



Agenda
Work Study and Possible Executive Session
Queen Creek Town Council
Queen Creek Town Hall, 22350 S. Ellsworth Road
Council Chambers
February 19, 2014
5:30p.m.

1. Call to Order

2. Roll Call (one or more members of the Council or Commission may participate by telephone)

3. Motion to adjourn to Executive Session (to be held in the Council Conference Room of the Town Hall Building) for the following purposes:

A. Discussion and consultation with the Town Attorney for legal advice and to consider the Town's position and instruct the staff regarding acquisition of property in Town Center. (A.R.S. 38-431.03(A)(3) & (7).

B. Discussion and consultation with the Town's attorney for legal advice and with the Town's representatives to consider the Town's position and instruct its representatives regarding a development agreement with Fulton Homes that is the subject of negotiation. A.R.S. § 38-431.03(A)(3) and (4).

ITEMS FOR DISCUSSION These items are for Council and Commission discussion only and no action will be taken. In general, no public comment will be taken.

4. Discussion and presentation on the Service Delivery Optimization Study. **TAB N**

5. Presentation on MapIt!.

6. Update on Roots N' Boots event.

7. Discussion on false alarm ordinance. **TAB M**

8. Adjournment



Agenda
Regular and Possible Executive Session
Queen Creek Town Council
Queen Creek Town Hall, 22350 S. Ellsworth Road
Council Chambers
February 19, 2014
7:00 p.m.

1. Call to Order

2. Roll Call (one or more members of the Council may participate by telephone)

3. Pledge of Allegiance:

4. Invocation:

5. Ceremonial Matters: Presentations, Proclamations, Awards, Guest Introductions and Announcements.

A. 25th Anniversary Proclamation

B. Roots N' Boots Week Proclamation

6. Committee Reports

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

B. Partner agencies quarterly or periodic updates to Council. This may include but is not limited to Queen Creek Chamber of Commerce; Queen Creek Performing Arts Center; Boys & Girls Club of East Valley; and Maricopa or Pinal County Board of Supervisors or other governmental agencies. The Council will not propose, discuss, deliberate or take legal action on any matter in the summary unless the specific matter is properly noticed for legal action.

C. Parks and Recreation Advisory Committee – February 11, 2014

D. Budget Committee – February 12, 2014

E. Transportation Advisory Committee – February 13, 2014

7. Public Comment: Members of the public may address the Town Council on items not on the printed agenda and during Public Hearings. Please complete a "Request to Speak Card", located on the table at the rear of the Council Chambers and turn it in to the Town Clerk prior to the beginning of the meeting. There is a time limit of three minutes for comments.

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8. Consent Calendar: Matters listed under the Consent Calendar are considered to be routine and will be enacted by one motion and one vote. Public Hearing items are designated with an asterisk (*). Prior to consideration of the Consent Agenda, the Mayor will ask whether any member of the public wishes to remove a Public Hearing item for separate consideration. Members of the Council and or staff may remove any item for separate consideration.

A. Consideration and possible approval of the January 15, 2014 Work Study and Regular Session Minutes. **TAB A**

B. Consideration and possible approval of the use of SRP Aesthetics Funds in an amount of \$768,700 for installation of a masonry wall and landscaping at SRP's MORCOM Substation located on the west side of Ellsworth Road, south of Riggs Road. *This is a budget item funded by SRP.* **TAB B**

C. Consideration and possible approval of a Professional Services Contract Change Order with AMEC Environment and Infrastructure, Inc. (Contract 2013-019) in an amount not to exceed \$30,000 for post design service for the construction of Ocotillo Road crossing of the Union Pacific Railroad (UPRR). *(Budgeted in FY13/14)* **TAB C**

D. Consideration and possible approval of a 3-year Enterprise License Agreement with Environmental Systems Research Institute, Inc. (ESRI) in the amount not to exceed \$88,088.31 for the small government enterprise license agreement. *(Budgeted in FY13/14)* **TAB D**

E. Consideration and possible approval a curbside textile recycling program with United Fibers benefiting the Boys & Girls Club of Queen Creek. **TAB E**

F. Consideration and possible approval of the Final Plat of Queen Creek Marketplace Phase 1 Lots 22 & 23 – being a re-plat of Lots 2, 5 & 13, a request by VPCQM, LLC. **TAB F**

G. Consideration and possible approval of directing staff to create two Area Plans (Northern Employment corridor tier bounded by Ellsworth, Meridian, Queen Creek & Germann Roads); and the mile radius around Rittenhouse and Riggs Roads. **TAB G**

PUBLIC HEARINGS: If you wish to speak to the Council on an item listed as a Public Hearing, please complete a Request to Speak Card and turn it in to the Town Clerk. Speakers will be called upon in the order in which their cards are received. Speakers are limited to three (3) minutes each.

9. Public Hearing and possible approval of the Land Use Assumptions (LUA) and Infrastructure Improvements Plan (IIP) to be used as the basis for the 2014 Development Fee Update; and setting the first public hearing date for the Development Fee Schedule for April 2, 2014 at 7:00p.m. **TAB H**

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FINAL ACTION: If you wish to speak to the Council on an item listed under Final Action, please complete a Request to Speak Card and turn it in to the Town Clerk. Speakers will be called upon in the order in which their cards are received. Speakers are limited to three (3) minutes each.

10. Consideration and possible approval of an Intergovernmental Agreement with Maricopa County and City of Mesa for a Design Concept Report (DCR) for the intersection of Germann and Sossaman Roads in an amount not to exceed \$150,000 (\$50,000 Queen Creek share). *This is a non-budgeted item.* **TAB I**

11. Consideration and possible approval of the Notice of Intention rescheduling the setting of the time (7p.m.) and the date (April 2, 2014) for the Public Hearing for the adoption of Water and Wastewater Capacity Charges. **TAB J**

12. Discussion and possible action on the QC, Inc. concerning the continuation of the program. *This is a Council Retreat item.* **TAB K**

13. Discussion and possible action on the Classification and Compensation Study results. **TAB L**

ITEMS FOR DISCUSSION: These items are for Council discussion only and no action will be taken. In general, no public comment will be taken.

14. Presentation on MapIt!.

15. Discussion on a false alarm ordinance. **TAB M**

16. Motion to adjourn to Executive Session: The Council may reconvene the Executive Session for any of the items listed on the Work Study Executive Session Agenda.

17. Adjournment



Minutes
Work Study Session
Queen Creek Town Council
Queen Creek Town Hall, 22350 S. Ellsworth Road
Council Chambers
January 15, 2014
5:30p.m.

1. Call to Order

The meeting was called to order at 5:44p.m.

2. Roll Call (one or more members of the Council or Commission may participate by telephone)

Council Members present: Benning; Brown; Gad; Wheatley; Vice Mayor Oliphant and Mayor Barney. Council Member Barnes was absent.

3. Motion to adjourn to Executive Session (to be held in the Council Conference Room of the Town Hall Building) for the following purposes:

A. Discussion and consultation with the Town’s attorney for legal advice regarding Cloud Road Area Street Plan and access issues. A.R.S. § 38-431.03(A)(3).

B. Discussion and consultation with the Town’s attorney for legal advice regarding legal protest: Cloud Estates (RZ13-034). A.R.S. § 38-431.03(A)(3).

C. Discussion and consultation with the Town’s attorney for legal advice and with the Town’s representatives to consider the Town’s position and instruct its representatives regarding the possible sale or lease of property in the Town Center and regarding agreements that are the subject of negotiations related to Town Center projects. A.R.S. § 38-431.03(A)(3)(4) and (7).

D. Discussion and consultation with the Town’s attorneys for legal advice and to consider the Town’s position and instruct its attorneys regarding litigation (Town of Queen Creek v. Mark Pugmire-Highland Homes) including the terms of settlement of such litigation. A.R.S. § 38-431.03(A)(3) and (4).

E. Discussion and consultation with the Town’s attorney for legal advice and with the Town’s representatives to consider the Town’s position and instruct its representatives regarding agreements that are the subject of negotiations related to law enforcement. A.R.S. § 38-431.03(A)(3) and (4).

Motion to adjourn to Executive Session at 5:45p.m:

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Queen Creek Town Council
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1st: Brown

2nd: Gad

VOTE: Unanimous

ITEMS FOR DISCUSSION These items are for Council and Commission discussion only and no action will be taken. In general, no public comment will be taken.

None.

4. Adjournment

The Work Study reconvened and adjourned at 6:45p.m.



Minutes
Regular Session
Queen Creek Town Council
Queen Creek Town Hall, 22350 S. Ellsworth Road
Council Chambers
January 15, 2014
7:00 p.m.

1. Call to Order

The meeting came to order at 7:00p.m.

2. Roll Call (one or more members of the Council may participate by telephone)

Council Members present: Barnes; Benning; Brown; Gad; Wheatley; Vice Mayor Oliphant and Mayor Barney.

3. Pledge of Allegiance: Led by Rafe Baldwin, Troop # 817

4. Invocation: A moment of silence was observed.

5. Ceremonial Matters: Presentations, Proclamations, Awards, Guest Introductions and Announcements.

A. Volunteer Service Recognition – LDS Spanish Ward: Mayor Barney recognized the Queen Creek Spanish Ward for providing 160 man-hours with 75 volunteers to clean and remove trash & debris from the Queen Creek Wash by Desert Mountain Park.

Vice Mayor Oliphant welcomed and introduced special guests, residents and volunteers: Rep. Warren Petersen; County Supervisor Denny Barney; Buchanan Davis representing US Rep. Jeff Flake; Former Mayor Mark Schnepf; Steve Sossaman; QCUSD Superintendent Tom Lindsay; former Council Member Jon Wootten; Tom Keller, GRIC Treasurer; representatives of PMGA; QC Chamber of Commerce; CGCC; Vestar; Rio Salado College; Pan de Vida Foundation; Queen Creek Communiversiy; and Newell & Kathryn Barney as well as all other honored family members.

B. Annual State of the Town Address (*A reception will immediately follow*)

Mayor Barney delivered the State of the Town Address which is attached and made a part of these minutes.

The meeting recessed at 7:49p.m.

6. Committee Reports

A. Council summary reports on meetings and/or conferences attended. This may include but is not limited to Phoenix-Mesa Gateway Airport; MAG; East Valley Partnership; CAG. The Council will not propose, discuss, deliberate or take legal action

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Queen Creek Town Council
January 15, 2014
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on any matter in the summary unless the specific matter is properly noticed for legal action.

Vice Mayor Oliphant reported on her attendance with Mayor Barney at the Arizona Chamber Legislative Forecast Luncheon held on January 10, 2014. Also attending was elected officials from cities & towns and state legislators from throughout Arizona. Governor Brewer addressed the guests on improving education and businesses. Ted Simmons, host of Arizona Horizon, led a discussion on expectations from the 2014 legislative session.

Mayor Barney reported on the MAG – Economic Development Committee meeting held January 7, 2014. Committee members were given updates on extending the border zone in Arizona; what companies look for in communities and encouraging collaboration between businesses through a digital platform. The next meeting is February 4, 2014.

Mayor Barney also reported on a Meet & Greet with State Representative Townsend held at the Capitol on January 8, 2014. Town representatives provided Rep. Townsend with information on the Town's activities celebrating its 25th Anniversary; and discussed issues important to Queen Creek that may be part of the legislative session.

B. Partner agencies quarterly or periodic updates to Council. This may include but is not limited to Queen Creek Chamber of Commerce; Queen Creek Performing Arts Center; Boys & Girls Club of East Valley; and Maricopa or Pinal County Board of Supervisors or other governmental agencies. The Council will not propose, discuss, deliberate or take legal action on any matter in the summary unless the specific matter is properly noticed for legal action.

None.

C. Town Center Committee – January 8, 2014: Vice Mayor Oliphant reported on the Committee's discussion and approval of a Façade Improvement Program application for Scrubs and More Boutique subject to conditions; discussion on an ASU vision project for Town Center; and the overview and tour of the Queen Creek Communiversity. The next meeting is February 12, 2014.

7. Public Comment: Members of the public may address the Town Council on items not on the printed agenda and during Public Hearings. Please complete a "Request to Speak Card", located on the table at the rear of the Council Chambers and turn it in to the Town Clerk prior to the beginning of the meeting. There is a time limit of three minutes for comments.

None.

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8. Consent Calendar: Matters listed under the Consent Calendar are considered to be routine and will be enacted by one motion and one vote. Public Hearing items are designated with an asterisk (*). Prior to consideration of the Consent Agenda, the Mayor will ask whether any member of the public wishes to remove a Public Hearing item for separate consideration. Members of the Council and or staff may remove any item for separate consideration.

A. Consideration and possible approval of the December 18, 2013 Work Study and Regular Session Minutes.

B. Consideration and possible approval of the settlement of lawsuit: Town of Queen Creek v. National Reined Cow Horse Association (NRCHA).

C. Consideration and possible approval of the two-year lease renewal with Tuck Hollimon for Town-owned property located at 22249 S. Ellsworth Rd., Queen Creek.

D. Consideration and possible approval of a Contract with Gammage & Burnham in the amount not to exceed \$100,000 for consultant services for the update of the Queen Creek Zoning Ordinance. (*Budgeted in FY13/14*)

E. Consideration and possible approval of the Re-Plat of Charleston Estates, a request by Standard Pacific Homes of Arizona, Inc.

F. Consideration and possible approval of the Final Plat for Emperor Estates Parcel H, a request by D.R. Horton, Inc.

G. Consideration and possible approval of **Resolution 976-14** amending the Sewer Service Area Map.

Staff requested Item D removed and continued.

Motion to approve remainder of Consent Calendar as presented:

1st: Wheatley

2nd: Barnes

VOTE: Unanimous

Motion to continue Item D to February 5, 2014:

1st: Benning

2nd: Barnes

VOTE: Unanimous

PUBLIC HEARINGS: If you wish to speak to the Council on an item listed as a Public Hearing, please complete a Request to Speak Card and turn it in to the Town Clerk. Speakers will be called upon in the order in which their cards are received. Speakers are limited to three (3) minutes each.

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9. Public Hearing and possible action on **RZ13-034/SD13-035-ORDINANCE 540-14 “Cloud Estates”**, a request by Cason Tyler Ventures, LLC for Planned Area Development (PAD)/Rezoning and Preliminary Plat approval for approximately 16.5 acres from R1-43 (Rural Estate District) to PAD/R1-35 (Suburban Residential District) and approval of a Preliminary Subdivision Plat for a 16-lot development. This project is located on the south side of Cloud Road, approximately 1,400 feet east of Power Road.

