Financial Plan

The following table illustrates one possible funding scenario for a $5 million remodel/expansion of the Center Street Fire Station. It is intended to show how the project might be funded if the anticipated donations and grants are secured. The actual allocation among funding sources is ultimately a policy decision for the City Council. If we can secure the donations and grants shown below, we would need $925,000 to complete funding for a $5 million remodel/expansion of the Center Street Fire Station.

Amount	Source of funds
$2,000,000	Leadership Donor: Geoff Schmidt
$575,000	Public Safety Impact fees
$500,000	Major Donors
$1,000,000	Grants
$925,000	Capital Projects Fund
$5,000,000	**TOTAL COST & FUNDING**

$100,000 - $250,000	Community Donors

Other combinations of funding sources are possible, particularly depending on the amount of grant funding or major donor participation that can be secured.

Key Considerations for Each Funding Source

The amounts shown above are sufficient to support the baseline scenario presented later in this memo. If grants or the proposed major-donor challenge campaign generate more funding than assumed here, the amount required from the capital projects fund could be reduced, which would strengthen the city's financial position.

Conversely, if grant funding or major donor participation falls below these assumptions, greater reliance on the capital projects fund would be required. That risk is illustrated in the worst-case scenario discussed later in this memo.

Leadership Donor
This donation lets us move forward now on the fire station remodel/expansion, rather than waiting a number of years.

Public Safety Impact Fees
Although we have about $1.5 million in public safety impact fees, we have committed approximately $952,000 for a ladder truck that has been ordered and is expected to be delivered and paid for in December 2027 or January 2028. BDR has paid $969k in public safety impact fees.

Residential impact fees cannot be used for a fire truck. If we were to spend all of our impact fees now on the fire station, we wouldn't be able to use any new impact fees other than commercial ones for the ladder truck and would not be able to generate enough commercial impact fees in time to pay for it. So, it is important to hold back the $969,000.

We also considered using future impact fees from new construction to reimburse the capital projects fund for any of its funds used for the fire station. At $1,272 per new home and an estimated 100 new homes a year (plus commercial) that could generate over $100,000 a year for repayment.

The problem with that is future impact fees should be reserved for future capital projects to address the needs of a future larger population than was anticipated in the current (2021) impact fee study and a higher construction cost than the current study estimated. A new study should be done now.

Our current study would allow us to expand an additional 5,836 sq ft and pay ourselves back up to $2,188,494. Cade estimates the current plans have the total fire expansion being 6,080 sq ft. So a little more than what the prior impact fee study had.

Major Donors
Identify corporate and major private donors to approach individually in a low-key fundraising campaign, with appropriate messaging. Their donations are essential to minimize the drain on the capital projects fund.

Grants
Chuck and Chief Cazier are pursuing federal grants. I believe two possible grants are being looked at.

(1) A federal grant earmark directly from Celeste Malloy's office through the Community Project Funding (CPF) program. They usually call for applications in March, and we would know by July whether the project made it through the appropriations committee and into the bill and then it would depend on when/if congress passes the bill later in the year.

(2) The other grant source under consideration is the Assistance to Firefighters Grants (AFG) through FEMA.

Capital Projects Fund

The streets impact fee study would need to include the $1.23 million Snow Canyon/Hamblin Parkway roundabout cost currently coming from our capital projects fund as 100% impact fee eligible from our streets impact fee fund. We believe this will happen, but we will not be likely to get an answer from the consultant until September.

Community Donors

This portion of the fundraising campaign is focused on collecting donations to be able to add and upgrade amenities in the fire station for personnel comfort beyond the basics that the City should prudently fund, as well as creating history and donor recognition elements.

Because of the intended use of these donations, it should not be included in the overall cost and funding analysis. The Fire Department should prepare a list of potential amenity upgrades and cost estimates.

Fire/EMS Sales Tax

There was some discussion about the potential for a Fire/EMS sales tax and using those proceeds for this capital project. However, even if the City pursues that tax, I believe it needs to be allocated to Fire/EMS operating costs, not capital projects, especially since likely future personnel increases will substantially increase the Fire/EMS budget.

Baseline Scenario

The following baseline and worst-case scenarios are not recommendations but are intended to illustrate the financial implications of different assumptions and funding choices. The purpose is to provide the Council with information needed to decide how the project should ultimately be funded.

For this analysis I simplified the capital plan to focus on three projects and delayed the Arrowhead Trail Park access and utilities by an additional year.

Our five-year planning spreadsheet relies on many assumptions: revenue growth, expense growth, sales tax trends, transient room tax, and impact fee collections from new construction. The one thing we know for certain about all of those assumptions is that they will be wrong.

Because of that uncertainty, this scenario uses a conservative approach. Rather than assuming additional operating surpluses, I assume that operating revenues simply offset operating expenses each year.

Our current projections show revenues exceeding expenses by about $4.3 million over the next five years, largely due to expected revenue increases from Black Desert Resort (BDR). However, that projection carries risk. It assumes continued economic growth and does not fully account for potential increases in personnel costs, particularly for Fire/EMS.

To avoid relying on uncertain assumptions, this baseline scenario assumes the operating budget simply balances each year. Under that approach, no additional operating surplus is available to add to the capital projects fund. Even with that conservative assumption, the city would still be able to fund the planned capital projects and contribute approximately $980,000 toward the fire station project.