Principal Planner Brett Burningham reviewed the PAD rezoning request and preliminary plat proposal for a development with lot sizes averaging 25,000 sq. ft and additional open space. The Planning and Zoning Commission recommended approval of the request at their December 11, 2013 meeting, subject to conditions.

The Cloud Road Street Area Plan which was approved in 2002 was also reviewed. It was noted that since that time, two developments and numerous lot splits have occurred without Ivy Lane right-of-way dedicated to the Town.

Mr. Burningham provided information on the neighborhood meeting held by the applicant at which there were 15 attendees including Town staff. Several letters were received expressing concern with not being able to continue agricultural uses and increased traffic.

Mr. Burningham also stated that a valid legal protest had been received from adjacent property owner Joe Brekan and explained the requirement for a $\frac{3}{4}$ favorable vote for approval.

Troy Peterson, Bowman Consulting, representing the applicant, reviewed further the rezoning request, stating that the parcel was unique to develop as it is surrounded by churches, future schools and commercial uses as well as existing & future residential development. Mr. Peterson stated that the proposal is for 16 lots on 16 acres, and that some lots are smaller than 35,000 sq. ft., but two acres of community open space/park, maintained by the HOA will be provided and that landscape buffers are in compliance. Mr. Peterson stated that most of the concerns discussed at the neighborhood meeting had been addressed and the applicant is in agreement with the conditions as recommended by staff and the Planning and Zoning Commission.

The Public Hearing was opened.

Joe Brekan, Tempe, (adjacent property owner), stated he was in opposition to Cloud Estates because there wouldn't be access provided to his landlocked property. Mr. Brekan claimed that he was assured in 2005 prior to purchasing the property that he would have ingress/egress to his property and asked Council for a 30 day delay to allow Town staff to figure out how to get him access to his property.

The Public Hearing was closed.

Council discussed and had questions regarding deviations allowed in PAD requests and the proposed preliminary plat.

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Mr. Peterson, Bowman Consulting, responded to questions regarding the lot layout and area at cul-de-sac curves; ramadas, covered mail box area and benches. Council asked Mr. Peterson why fewer lots (14) was not requested, so that all lots would be 35,000 sq. ft. Mr. Peterson responded that by using the PAD request, open space was provided as a trade-off for the smaller lots. He also stated that if R1-43 lots were developed, each would have an individual septic tank and no open space would be required in the development. Mr. Peterson added that the application is in compliance with the general plan.

Discussion was in regard to options for continuing the request; continued validity of the legal protest by Mr. Brekan; and what approvals would be required for a R1-43 project to be approved.

Motion to continue RZ13-034/SD13-035-ORDINANCE 540-14 “Cloud Estates” to March 19, 2014 Council meeting:

1st: Brown
2nd: Benning

Mr. Brekan came forward and stated he was in favor of the development project but wants his legal protest to stay valid until he has ingress/egress (road) access to his property.

Town Attorney Bisman stated that the legal protest will remain valid unless withdrawn by Mr. Brekan.

VOTE: Unanimous

10. Public Hearing on the Land Use Assumptions (LUA) and Infrastructure Improvements Plan (IIP) to be used as the basis for the 2014 Development Fee Update.

Assistant to Town Manager Tracy Corman discussed the development fee adoption procedure with a proposed effective date of August 2014. She gave a brief overview of the allowed use and collection of development fees that are for new growth; how fees are based on data and have decreased since 2007 due to legislative changes.

Dwayne Guthrie, of TischlerBise, added that the recommended fees use a basis of 700 residential units per year, which is a conservative approach.

The Public Hearing was opened.

Mercedes Pelestor, Queen Creek, requested that infrastructure be built for public recreation.

The Public Hearing was closed.

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FINAL ACTION: If you wish to speak to the Council on an item listed under Final Action, please complete a Request to Speak Card and turn it in to the Town Clerk. Speakers will be called upon in the order in which their cards are received. Speakers are limited to three (3) minutes each.

11. Discussion and possible approval of the Notice of Intention, setting the time (7p.m.) and the date (February 19, 2014) for the Public Hearing for the adoption of water and wastewater capacity charges.

Utilities Director Paul Gardner gave a presentation on the proposed one-time water and wastewater capacity charge based on meter size that will be collected at the time of permitting and will apply to the entire water/wastewater service area. Mr. Gardner further clarified that the current wastewater development fee will be moved to a capacity fee instead.

Motion to approve the Notice of Intention, setting the time (7p.m.) and the date (February 19, 2014) for the Public Hearing for the adoption of water and wastewater capacity charges:

1st: Wheatley

2nd: Barnes

VOTE: Unanimous

ITEMS FOR DISCUSSION: These items are for Council discussion only and no action will be taken. In general, no public comment will be taken.

12. Presentation and discussion on the Compensation and Classification Study.

Town Manager Kross began the presentation explaining that the compensation & classification study along with succession planning and service optimization will ensure that the organization stays competitive. He said that direction on implementing the study will be requested at the February 19, 2014 Council meeting so that the recommendation(s) can be included in the FY14/15 budget.

HR Director Bruce Gardner introduced Bruce Lawson of Fox Lawson, the Town's consultant. Mr. Lawson provided an overview of the complete study and reviewed several components. A few highlights:

- Majority of job descriptions completed in 2005 are still valid with just a few that need revised
- Some class descriptions are recommended to be revised
- 41 jobs were benchmarked with the government/private sector
- Methodology was reviewed
- Benefits package is consistent and no changes are recommended
- A review and possible adjustment to salary structure should be done annually

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Queen Creek Town Council
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Council discussed prior flattening of organization and effects, if any, there were on organization structure.

13. Presentation and discussion on the impact of health care reform on the Town's benefits program.

HR Director Bruce Gardner gave a brief presentation on the Affordable Care Act (ACA) employer and employee mandates that include prohibition of certain exclusions; coverage and penalties for not having coverage. Mr. Gardner stated that Town's healthcare coverage meets the affordability test, out-of-pocket limits and deductible limits.

14. Motion to adjourn to Executive Session: The Council may reconvene the Executive Session for any of the items listed on the Work Study Executive Session Agenda.

Motion to reconvene to Executive Session at 10:26p.m:

1st: Benning

2nd: Gad

VOTE: Unanimous

16. Adjournment

The Regular Session reconvened and adjourned at 11:25p.m.



Requesting Department:

Development Services

TAB B

TO: HONORABLE MAYOR AND TOWN COUNCIL

THROUGH: JOHN KROSS, TOWN MANAGER

**FROM: CHRIS ANARADIAN, DEVELOPMENT SERVICES DIRECTOR
TROY WHITE, PUBLIC WORKS DIVISION MANAGER**

RE: CONSIDERATION AND POSSIBLE APPROVAL OF THE USE OF SRP AESTHETICS FUNDS IN AN ANMOUNT OF \$768,700 FOR INSTALLATION OF A MASONRY WALL AND LANDSCAPING AT SRP'S MORCOMS SUBSTATION LOCATED ON THE WEST SIDE OF ELLSWORTH ROAD SOUTH OF RIGGS ROAD. THIS IS A BUDGET ITEM FUNDED BY SRP.

DATE: FEBRUARY 19, 2014

Recommendation:

Staff recommends approval of the use of SRP Aesthetic Funds in an amount of \$768,700 for the installation of a masonry wall and landscaping at SRP's MORCOM Substation located on the west side of Ellsworth Road south of Riggs Road.

Proposed Motion:

Move to approve the use of SRP Aesthetic Funds in an amount of \$768,700 for the installation of a masonry wall and landscaping at SRP's MORCOM Substation located on the west side of Ellsworth Road south of Riggs Road.

Discussion:

The use of these aesthetic funds will be for the construction of a masonry screen wall and landscaping at SRP's new MORCOM Substation scheduled for construction in late 2014. The use of SRP aesthetic funds for construction of screening walls has been approved several times previously. This work will be paid for with SRP Aesthetic Funds at no cost to the Town.

Fiscal Impact :

This will reduce the Town's SRP Aesthetic Fund balance by \$768,700.

Alternatives:

Council could choose not to use Aesthetic funds for a masonry screen wall. This would result in the substation being built with a chain link fence provided by SRP.

Attachments:

- A. SRP Aesthetic Use Agreement

Attachment 1
SRP Aesthetic Use Agreement



P. O. Box 52025
Phoenix, AZ 85072-2025
(602) 236-5900
www.srpnet.com

February 6, 2014

Troy White
Town of Queen Creek
22350 S Ellsworth Rd
Queen Creek, AZ 85242

File No.: PSG-103.19.09
Ref. No.: MAPE-1286

**SUBJECT: MORCOM SUBSTATION WALL AND LANDSCAPE –
AESTHETICS CONCEPTUAL COST ESTIMATE**

Dear Troy,

SRP submitted an Aesthetics Conceptual Cost Estimate dated October 16, 2013 to you for the design and construction of a masonry wall and landscape at SRP's new Morcom Substation. Per your email dated February 6, 2014 the Town Council will be approving the use of Aesthetics funds for this project. The original Conceptual Cost Estimate expires February 13th, 2014; however, we are extending the date to June 6th, 2014. A Definitive Cost Estimate based on completed design will be provided to you upon completion of the design.

CONCEPTUAL COSTS:

Masonry Wall	\$ 661,500
Landscape	\$ 72,800
Asphalt Drives and Border (Optional)	\$ 34,400
TOTAL CONCEPTUAL COST ESTIMATE	\$ 768,700

Please sign and return both of the attached Funding Agreements, one for the wall and one for the landscaping, indicating whether you approve or decline the use of your town's Municipal Aesthetics funds for this project.

SRP's contact for this project is Mihai Morea. If you have any questions regarding the project scope, you can reach him at (602) 236-8086 or Mihai.Morea@srpnet.com.

If you have any questions regarding the Aesthetics funding, please contact me at (602) 236-3735 or Janice.Cacioppo@srpnet.com.

Sincerely,

Janice Cacioppo
Municipal Aesthetics Program Administrator

Sent via email

c: Tom Narva, Queen Creek
C Francoeur
M Morea
File



Requesting Department:
Development Services

TAB C

TO: HONORABLE MAYOR AND TOWN COUNCIL

THROUGH: JOHN KROSS, TOWN MANAGER

**FROM: CHRIS ANARADIAN, DEVELOPMENT SERVICES DIRECTOR
TROY WHITE, PUBLIC WORKS DIVISION MANAGER**

RE: CONSIDERATION AND POSSIBLE APPROVAL OF A PROFESSIONAL SERVICES CONTRACT CHANGE ORDER WITH AMEC ENVIRONMENT AND INFRASTRUCTURE, INC., IN AN AMOUNT NOT TO EXCEED \$30,000 FOR POST DESIGN SERVICE FOR THE CONSTRUCTION OF OCOTILLO ROAD CROSSING OF THE UNION PACIFIC RAILROAD (UPRR). THIS IS A BUDGETED FY13/14 PROJECT.

DATE: FEBRUARY 19, 2014

Staff Recommendation:

Approval of a change order to the Professional Services Contract with AMEC Environment and Infrastructure Inc., in an amount not to exceed \$30,000 for post construction services for the construction of Ocotillo Road crossing of the UPRR.

Relevant Council Goal(s):

Town of Queen Creek Corporate Strategic Plan - Key Result Area 1 - Objective 1

- *Monitor, time and sequence the Town's Capital Improvement Program (CIP) so that it is implemented when needed, but matched with available revenues to construct and maintain the assets over time.*

Proposed Motion:

Move to approve a change order to the Professional Services Contract with AMEC Environment and Infrastructure Inc., in an amount not to exceed \$30,000 for post construction services for the construction of Ocotillo Road crossing of the UPRR.

Discussion:

The plans for the Ocotillo Road crossing of the railroad are now 100% complete and the contract with the UPRR was approved by Council on February 5, 2014. The next step in the process is to seek approval with the Arizona Corporation Commission (ACC). A hearing date with the ACC has been requested by the Town and anticipated to be scheduled within

the next 4-6 weeks. Once approval is obtained from the ACC, the project will move into the construction phase. Staff is hopeful this work can begin in May 2014.

This change order allows the Town to retain the design engineer throughout construction, a typical process for construction projects. The design engineer will perform internal management functions for the post design contract and will attend construction meetings and site visits as requested by the TOWN.

Furthermore, through the TOWN, the design engineer will review and respond to Requests for Information (RFI's) submitted by the construction contractor and will review, approve, or reject submittals and/or shop drawings submitted by the construction contractor. The design engineer will also prepare design modifications as needed to meet field conditions or other adjustments necessary during construction and will provide design engineer signed as-built plans as required by the UPRR.

This change order also includes some additional potholing and additional UPRR permit costs for the waterline design.

Fiscal Impact:

Sufficient funds are available within the FY14 CIP budget.

Alternatives:

Signed as-builts by the design engineer is required by the UPRR. Therefore, the only alternative would be to forego the improvements to the roadway at this time.

Attachments:

1. Exhibit A: Scope of Work Change Order #4 AMEC

Attachment
Scope of Work Change Order #4 AMEC

EXHIBIT A
SCOPE OF WORK
CHANGE ORDER NO. 4
OCOTILLO ROAD AT UPRR CROSSING
TOWN OF QUEEN CREEK



Introduction/Project Description

This document describes the additional scope of services that AMEC Environment and Infrastructure, Inc. (hereafter called the "CONSULTANT") will provide to the Town of Queen Creek: (hereafter called the "TOWN"). During the initial potholing operation as part of Change Order No. 3, it was determined that additional and deeper potholes will be required to accurately determine the needed utility locations. In addition, the UPRR permit fee was more than the anticipated permit fee included in Change Order No. 3.

The TOWN has also requested that Post Design Services be added to the original contract.

Scope of Additional Services

This section provides a summary of the CONSULTANT's scope of services and assumptions in developing the fee proposal.

1.0 Post Design Services Allowance

Project Management, Meetings & Site Visits

The CONSULTANT will perform internal management functions for the post design contract and will attend construction meetings and site visits as requested by the TOWN. Attendance at up to ten (10) meetings and/or site visits are included in the estimate. The project manager or project engineer will attend the meetings and site visits.

Request for Information (RFI's)

The CONSULTANT will review and respond to RFI's submitted by the construction contractor through the TOWN.

Submittal & Shop Drawing Review

The CONSULTANT will review and approve, approve as noted, or reject submittals and/or shop drawings submitted by the construction contractor through the TOWN.

Design Modifications

The CONSULTANT will prepare design modifications as needed to meet field conditions or other adjustments necessary during construction.

EXHIBIT A
SCOPE OF WORK
CHANGE ORDER NO. 4
OCOTILLO ROAD AT UPRR CROSSING
TOWN OF QUEEN CREEK



As-Built Preparation

The CONSULTANT will prepare as-built plans (16 sheets) based on redline plans provided by the construction contractor. The original signed pdf plans will be saved in TIFF format and brought into AutoCad software for editing. Electronic copies of original signed plans with as-built updates will be provided to the TOWN.

2.0 Additional Utility Potholing

The CONSULTANT will perform potholing at an additional eleven (11) locations with a portion of those to a depth of 10' to 20'.

Deliverables:

- Utility locations (X, Y, Z) and types at pothole locations

3.0 UPRR Permit

The CONSULTANT will be required to pay an additional UPRR permit fee of \$2500 to perform potholing work within the railroad right-of-way.

The attached spreadsheet outlines the cost to perform the work as described.

FEE ESTIMATE						
Project Name:	Ocotillo Road at UPRR Crossing - CO#4					
Client:	Town of Queen Creek					
Date:	2/6/2014					
Prepared by:	Dick Yano					
Reviewed by:	Todd Farmer					
Task No.	Task Description	Task Hours Estimated	Sr. Project Manager	Project Engineer	CADD Tech	
			\$195 HR	\$150 HR	\$90 HR	TASK TOTAL
1.0	Post Design Services Allowance					
	Project Management, Meetings & Site Visits	30	15	15		\$5,175
	RFI's	18	2	16		\$2,790
	Submittal & Shop Drawing Review	21	1	20		\$3,195
	Design Modifications	14	2	4	8	\$1,710
	As-Built Preparation	26	2	8	16	\$3,030
2.0	Additional Utility Potholing (11 potholes X \$650 = \$7150)					\$7,150
3.0	UPRR Permit					\$2,500
Total Hours & Cost		109	22	63	24	\$25,550.00





Requesting Department:

INFORMATION
TECHNOLOGY

TAB D

TO: HONORABLE MAYOR AND TOWN COUNCIL

THROUGH: JOHN KROSS, TOWN MANAGER

**FROM: BRUCE GARDNER, WORKFORCE & TECHNOLOGY DIRECTOR
SHAWNY EKADIS, GIS COORDINATOR**

**RE: CONSIDERATION AND POSSIBLE APPROVAL OF A THREE
YEAR ENTERPRISE LICENSE AGREEMENT IN THE AMOUNT
NOT TO EXCEED \$88,088.31 WITH ENVIRONMENTAL
SYSTEMS RESEARCH INSTITUTE, INC. (ESRI) FOR THE
SMALL GOVERNMENT ENTERPRISE LICENSE AGREEMENT**

DATE: FEBRUARY 19, 2014

Staff Recommendation:

Staff recommends approval of the three-year enterprise license agreement in the amount not to exceed \$88,088.31 with Environmental Systems Research Institute, Inc. (ESRI) for the small government enterprise license agreement.

Proposed Motion:

Move to approve the attached license agreement with Environmental Systems Research Institute, Inc. (ESRI) for the small government enterprise license agreement in the amount not to exceed \$88,088.31.

Discussion:

Since 2008, the Town has been participating in the Small Municipal and County Enterprise License Agreement (ELA) offered by ESRI. This program offers small municipalities and county governments access to unlimited software and support for a fixed fee for 3 years. This program has provided the Town much flexibility in growing the GIS program which includes the recent addition of interactive maps to the Town's website. The program cost is based upon population size and since Queen Creek is now over 25,000 in population ESRI has made a small increase to renew the agreement at the \$29,363 annual cost for the program.

This program has been a benefit to the Town in several ways:

1. It saves the Town money. If the Town were to pay outright for all of the software currently being used it would cost over \$70,000 plus an additional \$30,000 per year after that for maintenance. The Town would also have to pay an additional \$10,000 yearly subscription to maintain its ArcGIS Online account which is used to provide interactive maps for the Town's website. Over a three year term the cost is estimated to be over \$130,000. By participating in this program the Town saves approximately \$42,000 over the 3 year term.
2. The set price allows staff to project budget needs for the program with certainty as it relates to software purchases and maintenance for a period of three years.
3. The program allows the Town access to ESRI products on an unlimited basis which allows staff much more flexibility as specific needs for software do not have to be identified in advance of budget planning and new software can be implemented at any time during the program.
4. The program provides \$5,000 in credit for the ESRI Virtual Campus for online GIS training. This training is available to all Town staff interested in learning GIS meaning that other departments do not have to budget funds to get this type of training for their staff.
5. This program also provides two complementary registrations to the annual ESRI user conference (\$3,000 cost) which provides excellent opportunities for staff to learn about the latest changes in technology and to see presentations from others that use GIS for their business practices.

Fiscal Impact:

In anticipation of the new contract and a possible price increase, staff budgeted for these costs in this fiscal year. Years 2 and 3 will be requested with future budgets.

Alternatives:

Council could choose not to approve the agreement with ESRI, however, this would mean that the staff would have to outright purchase the software and online services being used (approximately \$74,000) and there is not enough money budgeted to cover this purchase this budget year. Also Staff would not have access to free online training or free registrations to the user conference.

Attachments:

- ESRI Enterprise License Agreement
- ESRI Sole Source Letter



**SMALL
ENTERPRISE LICENSE AGREEMENT
COUNTY AND MUNICIPALITY**

Authorized Distributor/Esri Use Only:
 Cust. Name _____
 Cust. # _____
 PO # _____
 Esri Agreement # _____

Esri, 380 New York St., Redlands, CA 92373-8100 USA • TEL 909-793-2853 • FAX 909-793-5953

This Small Enterprise License Agreement ("ELA") is by and between the organization listed on the signature page ("**Licensee**"); **Environmental Systems Research Institute, Inc. ("Esri")**; and, if Licensee is located outside the United States of America (US), the Authorized Distributor listed on the signature page ("**Authorized Distributor**"). Authorized Distributor is authorized by Esri to provide access to Online Services and provide ELA Maintenance for Enterprise Products and other benefits, as described herein, to Licensee located outside the US.

This ELA sets forth the terms for Licensee's use of Enterprise Products and incorporates by reference (i) the ELA Quotation and (ii) the License Agreement. Should there be any conflict between the terms and conditions of the documents that comprise this ELA, the order of precedence for the documents shall be as follows: (i) Small Enterprise License Agreement, (ii) the License Agreement, and (iii) the ELA Quotation. The modifications and additional rights granted in this ELA apply only to the Enterprise Products listed in Table A.

**Table A
List of Enterprise Products**

Unlimited Quantities

Desktop Software and Extensions

ArcGIS for Desktop Advanced
 ArcGIS for Desktop Standard
 ArcGIS for Desktop Basic
 ArcGIS for Desktop Extensions: ArcGIS 3D Analyst, ArcGIS Spatial Analyst, ArcGIS Geostatistical Analyst, ArcGIS Publisher, ArcGIS Network Analyst, ArcGIS Schematics, ArcGIS Workflow Manager, ArcGIS Data Reviewer

Server Software and Extensions

ArcGIS for Server Workgroup and Enterprise (Advanced, Standard, and Basic)
 ArcGIS for Server Extensions: ArcGIS 3D Analyst, ArcGIS Spatial Analyst, ArcGIS Geostatistical Analyst, ArcGIS Network Analyst, ArcGIS Schematics, ArcGIS Workflow Manager, ArcGIS Image

Developer Tools

ArcGIS Engine
 ArcGIS Engine Extensions: ArcGIS 3D Analyst, ArcGIS Spatial Analyst, ArcGIS Geodatabase Update, ArcGIS Network Analyst, ArcGIS Schematics
 ArcGIS Runtime Standard
 ArcGIS Runtime Standard Extensions: ArcGIS 3D Analyst, ArcGIS Spatial Analyst, ArcGIS Network Analyst

Limited Quantities

One (1) Annual Subscription to Esri Developer Network (EDN) Standard*
 One (1) Esri CityEngine Advanced Single Use License
 One (1) Esri CityEngine Advanced Concurrent Use License
 One (1) ArcGIS Online Subscription*

Other Benefits

One (1) ArcGIS Online Subscription with specified named users and credits as determined in the program description	Level 2
Number of Esri International User Conference Registrations provided annually	2
Number of Tier 1 Help Desk Individuals authorized to call Esri	2
Maximum number of sets of backup media, if requested**	2
Virtual Campus Annual User License allowance	5,000
Five percent (5%) discount on all individual commercially available instructor-led training classes at Esri facilities purchased outside this Agreement (Discount does not apply to Small Enterprise Training Package.)	

*ELA Maintenance is not provided for these items.

**Additional sets of backup media may be purchased for a fee.

Licensee may accept this ELA by signing and returning it with an Ordering Document that matches the ELA Quotation and references this ELA. **ADDITIONAL OR CONFLICTING TERMS IN LICENSEE'S ORDERING DOCUMENT WILL NOT APPLY, AND THE TERMS OF THIS ELA WILL GOVERN.** Unless otherwise mutually agreed to, this ELA is effective as of the date of the last signature on the signature page ("Effective Date"), or if no date is provided with the signature, the date of Esri's receipt of Licensee's Ordering Document incorporating this ELA by reference.

This ELA supersedes any previous agreements, proposals, presentations, understandings, and arrangements between the parties relating to the licensing of the Enterprise Products. Except as provided in Article 4—Enterprise Product Updates, any modifications or amendments to this ELA must be in writing and signed by an authorized representative of each party.

This ELA may be executed in duplicate by the parties. An executed separate signature page transmitted through electronic means, such as fax or e-mail, is valid and binding even if an original paper document bearing each party's original signature is not delivered.

Accepted and Agreed:

(Licensee)

**ENVIRONMENTAL SYSTEMS
RESEARCH INSTITUTE, INC.**
(Esri)

By: _____
Authorized Signature

By: _____
Authorized Signature

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

LICENSEE CONTACT INFORMATION

Contact: _____

Telephone: _____

Address: _____

Fax: _____

City, State, Postal Code: _____

E-mail: _____

Country: _____

ELA Quotation Number (if applicable): _____

1.0—ADDITIONAL DEFINITIONS

In addition to the definitions provided in the License Agreement, the following definitions apply to this ELA:

"Deploy" means to redistribute and install the Enterprise Products and related Authorization Codes within Licensee's organization(s).

"ELA Maintenance" means Tier 2 Support, updates, and patches provided by Esri or its Authorized Distributor to Licensee for the Enterprise Products.

"ELA Quotation" means the Small Enterprise License Agreement offer letter and quotation form provided separately by Esri or its Authorized Distributor to Licensee.

"ELA Fee" means the fee set forth in the ELA Quotation.

"Enterprise Products" means the Products identified in Table A—List of Enterprise Products and any updates to such list provided in writing by Esri or its Authorized Distributor.

"Incident" means a failure of the Software to operate according to the Documentation where such failure substantially impacts operational or functional performance.

"License Agreement" means the applicable license agreement incorporated by this reference that is (i) found at <http://www.esri.com/legal/software-license>; comprised of the General License Terms and Conditions (E204) and Exhibit 1, Scope of Use (E300); and available in the installation process requiring acceptance by electronic acknowledgment or (ii) a signed license agreement between Esri, Distributor (if applicable), and Licensee that supersedes such electronically acknowledged license agreement.

"Technical Support" means a process to attempt to resolve reported Incidents through error correction; patches; hot fixes; workarounds; replacement deliveries; or any other type of Enterprise Product corrections or modifications.

"Tier 1 Help Desk" means Licensee's point of contact from which all Tier 1 Support will be given to Licensee.

"Tier 1 Support" means the Technical Support provided by the Tier 1 Help Desk as the primary contact to Licensee in attempted resolution of reported Incidents.

"Tier 2 Support" means the Technical Support provided by Esri or its Authorized Distributor to the Tier 1 Help Desk when the Incident cannot be resolved through Tier 1 Support. Licensees located in the US will receive Tier 2 Support from Esri. Licensees outside the US will receive Tier 2 Support from an Authorized Distributor located in the Licensee's region.

2.0—ADDITIONAL GRANT OF LICENSE

2.1 Grant of License. Subject to the terms and conditions of this ELA, Esri grants to Licensee a personal, nonexclusive, nontransferable Term License solely to use, copy, and Deploy quantities of the Enterprise Products listed in Table A for the term provided in Section 3.1—Term (i) for which the applicable license fees have been paid and (ii) in accordance with the License Agreement.

2.2 Consultant Access. Esri grants Licensee the right to permit Licensee's consultants or contractors to use the Enterprise Products exclusively for Licensee's benefit. Licensee shall be solely responsible for compliance by consultants and contractors with this ELA and shall ensure that the consultant or contractor discontinues Product use upon completion of work for Licensee. Access to or use of Products by consultants or contractors not exclusively for Licensee's benefit is prohibited. Licensee may not permit its consultants or contractors to install Software or Data on consultant, contractor, or third-party computers or remove Software or Data from Customer locations, except for the purpose of hosting the Software or Data on Contractor Servers for the benefit of Licensee.

3.0—TERM, TERMINATION, AND EXPIRATION

3.1 Term. The term of this ELA and all licenses hereunder shall commence on the Effective Date and continue for three (3) years, unless this ELA is terminated earlier as provided herein. Licensee is only authorized to use Deployed Enterprise Products during the term of this ELA. No indefinite term or perpetual license grants are provided with this ELA.

3.2 No Use upon Expiration or Termination. All Deployed Enterprise Product licenses and all ELA Maintenance, Virtual Campus access, and User Conference Registrations terminate on expiration or termination of this ELA.

3.3 Termination for Lack of Funds. For government or government-owned entities only, either party may terminate this ELA for Lack of Funds. Lack of Funds is the inability of Licensee to secure appropriation of funds through the legislative or governing body's approval process for annual payments due.

4.0—ENTERPRISE PRODUCT UPDATES

4.1 Future Updates. Esri and its Authorized Distributor reserve the right to update the list of Enterprise Products in Table A by providing written notice to Licensee. Licensee may continue to use all Enterprise Products that have been Deployed, but support and upgrades for deleted items may not be available. As new Enterprise Products are incorporated into the standard program, they will be offered to Licensee via written notice for incorporation into the Enterprise Products schedule at no additional charge. Licensee's use of new or updated Enterprise Products requires Licensee to adhere to applicable additional or revised terms and conditions of the License Agreement.

4.2 Product Life Cycle. During the term of this ELA, some Enterprise Products may be retired or may no longer be available for unlimited quantity Deployment. ELA Maintenance shall be subject to the individual Product Life Cycle Support Status and Product Life Cycle Support Policy, which can be found at <http://resources.arcgis.com/content/product-life-cycles>. Updates for Enterprise Products in the mature and retired phases may not be available; however, Licensee may continue to use Deployed Enterprise Products for the term of this ELA, but Licensee will not be able to Deploy retired Enterprise Products.