Capital Project Fund: Baseline Scenario

	2027	2028	2029	2030	2031
Start Year	1,652,536.00	2,882,536.00	2,882,536.00	1,582,051.00	1,281,566.00
Arrowhead - access/utilities			(1,000,000.00)		
Hamblin Pkwy "refund"	1,230,000.00				
New Public Works Yard			(300,485.00)	(300,485.00)	(300,485.00)
End Year	**2,882,536.00**	**2,882,536.00**	**1,582,051.00**	**1,281,566.00**	**981,081.00**

Worst-Case Scenario

Using the same assumptions described above, the worst-case scenario assumes the fire station project costs $5.5 million, and the city receives no grants or additional donations beyond the $2 million leadership donation and approximately $575,000 in public safety impact fees. Under those circumstances, the city would need to fund the remaining $2,925,000 from the capital projects fund.

This could theoretically be done if the city delayed all capital projects that need the capital projects fund for at least five years. That is clearly not ideal, and it may ultimately prove unwise. Input from department heads would be important before considering such a step. However, the analysis shows that it is financially possible.

This does not mean all capital projects would be delayed. The development of Chinle Park is budgeted at $3.7 million paid for completely through impact fees, so it can proceed. Similarly, all water, sewer, and storm drain projects are paid 100% from impact fees, enterprise funds, and secured grants, so they can be done.

The oddity is the new public works yard. About 80% of the total estimated cost is paid by impact fees and enterprise funds, with the other 20% paid from the capital projects fund. Is it possible to time this project so that the capital projects funds (about $1.2 million) would not be needed until after 2031? If so, that leaves the issue of the Arrowhead access/utilities, which is estimated to cost $1 million, paid from the capital projects fund. This cost is in the baseline scenario but there's no room for it in the worst case scenario, which would push the public works yard start beyond 2031.

It is also worth noting that the cemetery expansion has already been pushed beyond five years, which leaves us operating with a fairly tight margin.

Capital Projects Fund: Worst-Case Scenario

	2027	2028	2029	2030	2031
Start Year	1,652,536.00	2,882,536.00	2,882,536.00	2,882,536.00	2,882,536.00
Arrowhead - access/utilities					
Hamblin Pkwy "refund"	1,230,000.00				
New Public Works Yard					
End Year	**2,882,536.00**	**2,882,536.00**	**2,882,536.00**	**2,882,536.00**	**2,882,536.00**

Bonding Option

Another option would be to issue bonds to cover any remaining shortfall in the fire station project. Bonding would allow the city to complete the project without drawing as heavily on the capital projects fund.

The city currently has about $4.5 million in debt in three separate bonds. The Sales & Use Tax bond will be the first to be paid off in December 2030. It has a current balance of approx. $1.050 million with annual payments close to $200,000 a year.

In the worst-case scenario we would need $2,925,000. We could take most of that from the capital projects fund, but that would eliminate all other capital projects for at least five years. Another option would be to get a bond for the total amount or take half from the capital projects fund and get a smaller bond for the balance. Or a myriad of other combinations.

The key policy question is how the city would respond under a worst-case scenario. Any bonding amount will add a significant annual cost to repay the debt.

	Bond Deficit	Bond Half
Bond Amount	$ 2,925,000	$ 1,462,500
Interest Rate	4.5%	4.5%
Term (years)	20	20
Annual payment	$224,863	$112,431

One of the General Plan's Guiding Principles states, "Maintain a fiscally responsible budget to manage growth without leaving a legacy of debt" and the Fiscal Responsibility section of the Plan includes a goal to minimize debt.

Bonding creates a long-term obligation that must be paid from the operating budget each year. Unlike many other expenses, debt payments cannot be reduced or delayed during lean years. This reduces the city's financial flexibility and creates structural rigidity in the operating budget.

For that reason, while bonding remains a potential tool, it should be considered carefully. It commits the city to long-term fixed payments that increase the operating budget's exposure to financial risk.

Council Oversight

Because this fundraising effort is being conducted on behalf of the city for a public capital project, I believe the City Council should approve the overall fundraising framework as a matter of policy, consistent with the council's legislative and fiscal authority.

This ensures transparency, protects public trust, and confirms that the campaign aligns with the city's financial and policy objectives.

Council approval would focus on the key elements of the plan, including the overall fundraising goal, how donations will be publicly represented and recognized (including any naming opportunities), how the campaign will be conducted, and how the project will ultimately be funded.

That would include confirming how much funding may come from donations, the capital projects fund, public safety impact fees, and whether bonding would be considered for any remaining shortfall.

Because these decisions involve the use of public funds, i8mpact our capital budgeting priorities, and could potentially involve municipal debt, they fall within the council's fiduciary responsibility for financial oversight and stewardship of public funds under its budgeting and debt-authorization authority.

Once that framework is approved, staff and volunteers could carry out the fundraising campaign within those established parameters.

Decision Points for Council

Based on the information outlined in this memo, the City Council will ultimately need to make several policy decisions before moving forward with a fundraising campaign. These include:

1. Fundraising Approach – How the campaign will be presented to donors.
2. Funding Targets – How much funding should be pursued from each potential source, including major donors, grants, and community contributions.
3. Project Cost Parameters – Establishing an acceptable cost range for the fire station remodel/expansion.
4. Funding Strategy for Shortfalls – Determining how the city would respond if donations or grants fall short or if construction costs increase, including the potential use of the capital projects fund or bond financing.