5.0—ELA MAINTENANCE

ELA Maintenance is included with the ELA Fee. ELA Maintenance includes standard maintenance benefits specified in either (i) the most current applicable Esri US Software Maintenance Program document (found at <http://www.esri.com/legal>) for US-based Licensees or (ii) the applicable Authorized Distributor software maintenance policy as modified by this Article 5.0—ELA Maintenance. At Esri's sole discretion, Esri may make patches, hot fixes, or updates available for download. No Software other than the defined Enterprise Products will receive maintenance under this ELA. Licensee may acquire maintenance for other Software (non-Enterprise Products) outside this ELA.

a. Tier 1 Support Provided by Licensee

1. Licensee shall provide Tier 1 Support through the Tier 1 Help Desk to all Licensee's authorized users.
2. The Tier 1 Help Desk will use analysts fully trained in the Software they are supporting.
3. At a minimum, Tier 1 Support will include those activities that assist the user in resolving how-to and operational questions as well as questions on installation and troubleshooting procedures.
4. Tier 1 Support analysts will be the initial points of contact for all questions and Incidents. Tier 1 Support analysts shall obtain a full description of each reported Incident and the system configuration from the user. This may include obtaining any customizations, code samples, or data involved in the Incident. The analyst may also use any other information and databases that may be developed to satisfactorily resolve Incidents.
5. If the Tier 1 Help Desk cannot resolve the Incident, an authorized Tier 1 Help Desk individual may contact Tier 2 Support. The Tier 1 Help Desk shall provide support in such a way as to minimize repeat calls and make solutions to problems available to Licensee.
6. Tier 1 Help Desk individuals identified by Licensee are the only individuals authorized to contact Tier 2 Support. Licensee may revise named individuals by written notice.

b. Tier 2 Support Provided by Esri or Its Authorized Distributor

1. Tier 2 Support shall log the calls received from Tier 1 Help Desk individuals.
2. Tier 2 Support shall review all information collected by and received from Tier 1 Help Desk individuals including preliminary documented troubleshooting provided by Tier 1 Help Desk when Tier 2 Support is required.
3. Tier 2 Support may request that Tier 1 Help Desk individuals provide verification of information, additional information, or answers to additional questions to supplement any preliminary information gathering or troubleshooting performed by Tier 1 Help Desk.

4. Tier 2 Support shall attempt to resolve the Incidents submitted by Tier 1 Help Desk by assisting Tier 1 Help Desk individuals.
5. When the Incident is resolved, Tier 2 Support shall communicate the information to Tier 1 Help Desk individuals, and Tier 1 Help Desk shall disseminate the resolution to the user.

6.0—ENDORSEMENT AND PUBLICITY

This ELA shall not be construed or interpreted as an exclusive dealings agreement or Licensee's endorsement of Esri or its Authorized Distributor. Licensee agrees that Esri and its Authorized Distributor may publicize the existence of this ELA upon execution.

7.0—ADMINISTRATIVE REQUIREMENTS

7.1 OEM Licenses. Under Esri's OEM or Solution OEM programs, OEM partners are authorized to embed or bundle portions of Esri Products and Services with their application or service. OEM partners' business model, licensing terms and conditions, and pricing are independent of this ELA. Licensee shall not seek any discount from the OEM partner or Esri based on the availability of Enterprise Products under this ELA. Licensee shall not decouple Esri Products or Services from the OEM partners' application or service.

7.2 Annual Report of Deployments. At each anniversary date and ninety (90) calendar days prior to the expiration date of this ELA, Licensee shall provide a written report detailing all Deployments to either (a) Esri if Licensee is located in the US or (b) Authorized Distributor if Licensee is located outside the US. The report will be subject to audit.

7.3 Renewal. Any follow-on ELA will be offered in accordance with then-current ELA pricing and license terms and conditions.

8.0—MERGERS, ACQUISITIONS, OR DIVESTITURES

Licensee shall notify Esri and, if applicable, its Authorized Distributor in writing in the event of (i) a consolidation, merger, or reorganization of Licensee with or into another corporation or entity; (ii) Licensee's acquisition of another entity; or (iii) a transfer or sale of all or part of Licensee's organization (hereinafter

subsections i, ii, and iii collectively referred to as "Ownership Change"). There will be no decrease in the ELA Fee as a result of any Ownership Change.

8.1 If an Ownership Change increases the cumulative meter or customer count beyond the maximum level for this existing ELA, Esri and, if applicable, its Authorized Distributor reserve the right to increase the ELA Fee to the next higher ELA Fee level that applies to the new cumulative meter or customer count. In the event the Ownership Change increases the cumulative meter or customer count beyond the limits of this ELA, Esri and, if applicable, its Authorized Distributor have the option to terminate this ELA and the parties will negotiate a different agreement.

8.2 If an Ownership Change results in transfer or sale of a portion of Licensee's organization, that portion of Licensee's organization shall uninstall, remove, and destroy or transfer the Enterprise Products to Licensee.

8.3 This ELA may not be assigned to a successor entity as a result of an Ownership Change unless approved by Esri and, if applicable, its Authorized Distributor in writing in advance. If the assignment to the new entity is not approved, Licensee shall require any successor entity to uninstall, remove, and destroy the Enterprise Products, and this ELA will terminate upon such Ownership Change.

9.0—TRAINING

9.1 Training Description. Esri offers instructor-led training related to the use of its proprietary GIS software. Esri will provide to Licensee a fixed number of training days to use for Instructor-Led Training, as defined in this Small Enterprise Training Package, if purchased. Instructor-Led Training events occur at an Esri Learning Center or via the web in a cloud environment. The Esri software training course(s) to be conducted, location, schedule dates, and registration requirements are set forth in the *Esri Training* catalog located on Esri's Training website (<http://training.esri.com>). All courses are conducted in substantial conformity with course descriptions outlined on the Esri Training website. Esri reserves the right to modify course content when necessary due to software technical capabilities or limitations.

9.2 Unique Terms for the Small Enterprise Training Package

- a.** To order training, Licensee must include training in the Ordering Document for the ELA or provide an Ordering Document as required and specified within the ELA that matches the Esri quotation.
- b.** Where Licensee submits an additional Ordering Document to purchase training days for additional year(s), any unused training days will automatically roll over.
- c.** An Ordering Document is required annually for each three (3)-year term. Failure to submit an annual Ordering Document will result in the forfeit of unused training days.
- d.** Licensee must assign an individual within its organization to the role of Training Administrator to serve as liaison between Licensee's organization and Esri as well as internally manage and authorize allocated training days.
- e.** The training days are available for a period of twelve (12) months, commencing on the Effective Date, and ending when all training days are consumed, whichever is sooner.
- f.** Esri will invoice for outstanding training expenses where applicable.
- g.** Training days are not transferable and not refundable for any other Esri Products or services.



SOLE SOURCE LETTER

**Environmental Systems Research Institute, Inc. (Esri)
380 New York Street
Redlands, CA 92373
Telephone: 909-793-2853, Ext. 1-1990
Email: jricks@esri.com**

DATE: December 11, 2013

TO: To Whom It May Concern

FROM: Jackie Ricks, Esri Contracts and Legal Services

RE: Sole Source Justification for Enterprise License Agreement (ELA)

This letter confirms Esri, as owner and manufacturer, is the sole source provider of all U.S. domestic Enterprise License Agreements. While some products are available through value-added resellers on a unit priced basis, Esri is the only source that can grant a right to copy and deploy products in an Enterprise License Agreement. An ELA is a bundled package for licensing software, maintenance, and online services for redistribution within the organization. Esri products are provided with a special grant to copy and deploy specified quantities of capped items and unlimited quantities of items without a cap, during the term of the ELA.

If you have further questions, please feel free to call me at our Contracts and Legal Services Department at 909-793-2853, extension 1990.

Sincerely,

A handwritten signature in blue ink that reads "J. Ricks".

Jackie Ricks
Contract Coordinator



Contracts & Legal Services Dept.
380 New York Street
Redlands, CA 92373
Voice 909.793.2853 Ext. 1-1990
Fax 909.307.3020



Requesting Department:

Development Services

TAB E

TO: HONORABLE MAYOR AND TOWN COUNCIL

THROUGH: JOHN KROSS, TOWN MANAGER

**FROM: CHRIS ANARADIAN, DEVELOPMENT SERVICES DIRECTOR
TROY WHITE, PUBLIC WORKS MANAGER
RAMONA SIMPSON, ENVIRONMENTAL PROGRAMS**

**RE: CONSIDERATION AND POSSIBLE APPROVAL OF
BENEFITING THE BOYS & GIRLS CLUB OF QUEEN CREEK
THROUGH THE CURBSIDE TEXTILE RECYCLING PROGRAM
WITH UNITED FIBERS.**

DATE: FEBRUARY 19, 2014

Staff Recommendation:

Staff recommends approval of benefiting the Boys and Girls Club through the curbside textile recycling program with United Fibers.

Relevant Council Goal(s):

N/A

Proposed Motion:

Move to approve benefiting the Boys and Girls Club through the curbside textile recycling program with United Fibers.

Discussion:

The four (4) month program, which was available September through December 2012, allowed Queen Creek residents the opportunity to discard unwanted clothing through a specialized curbside clothing recycling bag placed directly into their blue Town Recycling Cart on their regularly scheduled collection day.

The program was very successful and the Town collected over 27,000 lbs of material which resulted in a donation by the Town and United Fibers of over \$2,700 to the Boys & Girls Club of Queen Creek. The program received an Award of Merit-Environmental Excellence from Arizona Forward and was named the 2013 Recycler of the Year Award from the Arizona Recycling Coalition. The program also received national media attention in USA Today and other newspapers and magazines.

The program is run through the Town's Solid Waste Services Agreement with Right Away Disposal (RAD). RAD collects and delivers the recyclables to United Fibers for processing. The Town receives additional revenue during the textile collection program as our recycle revenue from RAD is based on the weight of recycling materials collected.

The Boys and Girls Club revenue comes from the additional .10 cents that United Fibers pays per pound of textile collected. Town staff is recommending that the Boys and Girls Club continue to be the recipient of the additional .10 cents as they have a long standing relationship with the Town and United Fibers as well.

Fiscal Impact:

The Town will receive an additional \$26.00 per ton of textile received from RAD and the Boys and Girls Club is estimated to receive \$2,700 dollars from United Fibers (.10 cents per pound of textile collected).

Alternatives:

Alternative options:

- Council could choose to not have the additional funding of .10 cents per pound of textile benefit the Boys and Girls Club; however, because the Boys and Girls Club also has a long standing relationship with United Fibers, this alternative is not recommended by staff.

Attachments:

N/A



Requesting Department:

Development Services

TAB F

TO: HONORABLE MAYOR AND TOWN COUNCIL

THROUGH: JOHN KROSS, TOWN MANAGER

**FROM: CHRIS ANARADIAN, DEVELOPMENT SERVICES DIRECTOR;
CHRIS DOVEL, TOWN ENGINEER; MARC PALICHUK,
ENGINEER**

**RE: CONSIDERATION AND POSSIBLE APPROVAL OF THE FINAL
PLAT OF QUEEN CREEK MARKETPLACE PHASE 1 LOTS 22 &
23 – BEING A REPLAT OF LOTS 2, 5, & 13. A REQUEST BY
VPCQM L.L.C.**

DATE: FEBRUARY 19, 2014

Staff Recommendation:

Staff recommends approval of the Final Plat of Queen Creek Marketplace Phase 1 Lots 22 & 23 – Being a Replat of Lots 2, 5, & 13. A request by VPCQM L.L.C.

Relevant Council Goal(s):

Land Use/Economic Development - Key Result Area 8 - Goal 1

Implement the Council approve Economic Development Strategic Plan

Proposed Motion:

Move to approve the Final Plat of Queen Creek Marketplace Phase 1 Lots 22 & 23 – Being a Replat of Lots 2, 5, & 13. A request by VPCQM L.L.C.

History:

September 20, 2006 Town Council approved Queen Creek Marketplace Phase 1 Preliminary Plat (SD06-005).

November 1, 2006 Town Council approved Queen Creek Marketplace Phase 1 Final Plat.

November 29, 2007 Town Council approved Queen Creek Marketplace Phase 1 Final Plat being a Replat of Lots 1-5, 9-13, & 16-18.

May 27, 2008

Town Council approved Queen Creek Marketplace Phase 1 Final Plat being a Replat of Lots 9 & 11.

Discussion:

The applicant is requesting approval of the Final Plat of Lots 22 & 23 – being a Replat of Lots 2, 5, & 13. This Replat is being brought forth to accommodate Harkins Theaters. Lots 2, 5, & 13 will be replated into Lots 22 & 23. Lot 22 will be the Harkins Theater and Lot 23 will be a future building pad site. The land area for Lot 22 is 13.60 acres and Lot 23 is 0.83 acres.

Remaining Items required prior to recording of the Final Plat:

None

Fiscal Impact:

The Town will receive building permit fees for the Harkins Theater and the future building pad site.

Alternatives:

Not to accept the Final Plat of Queen Creek Marketplace Phase 1 Lots 22 & 23. If the Town does not accept the Final Plat, the Harkins Theaters will not be developed at this time and the Town will not collect building permit fees.

Attachments:

Final Plat

LEGAL DESCRIPTION

LOTS 2, 5 AND 13 OF QUEEN CREEK MP-PHASE 1 LOTS 1-5, 9-13 & 16-18 AS SHOWN ON THE FINAL PLAT RECORDED IN BOOK 963, PAGE 14, MARICOPA COUNTY RECORDS, LYING WITHIN THE EAST HALF AND THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 SOUTH, RANGE 7 EAST OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA.

APPROVALS:

APPROVED BY THE MAYOR AND TOWN COUNCIL OF THE TOWN OF QUEEN CREEK, ARIZONA THIS _____ DAY OF _____, 20____

BY: _____ DATE _____
 MAYOR
 ATTEST: _____ DATE _____
 TOWN CLERK
 APPROVED BY: _____ DATE _____
 TOWN ENGINEER
 APPROVED BY: _____ DATE _____
 TOWN PLANNING MANAGER

DEDICATION

STATE OF ARIZONA }
 COUNTY OF MARICOPA } SS

KNOW ALL MEN BY THESE PRESENTS:

THAT VPQCM, LLC, A DELAWARE LIMITED LIABILITY COMPANY, AS OWNER, HAS SUBDIVIDED UNDER THE NAME OF QUEEN CREEK MP - PHASE 1 LOTS 22 & 23, LYING WITHIN A PORTION OF THE EAST HALF AND THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 SOUTH, RANGE 7 EAST OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA AS SHOWN PLATTED HEREON, AND HEREBY PUBLISHES THIS PLAT AS AND FOR THE PLAT OF SAID QUEEN CREEK MP - PHASE 1 LOTS 22 & 23, AND HEREBY DECLARES THAT SAID PLAT SETS FORTH THE LOCATION AND GIVES THE DIMENSIONS OF ALL LOTS CONSTITUTING SAME, AND THAT EACH LOT SHALL BE KNOWN BY THE NUMBER GIVEN EACH.

IN WITNESS WHEREOF:

VPQCM, LLC, A DELAWARE LIMITED LIABILITY COMPANY, AS OWNER, HAS HEREUNTO CAUSED ITS NAME TO BE SIGNED AND THE SAME TO BE ATTESTED BY THE SIGNATURE OF ITS DESIGNATED REPRESENTATIVE.

VPQCM, L.L.C., A DELAWARE LIMITED LIABILITY COMPANY,

BY: VPJV, LLC
 ITS: SOLE MEMBER

BY: VJVM, LLC
 ITS: MANAGING MEMBER

BY: David Larcher 2/3/14
 NAME: DAVID LARCHER DATE
 TITLE: MANAGER

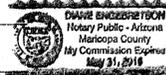
ACKNOWLEDGMENT

STATE OF ARIZONA }
 COUNTY OF MARICOPA } SS

ON THIS, THE 3rd DAY OF February, 2014, BEFORE ME THE UNDERSIGNED NOTARY, PERSONALLY APPEARED David J. Larcher, WHO ACKNOWLEDGES THAT HE EXECUTED THE FOREGOING INSTRUMENT FOR THE PURPOSES CONTAINED THEREIN.

IN WITNESS WHEREOF I HEREUNTO SET MY HAND AND OFFICIAL SEAL

NOTARY PUBLIC



MY COMMISSION EXPIRES: 5/31/18

OWNER

VESTAR QCM, L.L.C.
 2425 EAST CAMELBACK ROAD
 SUITE 750
 PHOENIX, AZ 85016
 PH: (602)866-0900
 FAX: (602)955-2298

SHEET INDEX

1 COVER SHEET
 2 MAP SHEET

REFERENCES

- THE "PLSS SUBDIVISION RECORD OF SURVEY - MARICOPA COUNTY GEODETIC DENSIFICATION AND CADASTRAL SURVEY" AS RECORDED IN BOOK 610 OF MAPS, PAGE 32, MARICOPA COUNTY RECORDS.
- ALTA/ACSM SURVEY RECORDED IN BOOK 614 OF MAPS, PAGE 6, M.C.R.
- ALTA/ACSM SURVEY PREPARED BY BRADY, AULERICH & ASSOCIATES, JOB NO 030526, DATED MAY 23, 2003.
- THE MARICOPA COUNTY ASSESSOR'S BOOK 304, MAP 66.
- FINAL PLAT OF QUEEN CREEK MP-PHASE 1 RECORDED IN BOOK 897, PAGE 27 M.C.R.
- FINAL PLAT OF QUEEN CREEK MP-PHASE 1 LOTS 1-5, 9-13 & 16-18 RECORDED IN BOOK 963, PAGE 14, M.C.R.
- FINAL PLAT OF QUEEN CREEK MP-PHASE 1 LOTS 9 & 11 RECORDED IN BOOK 993, PAGE 28, M.C.R.

FINAL PLAT
QUEEN CREEK MP - PHASE 1
LOTS 22 & 23

BEING A REPLAT OF LOTS 2, 5 & 13 OF QUEEN CREEK MP-PHASE 1 LOTS 1, 2, 3, 4, 5, 9, 10, 11, 12, 13, 16, 17 & 18 RECORDED IN BOOK 963, PAGE 14, MARICOPA COUNTY RECORDS, LYING WITHIN THE EAST HALF AND THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 SOUTH, RANGE 7 EAST OF THE GILA AND SALT RIVER MERIDIAN, TOWN OF QUEEN CREEK, MARICOPA COUNTY, ARIZONA.

N 1/4 COR SEC 16
 T. 2 S., R. 7 E.
 FD. ALUMINUM CAP

NE COR SEC 16
 T. 2 S., R. 7 E.
 FD. BCHH

CTR SEC 16
 T. 2 S., R. 7 E.
 FD ALUMINUM CAP

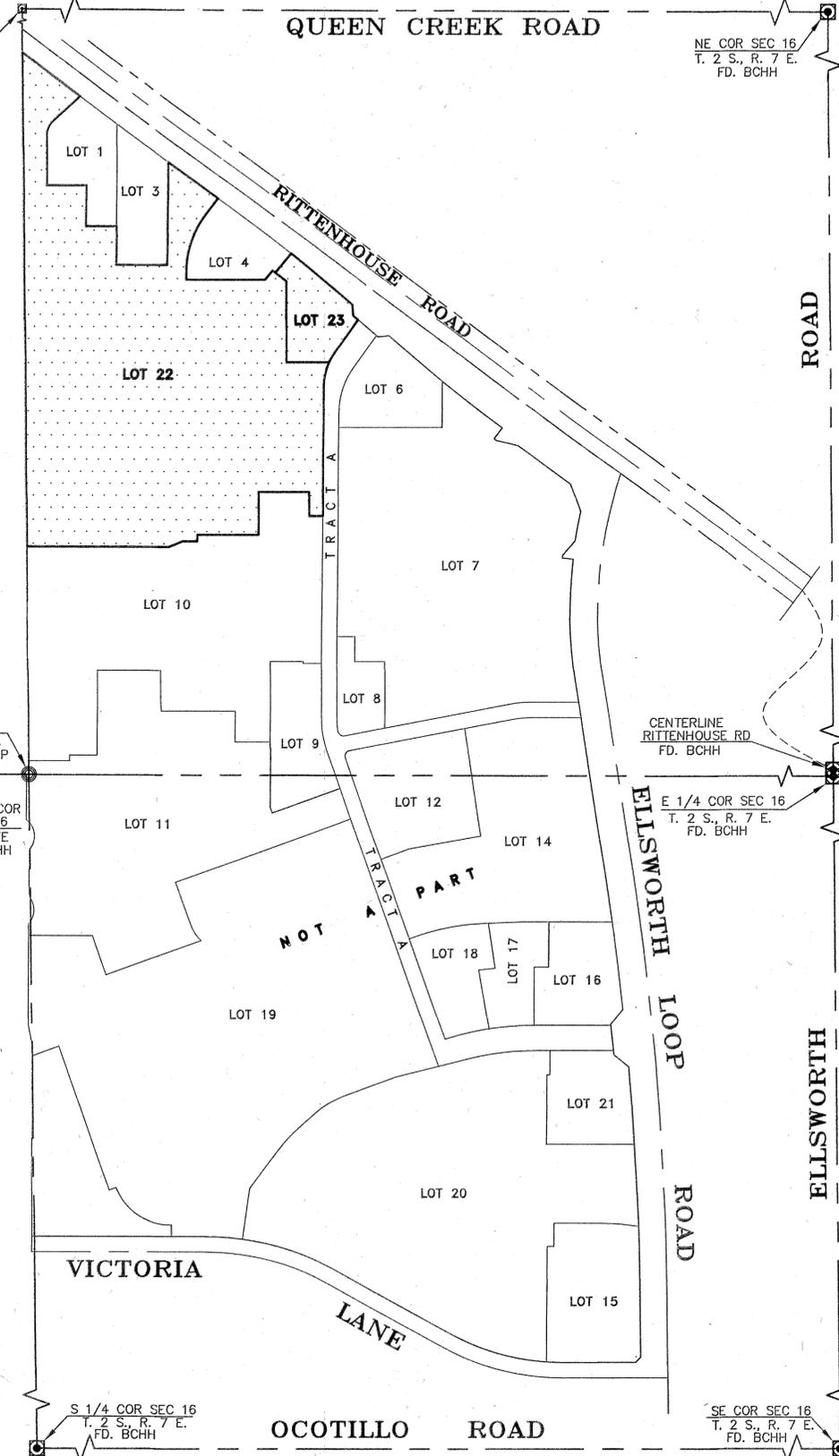
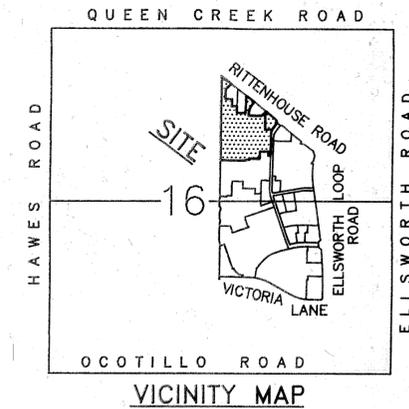
W 1/4 COR SEC 16
 T2S, R7E
 FD. BCHH

CENTERLINE RITTENHOUSE RD
 FD. BCHH

E 1/4 COR SEC 16
 T. 2 S., R. 7 E.
 FD. BCHH

S 1/4 COR SEC 16
 T. 2 S., R. 7 E.
 FD. BCHH

SE COR SEC 16
 T. 2 S., R. 7 E.
 FD. BCHH



NOTES

- CONSTRUCTION WITHIN PUBLIC UTILITY EASEMENTS, EXCEPT BY PUBLIC AGENCIES AND UTILITY COMPANIES, SHALL BE LIMITED TO UTILITIES AND WOOD, WIRE OR REMOVABLE SECTION TYPE FENCING, UNLESS APPROVED OTHERWISE BY THE TOWN OF QUEEN CREEK.
- ALL UTILITIES SHALL BE CONSTRUCTED UNDERGROUND.
- ELECTRIC AND COMMUNICATION LINES TO BE CONSTRUCTED UNDERGROUND AS REQUIRED BY THE ARIZONA CORPORATION COMMISSION.
- THE TOWN OF QUEEN CREEK IS NOT RESPONSIBLE FOR AND WILL NOT ACCEPT MAINTENANCE OF ANY PRIVATE STREETS, PRIVATE UTILITIES, PRIVATE FACILITIES AND PRIVATE LANDSCAPED AREAS WITHIN THE PROJECT. (IT SHALL BE THE RESPONSIBILITY OF THE PROPERTY OWNER).
- NO STRUCTURES SHALL BE CONSTRUCTED IN OR ACROSS NOR SHALL OTHER IMPROVEMENTS OR ALTERATIONS BE MADE TO THE DRAINAGE FACILITIES THAT ARE A PART OF THIS DEVELOPMENT WITHOUT THE WRITTEN AUTHORIZATION OF THE TOWN OF QUEEN CREEK. VEGETATION SHALL NOT BE PLANTED NOR ALLOWED TO GROW WITHIN DRAINAGE EASEMENTS WHICH WOULD IMPEDE THE FLOW OF WATER THROUGH THE EASEMENTS.
- ALL RETENTION BASINS MUST DRAIN ANY STORM EVENT UP TO AND INCLUDING THE 100 YEAR STORM WITHIN (36) THIRTY-SIX HOURS. OWNER(S) OF ANY BASIN FAILING TO MEET THIS REQUIREMENT MUST TAKE CORRECTIVE ACTION TO BRING THE BASIN INTO COMPLIANCE.
- THIS DEVELOPMENT IS LOCATED WITHIN THE QUEEN CREEK WATER COMPANY SERVICE AREA. THIS COMMERCIAL PLAT DOES NOT REQUIRE ANY COUNTY SUBDIVISION APPROVALS OR REQUIRE ANY PUBLIC REPORTS. THEREFORE AN ASSURED WATER SUPPLY APPLICATION IS NOT REQUIRED.
- THIS SUBDIVISION LIES WITHIN THE VICINITY OF THE SOUTHERN PACIFIC RAILWAY LINE. THIS RAILWAY LINE EXPERIENCES AT LEAST 10 TRAINS PER DAY. ALL BUILDERS ON PROPERTIES WITHIN 300 FEET OF THE RAILWAY LINE ARE ENCOURAGED TO USE GENERALLY ACCEPTED NOISE/SOUND ATTENUATION MEASURES IN THEIR CONSTRUCTION.
- THIS SUBDIVISION IS SUBJECT TO THE PROVISIONS OF THE OPERATION AND EASEMENT AGREEMENT FOR "QUEEN CREEK MP - PHASE 1" WHICH INCLUDES THE USE AND LOCATION OF COMMON AREAS, ACCESS DRIVES AND NON-EXCLUSIVE EASEMENT FOR INGRESS AND EGRESS BY VEHICULAR AND PEDESTRIAN TRAFFIC, AS RECORDED IN DOC. NO. 07-0124860, M.C.R.
- IN EASEMENTS FOR THE EXCLUSIVE USE OF WATER, SANITARY SEWER, OR A COMBINATION THEREOF, ONLY GROUND COVER AND BUSHES ARE ALLOWED TO BE PLANTED WITHIN THE EASEMENT AREA. NO TREES ARE ALLOWED.
- STORM WATER RETENTION VOLUMES REQUIRED BY THE DRAINAGE ORDINANCE HAVE BEEN MET AND THE OVERALL GROSS RETENTION VOLUMES WILL NOT BE CHANGED WITHOUT PRIOR TOWN APPROVAL.
- THIS PROPERTY, DUE TO ITS PROXIMITY TO WILLIAMS GATEWAY AIRPORT, IS LIKELY TO EXPERIENCE AIRCRAFT OVERFLIGHTS, WHICH COULD GENERATE NOISE LEVELS WHICH MAY BE OF CONCERN TO SOME INDIVIDUALS.
- ALL LANDSCAPING WITHIN THE PUBLIC RIGHT OF WAY TO BACK OF CURB SHALL BE MAINTAINED BY VESTAR QCM, L.L.C. ON BEHALF OF ALL OWNERS PURSUANT TO THE PROVISIONS OF THE OPERATION AND EASEMENT AGREEMENT TO BE RECORDED SUBSEQUENT TO THIS PLAT.
- THIS PROPERTY IS IN ZONE "X" PER FLOOD INSURANCE RATE MAP (FIRM) PANEL NO. 04013C2695H, REVISED SEPTEMBER 30, 2005. AREAS OF 0.2% ANNUAL CHANCE FLOOD; AREAS OF 1% ANNUAL CHANCE FLOOD WITH AVERAGE DEPTHS OF LESS THAN 1 FOOT OR WITH DRAINAGE AREAS LESS THAN 1 SQUARE MILE; AND AREAS PROTECTED BY LEVEES FROM 1% ANNUAL CHANCE FLOOD.

BASIS OF BEARING

THE EAST-WEST MID-SECTION LINE OF SEC. 16, T.2S., R.7E., BETWEEN THE CENTER OF SECTION 16 AND THE EAST QUARTER CORNER; SAID LINE BEARS N. 89°55'05" W. AS SHOWN ON THE FINAL PLAT OF QUEEN CREEK MP-PHASE 1 LOTS 1-5, 9-13 & 16-18 RECORDED IN BOOK 963, PAGE 14 M.C.R.

LOT AREAS

LOT 22	592,450 SQ. FT. (13.60 ACRES)
LOT 23	36,333 SQ. FT. (0.83 ACRES)
TOTAL	628,783 SQ. FT. (14.43 ACRES)

CERTIFICATION

THIS IS TO CERTIFY THAT THIS PLAT IS CORRECT AND ACCURATE AND THE MONUMENTS DESCRIBED HEREIN HAVE EITHER BEEN SET OR LOCATED AS DESCRIBED TO THE BEST OF MY KNOWLEDGE AND BELIEF.

NO.	REVISION	DATE

FINAL PLAT
QUEEN CREEK MP - PHASE 1
LOTS 22 & 23
 A REPLAT OF LOTS 22 & 23 OF QUEEN CREEK MP-PHASE 1 LOTS 1-5, 9-13 & 16-18 RECORDED IN BOOK 963, PAGE 14, M.C.R., LYING WITHIN THE EAST HALF AND THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 SOUTH, RANGE 7 EAST OF THE GILA AND SALT RIVER MERIDIAN, TOWN OF QUEEN CREEK, MARICOPA COUNTY, ARIZONA.



OPTIMUS SURVEY SERVICES
 4680 E. COTTON CENTER BOULEVARD
 SUITE 140
 PHOENIX, AZ 85032
 PH: (602) 286-9300 FAX: (602) 286-9400

SCALE: N/A
 DRAWN: BAR
 CHECKED: BJB
 DATE: 8/2013
 JOB NO.: 3-05084

1 OF 2

USE OF THE INFORMATION CONTAINED IN THIS INSTRUMENT FOR OTHER THAN THE SPECIFIC PURPOSE FOR WHICH IT WAS INTENDED AND FOR OTHER THAN THE CLIENT FOR WHOM IT WAS PREPARED IS FORBIDDEN UNLESS EXPRESSLY PERMITTED IN WRITING IN ADVANCE BY OPTIMUS SURVEY SERVICES. OPTIMUS SURVEY SERVICES SHALL HAVE NO LIABILITY TO ANY USER OF THIS INFORMATION WITHOUT THEIR WRITTEN CONSENT.



Requesting Department:

Development Services
Department

TAB G

TO: HONORABLE MAYOR AND TOWN COUNCIL

THROUGH: JOHN KROSS, TOWN MANAGER

FROM: CHRIS ANARADIAN, DEVELOPMENT SERVICES DIRECTOR;

RE: CONSIDERATION AND POSSIBLE APPROVAL OF DIRECTING STAFF TO CREATE TWO AREA PLANS (NORTHERN EMPLOYMENT CORRIDOR TIER BOUNDED BY ELLSWORTH, MERIDIAN, QUEEN CREEK AND GERMANN ROADS); AND THE MILE RADIUS AROUND RITTENHOUSE AND RIGGS ROADS.

DATE: FEBRUARY 19, 2014

Staff Recommendation:

Authorize staff to begin to reach out to property owners and begin efforts to establish and execute two Specific Area Plans: one "North" plan that will largely address future undeveloped properties north of Queen Creek Road; and, one "South" plan that will largely address existing "agritainment" and undeveloped properties in the 1-2 mile radius centered on Riggs and Meridian Roads.

Proposed Motion:

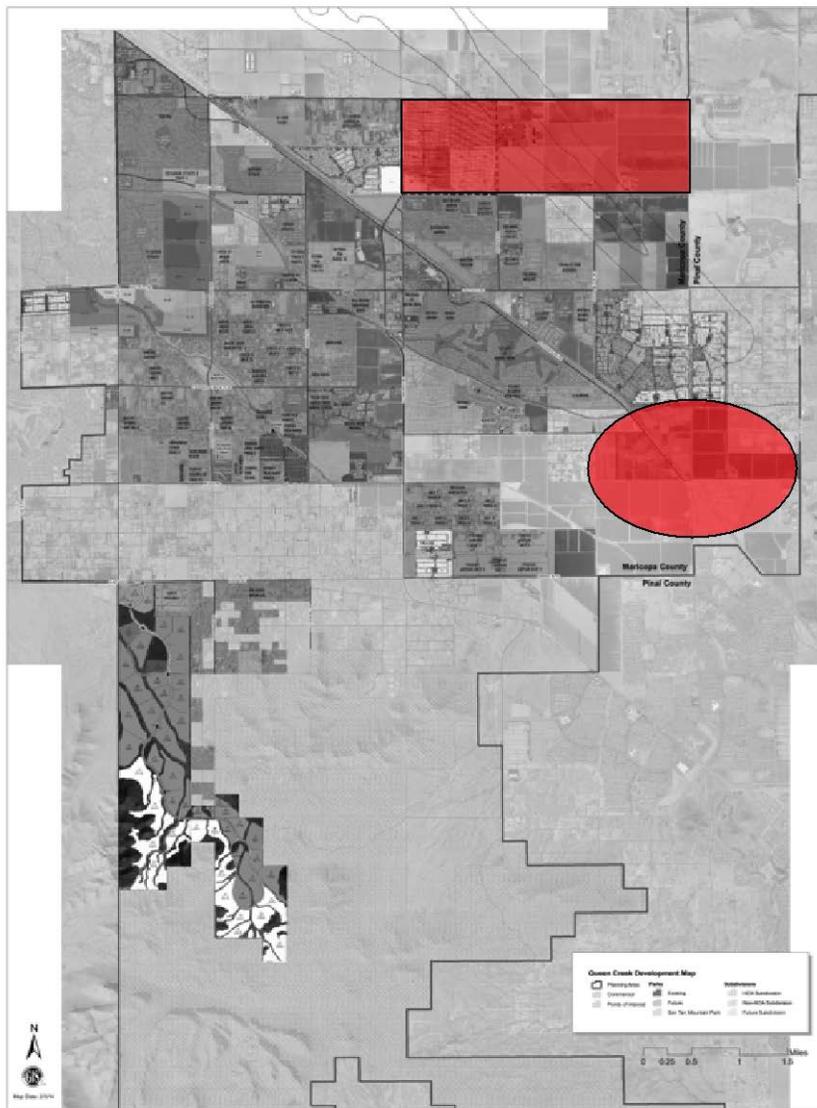
Move to approve directing staff to begin the Specific Area Plan process as allowed by Arizona State Statute to create two area plans: Northern Employment Corridor Tier bounded by Ellsworth Rd, Meridian Rd, Queen Creek Rd, and Germann Rd; and the mile radius around Rittenhouse and Riggs Roads.

Discussion:

Background:

Following feedback received following my briefing on February 5th, this report provides additional detail regarding the likely process and timeline for developing two Specific Area Plans for the Town, and requests Council authorization to proceed with these efforts.

Exhibit 1 below generally outlines the two areas under consideration, one in the “North” and the other the “South” areas of our Town. The exact extents of the study areas will be determined as part the project, which initially includes outreach to property owners.



Current Situation:

As described in the February 5th presentation, the Specific Area Plan process is authorized under Arizona State Statute, which provides direction on content of such a plan, and the process to approve it. The content can and will likely contain elements similar to that of the Town's General Plan. The process provides for a recommendation from your Planning and Zoning Commission based on a noticing and public hearing regime, followed by Town Council consideration and Approval:

9-461.09. Procedure for adoption of specific plans and regulations

A. If a municipality has a planning commission, the planning commission shall hold at least one public hearing on a specific plan or regulation prior to any hearing by the legislative body. Notice of the time and place of such hearing shall be given at least fifteen and not more than thirty calendar days before the hearing by:

1. Publication at least once in a newspaper of general circulation published or circulated in the municipality, or if there is none, by posting in at least ten public places in the municipality.

2. Such other manner in addition to publication as the municipality may deem necessary or desirable.

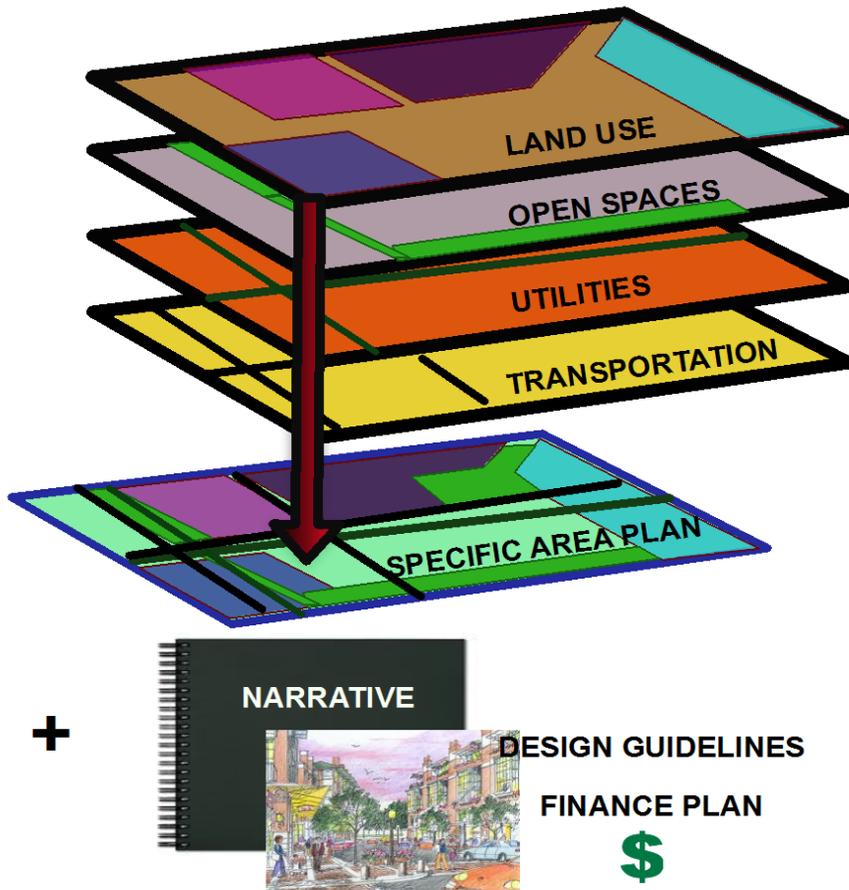
B. A copy of any specific plan, regulation or amendment together with the recommendation of the planning commission shall be submitted to the legislative body accompanied by a statement of the planning commission's reasons for such recommendation.

C. Upon receipt of a copy of any proposed specific plan, regulation or amendment of such plan or regulation, the legislative body may by ordinance or resolution adopt the plan or regulation. Before adopting the proposed specific plan or regulation, the legislative body shall hold at least one public hearing. Notice of the time and place of such hearing shall be given in the time and manner provided for the giving of notice of the hearing by the planning commission as provided in subsection A. The specific plan or regulation, as adopted, shall be designated as a specific plan or regulation.

D. If the municipality does not have a planning commission, the only procedural steps required for the adoption of a specific plan, regulation or any amendment to a specific plan or regulation are those provided in this article for action by the legislative body.

Per Town standards, if authorized to proceed with this Project, Town staff would exceed the State requirements for informing our residents regarding the consideration of land use changes through the use of enhanced notifications; involvement of our board and commission systems; additional public hearings with the Planning and Zoning Commission and Town Council; and appropriate use of our social media tools.

The following graphic was used in the February 5th presentation to communicate the incorporation of multiple elements that will comprise both “North” and “South” Specific Area Plans.



The two main benefits of incorporating the elements shown here for the Town’s South and North Specific Area plans are:

1. A cross-departmental approach is required to ensure work plans within Development Services, Utilities, Economic Development, and Finance are brought to the table during the development of these plans. There will be a higher level of coordination and less conflict with regards to planning and executing development for these areas of the Town in the future.

2. Much of the work that is already happening across Town Department lines will receive more concentrated focus, improved documentation, and an accelerated approach to completion. Examples include, but are not limited to: *Collector Streets and bike path planning; Trials and open space “gap” analysis, planning, and funding; Utility extension planning and funding; better coordination of the 5-year Town CIP (Capital Improvement Plan) in these future development areas.*

Building on this overview, and following the direction received from our February 5th briefing, the following timeline and sequence of events has been established (also attached and depicted in graphic form for your consideration):

FEBRUARY: Council Authorization to Proceed
Establish Staff Task Force
Establish regular meetings with Property Owners
Establish Boundaries of Study Areas
Verify Study Findings

MARCH: Contract needed consultant services
Verify Study Findings
Publish Ownership Maps
Begin to Map Proposed Land Uses; Calculations

APRIL: Verify Study Findings
Continue Land Use Options

MAY: Begin Transportation Planning
Check in with Town Committees: Economic Development
Parks and Recreation, Transportation
Incorporate proposed 5-year CIP into Planning Efforts

JUNE: Begin Infrastructure Planning
Check in with Planning and Zoning Commission
Begin Open Space Planning
Complete Study Findings

JULY: Check in with Phoenix-Mesa Gateway Airport Authority
Return to Planning and Zoning Commission with update
Return to Town Council with Check-In

AUGUST: Take Project to surrounding properties
Begin Development Standards
Expand use of social media
Take Project to surrounding Communities

SEPTEMBER: Take Project to Town Committees (Parks and Recreation,
Transportation) for final input

*Compete Park and Open Space Planning
Return to Town Council with Update/Approval to Proceed*

*OCTOBER: Compete Infrastructure and Transportation Planning
Begin Finance Plan*

*NOVEMBER: Final check in with Neighboring Properties and Surrounding
Communities
Check in with Planning and Zoning Commission with
Development Standards 90% complete; mapping complete.*

*DECEMBER: Complete Project Elements.
Final Planning and Zoning Commission hearing for formal
recommendation
Step up use of social media and communication efforts.*

*JANUARY 2015: Town Council consideration of completed Specific Area
Plans and direction on any additional Finance Planning
considerations.*

FEBRUARY 2015: Communicate Project Results to our Community.

The pace of project progress identified here can be characterized as “moderately aggressive”, and assumes that there are no major objections or setbacks during the course of project development.

Our team will endeavor to achieve progress on a number of important fronts with the participating property owners along the way. These include:

- Informing and working well with our neighboring communities and the Phoenix-Mesa Gateway Airport
- Establishing a plan for funded infrastructure in the study areas
- Land use planning that makes sense for the Town, and allows responsible development to occur in the short, mid, and long-term
- Identified parks and pathways that increase the quality of life in our Town
- Design standards that create a desired quality level and establishes themes across property lines;

But most important:

- Having a financial plan that supports these desires and also leaves the Town in a positive financial operating posture.

The bulk of the work effort described above will be directed by internal staff, with assistance in: research, coordination, project documentation, graphics, economic analysis, and development standard production, augmented with professional consultant assistance. Should council give authorization to proceed at this time, our staff will prepare a more detailed authorization for consultant services contracting to be reviewed and approved by the Town Council at your next meeting.

Reference Exhibit 1 for graphic depiction of the timeline, process requirements, decision points, and stakeholders.

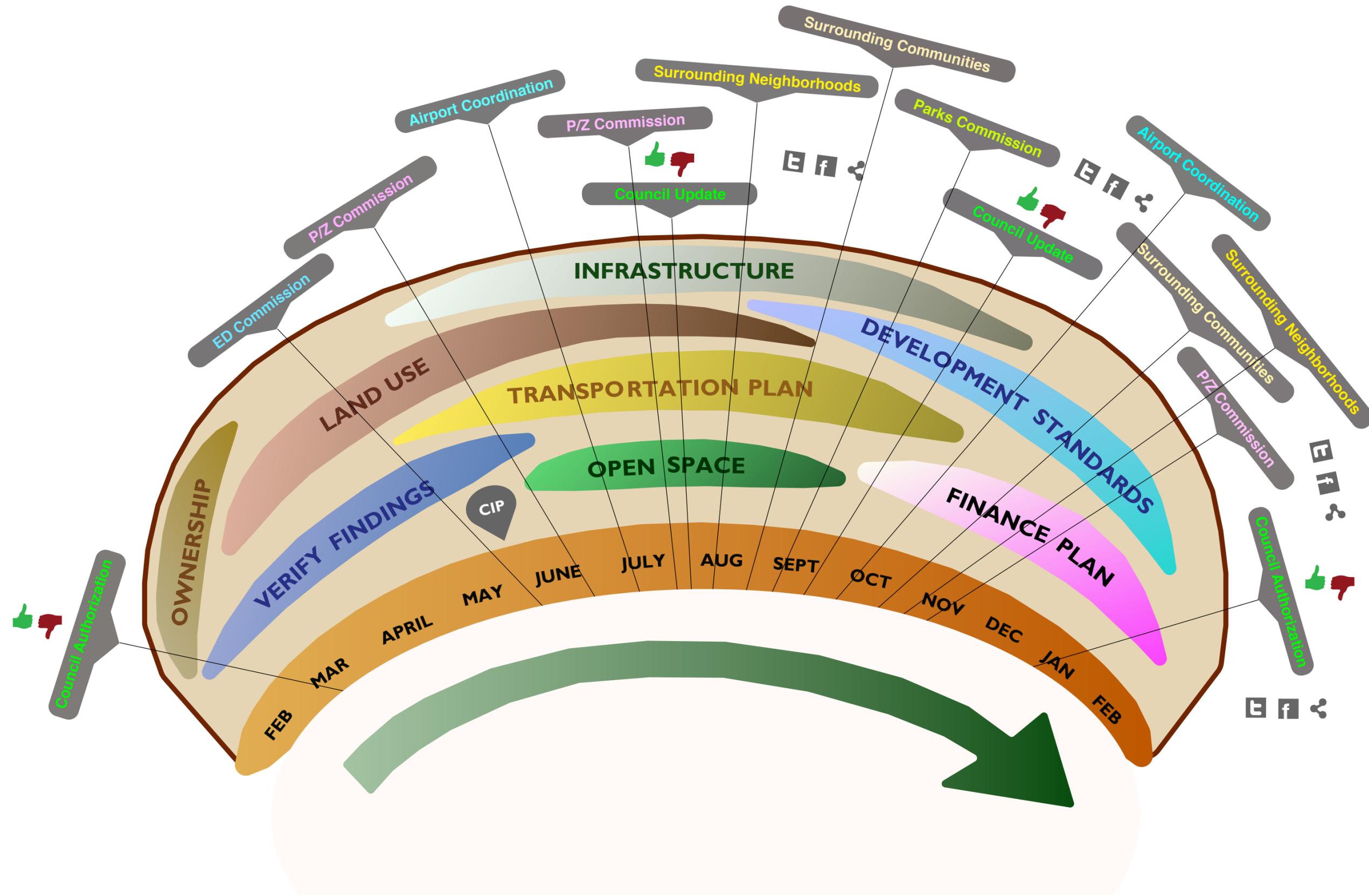
Fiscal Impact:

If approved, funds required for this project will be redirected from funds previously allocated for the General Plan update process which were approved in the Fiscal Year 2014 and Fiscal Year 2015 budgets. The General Plan update process was authorized for a total of \$200,000 divided equally over the two fiscal years. (\$100,000 in FY2014 and \$100,000 in FY15.)

Staff anticipates the cost for the Specific Area Plan process to not exceed \$60,000.

Attachments:

1. Exhibit 1 Graphic Specific Area Plan process



Requesting Department:
Town Manager's Office



TAB H

TO: HONORABLE MAYOR AND TOWN COUNCIL

**THROUGH: JOHN KROSS
TOWN MANAGER**

**FROM: PATRICK FLYNN
ASSISTANT TOWN MANAGER/CFO**

**TRACY CORMAN
ASSISTANT TO THE TOWN MANAGER**

**SAMANTHA MCPIKE
BUDGET ADMINISTRATOR**

**RE: PUBLIC HEARING AND POSSIBLE APPROVAL OF THE LAND USE
ASSUMPTIONS (LUA) AND INFRASTRUCTURE IMPROVEMENTS PLAN (IIP)
TO BE USED AS THE BASIS FOR THE 2014 DEVELOPMENT FEE UPDATE;
AND SETTING THE FIRST PUBLIC HEARING DATE FOR THE
DEVELOPMENT FEE SCHEDULE FOR APRIL 2, 2014 AT 7 P.M.**

DATE: FEBRUARY 19, 2014

Staff Recommendation:
Staff recommends approval of the Land Use Assumptions and Infrastructure Improvements Plan to be used as the basis for the 2014 development fee update, and set the first public hearing date for the development fee schedule for April 2, 2014 at 7 p.m.

Relevant Council Goal(s):
KRA 1: Capital Improvement Program; KRA 4: Environment; KRA 5: Financial Management, Internal Services & Sustainability; KRA 8: Land Use & Economic Development; and KRA 9: Public Safety

Proposed Motion:
Move to approve the Land Use Assumptions and Infrastructure Improvements Plan to be used as the basis for the 2014 development fee update, and set the first public hearing date for the development fee schedule for April 2, 2014 at 7 p.m.

Discussion:
Development fees are one-time payments made at the time of building permit issuance. Current residents have already paid development fees if they built a new home in Queen Creek, and will not pay them again unless they pull a permit to construct another new home within Queen Creek.

Development fees are based upon new growth's proportionate share of infrastructure costs. They have been a tool used by Arizona municipalities to insure that new growth pays for its fair

share of the infrastructure needed to serve it, and the burden of paying for this infrastructure is not shifted to existing residents. Development fees are based on calculations included in a development fee study that contains an Infrastructure Improvement Plan (IIP) and Land Use Assumptions (LUA). This study analyzes planned infrastructure improvements, land uses, established levels of service, population and development projections, including trip generation and jobs in the community. It demonstrates the nexus between new growth and necessary infrastructure. Development fees must meet the requirements detailed in Arizona Revised Statutes (ARS) § 9-463.05.

The Town currently assesses development fees in the following categories: wastewater, libraries, parks, recreation and open space, town facilities and equipment, public safety, transportation, and fire. The development fee amounts differ based on the type of residential or non-residential land use and the size of the water meter.

Recent changes to development fee programs

Over the last few years there have been major changes to the state statutes regulating the calculation and collection of development fees by cities and towns. The current update to the Town's development fee program is part of a series of implementation steps that began in 2011 to bring the Town's development fees into compliance with the new law. Because this process has been so lengthy, staff felt it would be helpful to provide a brief review of the changes and how they affect the Town's development fees.

In 2009, the state legislature passed a three year moratorium on increasing existing development fees and establishing new development fees. During the 2010 legislative session this moratorium was extended by an additional year. Due to this moratorium the Town's development fee studies have not been updated for several years. The Town was also in the process of establishing a water development fee when the moratorium went into effect.

In 2011, the Governor signed SB1525 into law which significantly changed the calculation, collection, and use of development fees. This legislation fundamentally moved away from the principle of new growth paying for itself, and shifted the burden of paying for this infrastructure on to existing residents and businesses. In addition, city and town councils previously had the ability to determine what constitutes "necessary public services" for their communities, the new bill now narrowly defined what these were allowed to include. The law took effect on Jan. 1, 2012 and included a series of implementation dates, with a requirement that all development fee programs become fully compliant by Aug. 1, 2014.

Beginning on Jan. 1, 2012, only development fees that met the new definitions of "necessary public services" could be collected. However, there was a provision that allowed existing development fees to continue to be collected if they were pledged to repay debt service for infrastructure items financed before Jun. 1, 2011, and if the necessary public services were also included in the municipality's Infrastructure Improvement Plan (IIP) prior to June 1, 2011. The Town had several projects that met the above criteria including the Municipal Services Building, Horseshoe Park and Equestrian Centre, and the library. In order to comply with this deadline, the Town Council passed Resolution 881-11 on May 18, 2011 to affirm that the Town had pledged development fees toward the repayment of debt services incurred to construct these facilities.

An interim update to the development fee schedule was also adopted by the Town Council on Dec. 21, 2011 to bring the fees not pledged to pay for debt into compliance with the new definitions. At this time there were no recommended changes to the Fire, Public Safety, and

Library development fees. There were minor changes to the Wastewater and Transportation fees, and comprehensive changes to the Parks, Recreation and Open Space fee and the Town Facilities and Equipment fee. The interim fee schedule resulted in a decrease in average residential development fees by approximately 19%, and average commercial development fees by 18%.

2014 Development Fee Update

The current development fee update is being undertaken to bring the Town's development fee program fully into compliance with SB 1525 by the Aug. 1, 2014 deadline. This includes a full update to the Infrastructure Improvement Plan (IIP) and the Land Use Assumptions (LUA) with all of the provisions under the new law. Following the new adoption process, the draft IIP and LUA was presented at the Nov. 6, 2013 Council meeting, and the first public hearing was held on Jan. 15, 2014. The final public hearing and possible approval of the IIP and LUA is on the agenda for the Feb. 19, 2014 meeting. The second half of the process includes two public hearings on the proposed development fee schedule, to be held on April 2, 2014 and May 7, 2014.

This update includes the following necessary public services: Parks and Recreation Facilities; Library Facilities; Town Facilities; Streets Facilities; Police Facilities; and Fire Facilities. Attached to this staff report, **Exhibit A** shows the changes in the Town's development fees since 2007, and **Exhibit B** is a summary of what components are allowed under the new development fee law compared to the previous statutes. The new legislation has resulted in a substantial net decrease in the draft 2014 development fees.

As mentioned above, the new law shifts the burden of paying for infrastructure disproportionately to existing residents (either through the higher development fees they already paid, or through other revenue streams such as sales tax, other fees, etc.). According to the Arizona League of Cities and the Town's contracted development fee attorney, Andrew McGuire, the Town will not be required to refund existing residents who paid the higher development fees in the past. This is a broad state policy change that compels the Town to make the required updates to our development fee program. This is a fairness issue that was brought up with our state legislators prior to the adoption of the new law.

A complete copy of the draft Development Fees, Infrastructure Improvements Plan, and Land Use Assumptions is available on the Town website, and on the Council's Google site.

Water and Wastewater Capacity Charges

Capacity charges are different than development fees, and are regulated by a different section of state statutes. Like development fees, capacity charges are one-time charges paid at the time of building permit issuance. Capacity charges are not included in any monthly fee payments, and existing residents would never be required to pay them unless they pulled a building permit to construct a new home in Queen Creek. Possible adoption of water and wastewater capacity charges is a separate item also on the Feb. 19 Council agenda.

In the draft 2014 development fee study, a new water development fee is no longer being recommended. This is because the Town recently purchased the H2O, Inc. water company, and the Town's water service area extends beyond the Town's incorporated boundaries. The development fee legislation only allows for services areas within municipal boundaries. Staff is recommending discontinuing the collection of wastewater development fees and moving to water and wastewater capacity charges, governed under another section of state statute (ARS §

9-511.01) to pay for the proportionate share of costs for needed utility infrastructure attributable to the new growth.

The existing fund balance in the Wastewater Development Fee fund may still be utilized to pay for wastewater capital costs until it is fully expended, following state statute requirements for development fees.

Public Outreach/Comments

The draft Development Fees, Infrastructure Improvements Plan, and Land Use Assumptions study was mailed to local homebuilders and developers and posted on the Town's website. Notice of the update was also posted at the Municipal Services Building front counter, on the Town website, and published per state requirement in the Arizona Republic.

The only comments received as of this report were from Jason Weber at Maracay Homes, located at 1579 N. Scottsdale Rd. #300, Scottsdale, AZ 85254. A copy of his e-mail is attached to this staff report.

Town staff also met with Jackson Moll from the Home Builders Association of Central Arizona located at 7740 N. 16th Street, Suite 385, Phoenix, AZ 85020. Mr. Jackson's comments included that the Home Builders Association believed that the new state statute compelled the Town to include a non-residential fee component for the Parks and Library development fees, and that the statute disallowed the inclusion of trails in the Parks fee.

Revisions to the Draft IIP and LUA

As allowed by state statute, staff has made a few minor revisions to update the draft IIP and LUA for the Feb. 19 public hearing. A summary of these revisions follows:

- The Transportation section was updated to reflect the most current project costs and estimates, which decreased slightly.
- Based on the comments from the Home Builders Association, staff consulted the Town's development fee attorney, Andrew McGuire, and the Town's development fee consultant, Tischler Bise. Based on their recommendations, a non-residential component and analysis has been added to the Parks and Library sections. The analysis shows a nominal (5%) impact from non-residential development on these facilities.
- Staff also consulted the Town's development fee attorney, Andrew McGuire, on whether trails were allowable under the state statute. We have been advised that trails are allowable. Trails are integral for connecting all of the neighborhoods and parks throughout the community, and are part of the Town's equestrian heritage. Because of this, staff is recommending that the trails remain as identified in the IIP and LUA.

Fiscal Impact of Required Offsets

According to ARS 9-463.05.B.12, "The municipality shall forecast the contribution to be made in the future in cash or by taxes, fees, assessments or other sources of revenue derived from the property owner towards the capital costs of the necessary public service covered by the development fee and shall include these contributions in determining the extent of the burden imposed by the development. Beginning August 1, 2014, for purposes of calculating the required offset to development fees pursuant to this subsection, if a municipality imposes a construction contracting or similar excise tax rate in excess of the percentage amount of the transaction privilege tax rate imposed on the majority of other transaction privilege tax

classifications, the entire excess portion of the construction contracting or similar excise tax shall be treated as a contribution to the capital costs of necessary public services provided to development for which development fees are assessed, unless the excess portion was already taken into account for such purpose pursuant to this subsection.”

In Queen Creek, the construction contracting tax rate is 4.25% and the general privilege tax rate is 2.25%. In FY12/13, the excess portion (i.e. 2%) of taxable construction sales yielded approximately \$3.6 million. Over the next ten years, Queen Creek must contribute an average of \$2.1 million per year from the General Fund to cover the non-growth share of debt service for parks/recreation, library, town facilities, and streets; plus the non-growth share of future improvements to streets. Queen Creek will use the excess portion of construction sales tax revenue for these purposes and to make debt service payments on growth- related water and wastewater facilities.

Fiscal Impact

Development fees are used by the Town to pay for a proportionate share of infrastructure needs caused by new growth. Development fees and capacity charges represent a significant revenue source for the Town, especially with the current building uptick that is occurring. In total, given the current housing projections these fees generate millions of dollars for the Town, but as this report states, these fees pay only a portion of the costs of growth within the Town. Because no action will be taken at this meeting, there is no fiscal impact to holding the public hearing. Existing residents would never be required to pay development fees, unless they built a new home in Queen Creek. Development fees are only charged at the time a building permit is issued. Not completing the update to the IIP and LAU would mean that on Aug. 1, 2014 the Town’s current development fees would be repealed with no new fees in their place.

Next Steps

The entire update process will take approximately eight months and includes a two-phased review and approval of the Land Use Assumptions (LUA) and Infrastructure Improvements Plan (IIP), followed by the review and approval of the Development Fees.

The formal adoption process includes a series of Council meetings, as well as time for public comment and revisions to the LUA, IIP and Development Fees. Each required milestone in the adoption schedule is listed below. Due to the multi-step process, and the requirement to adopt the new fees by August 1, 2014, the schedule does not allow for any changes in these meeting dates in order to meet the adoption deadline.

- Feb. 19, 2014 Town Council Meeting
 - Second public hearing and possible adoption of the LUA and IIP.
 - Set the public hearing date on development fees, and provide public notice.
 - *30 days for public comment.*
- Apr. 2, 2014 – Town Council Meeting
 - Public hearing on the development fees. No action to be taken.
 - *30 days for public comment and changes to development fees.*
- May 7, 2014 – Town Council Meeting
 - Possible adoption of development fees.
 - *75 day minimum wait period required by enabling legislation.*
- Aug. 1, 2014 Effective Date of updated development fees

Attachments

Attachment A: Changes to Town development fees since 2007

Attachment B: Comparison of allowable development fee components 2007 vs. 2014

Attachment C: Public Comment

Attachment D: Draft Infrastructure Improvements Plan and Land Use Assumptions,
Revised 1-28-2014

Exhibit A Changes to Town development fees since 2007

Single Family Detached Residential Unit

	<i>Parks/Rec</i>	<i>Library</i>	<i>Public Safety</i>	<i>Town Facilities</i>	<i>Streets</i>
May 2007	\$5,579	\$1,336	\$687	\$1,687	\$709
January 2012	\$4,325	\$1,370	\$1,397	\$1,218	\$631
August 2014	\$4,161	\$761	\$651	\$475	\$1,003

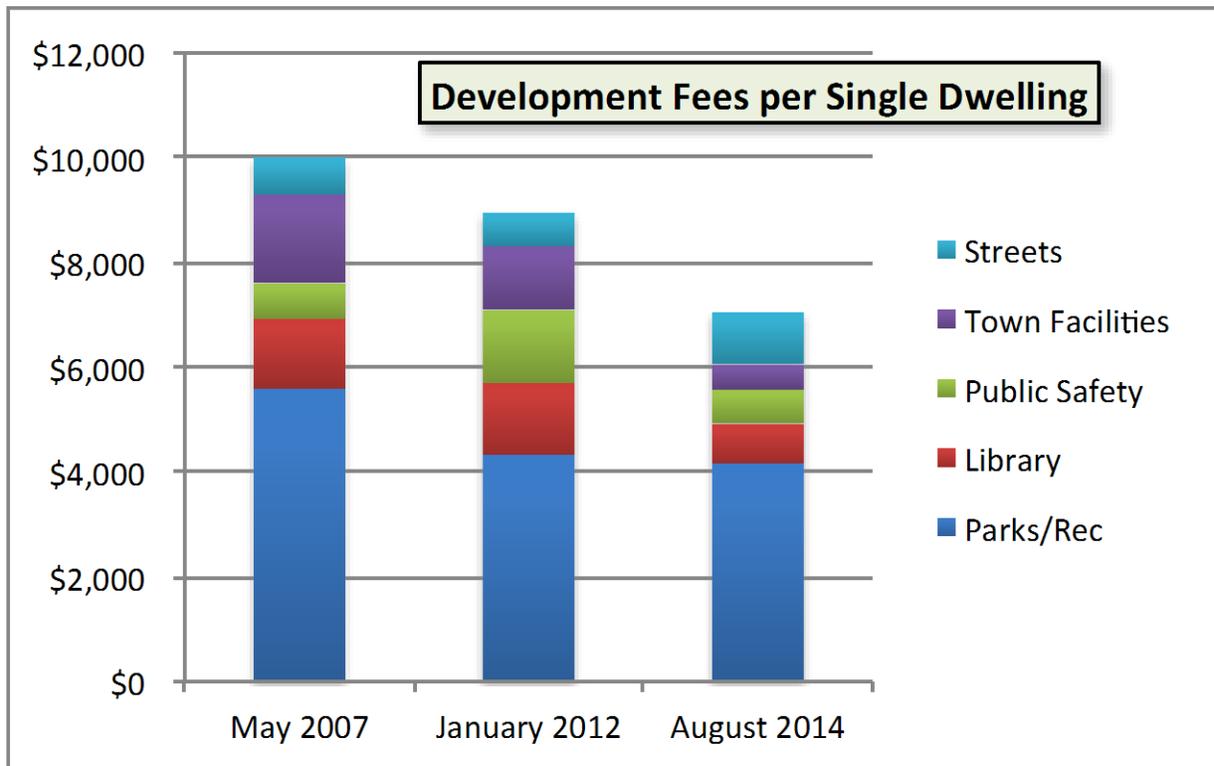


Exhibit B
Comparison of allowable development fee components
2007 vs. 2014

Infrastructure Type	2007 Cost Components	Preliminary 2014 Costs
Parks & Recreation	Larger Parks (land + improvements)	Maximum 30-acre Parks (unless direct benefit)
	Open Space	excluded
	Trails	Trails
	Large Recreation, Aquatic, and Equestrian Centers	excluded
	Vehicles & Equipment	excluded
Library	Planned Cost of Land & Building (78% growth share)	Debt Service (48% growth share)
	Collections	excluded
Town Facilities	Planned Public Works Yard	excluded
	Town Hall	Debt Service
	Vehicles & Equipment	excluded
Streets	20-Year Plan for Six Railroad Crossing	10-Year Plan for One Railroad Crossing
	20-Year Plan for 11 Bridges	Arterial Lane Miles & Intersection Improvements
	Vehicles & Equipment	excluded
Public Safety	Planned Facilities	Existing LOS
	Vehicles & Equipment	Vehicles & Equipment

11/25/2014
Hi Tracy,

Attachment C

Maracay currently is actively selling homes in Queen Creek (Montelena, Villagio, and soon Hastings Farms). We enjoy doing business in Queen Creek and have paid a lot of money in impact fees and sales tax in recent years. Thank you for the opportunity to provide input on this matter.

I read through the TischlerBise report and have a few questions and comments:

- The report addresses current development fees, but not sewer or water fees (Queen Creek hasn't charged water fees because of the acquisition of the private water company). For planning purposes, do you know if the town has any plans to change the existing fee structure for sewer or water fees?
- In general, I would say that Queen Creek charges a higher parks & rec fee than almost any other city in the Phoenix area, and the new fee still feels high.
- The study only appears to address the fees associated with ¾" meter sizes. My understanding is that current park fees are higher (\$5,719) for 1" meters. Do you know how those fees will be impacted going forward? See the fee schedule below:

Meter Size	Status	Effective Date	Water Resources	Water System	Waste-water	Streets	Police	Fire	Solid Waste	Library	Parks, OS & Trails	Gen Gov	Total
¾"	C	1/1/12	-	-	4,942	631	704	693	-	1,370	4,325	1,218	13,883
1"	C	7/1/08	-	-	8,462	727	704	693	-	1,370	5,719	1,761	19,436

- Lastly, my understanding of SB 1525 is that the impact fee legislation requires that after August 1, 2014, the differential portion of a discriminatory sales tax on new construction must be counted as an offset in the calculation of the fee amount, regardless of its actual use. (<http://www.azleague.org/ArchiveCenter/ViewFile/Item/123>). To me it appears that Queen Creek has a discriminatory sales tax based on current rates, because it is set at 4.25% when the average of the other rates is lower. Will Queen Creek be lowering the construction contracting rate or providing builders with a credit against their impact fees?

QUEEN CREEK TAX RATES

Privilege Tax/Use Tax 000 2.25%
Hotel/Motel (Additional Tax)(A) 003 3.00%
Construction Contracting 005 4.25%
Construction Contracts (pre Oct. 2007) 006 4.00%
Contracts (pre Oct. 2007) 007 2.00%
Construction Contracts (pre Sep. 5, 2005) 008 2.00%
Contracts (pre March 2003) 009 1.00%

Thank you,
Jason Weber | Maracay Homes
Director of Land Acquisition
15279 N. Scottsdale Road #300 | Scottsdale, AZ 85254
[480.346.5210](tel:480.346.5210) Direct | [480.284.2955](tel:480.284.2955) Cell
jweber@maracayhomes.com



INFRASTRUCTURE IMPROVEMENTS PLAN, LAND USE ASSUMPTIONS, AND DRAFT DEVELOPMENT FEES

Prepared for:

Town of Queen Creek, Arizona

January 28, 2014

TischlerBise
Fiscal, Economic & Planning Consultants

4701 Sangamore Road, Suite S240

Bethesda, MD 20816

301.320.6900

www.tischlerbise.com

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EXECUTIVE SUMMARY

Under authority of Arizona Revised Statutes (ARS) 9-463.05, municipalities in Arizona may assess development fees to offset infrastructure costs to a municipality associated with providing necessary public services to development. The development fees must be based on an Infrastructure Improvements Plan (IIP). This update of the IIP and development fees includes the following necessary public services:

- Parks and Recreation
- Libraries
- Town Facilities
- Streets
- Police
- Fire

The Town of Queen Creek hired TischlerBise to document land use assumptions, prepare an Infrastructure Improvements Plan (IIP), and update development fees to comply with ARS 9-463.05. The IIP for each type of infrastructure is in the middle section of this document and the land use assumptions may be found in Appendix C. The preliminary development fees presented in this document are for informational purposes only. The final development fees will be adjusted in accordance with the adopted land use assumptions and IIP, plus another round of public hearings.

Development fees are one-time payments used to construct system improvements needed to accommodate new development. The fee represents future development's proportionate share of infrastructure costs. Development fees may be used for infrastructure improvements or debt service for growth-related infrastructure. In contrast to general taxes, development fees may not be used for operations, maintenance, replacement or correcting existing deficiencies.

Arizona Development Fee Enabling Legislation

During the state legislative session of 2011, Senate Bill 1525 was introduced which significantly amended the development fee enabling legislation. This update of the Town's development fees complies with all of the requirements of SB 1525. Key changes included:

- Amending existing development fee programs by January 1, 2012
- Abandoning existing development fee programs by August 1, 2014
- Development fees based on adopted land use assumptions and IIP
- Revised adoption procedures
- Definitions such as "necessary public services"
- Time limitations for fee collections and expenditures
- Requirements for credits, "grandfathering" rules, and refunds.

Necessary Public Services

According to Arizona's development fee enabling legislation, fees may be only used for construction, acquisition, or expansion of public facilities that are necessary public services. "Necessary public service" means any of the following categories of facilities that have a life expectancy of three or more years and that are owned and operated on behalf of the municipality: water, wastewater, storm water, drainage and flood control facilities, library, streets, fire and police, neighborhood parks and recreational facilities. Additionally, a necessary public service includes any facility that was financed before June 1, 2011 and that meets the following requirements:

- Development fees were pledged to repay debt service obligations related to the construction of the facility
- After August 1, 2014, any development fees collected are used solely for the payment of principal and interest on the portion of the bonds, notes, or other debt service obligations issued before June 1, 2011 to finance construction of the facility.

Infrastructure Improvements Plan

Development fees must be calculated pursuant to an Infrastructure Improvements Plan (IIP). For each necessary public service that is the subject of a development fee the IIP shall include:

- A description of the existing necessary public services in the service area and the cost to update, update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards, which shall be prepared by qualified professionals licensed on this state, as applicable.
- An analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services, which shall be prepared by qualified professionals licensed in this state, as applicable.
- A description of all or the parts of the necessary public services or facility expansion and their costs necessitated by and attributable to development in the service area based on the approved land use assumptions, including a forecast of the costs of infrastructure, improvements, real property, financing, engineering and architectural services, which shall be prepared by qualified professionals licensed in the state, as applicable.
- A table establishing the specific level or quantity of use, consumption, generation or discharge of a service unit for each category of necessary public services or facility expansions and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial and industrial.
- The total number of projected service units necessitated by and attributable to new development in the service area based on the approved land use assumptions and calculated pursuant to generally accepted engineering and planning criteria.
- The projected demand for necessary public services or facility expansions required by new service units for a period not to exceed ten years.
- A forecast of revenues generated by new service units other than development fees, which shall include estimated state-shared revenue, highway users revenue, federal revenue, ad valorem property taxes, construction contracting or similar excise taxes and the capital recovery portion of utility fees attributable to development based on the approved land use assumptions and a plan to include these contributions in determining the extent of the burden imposed by the development.

Qualified Professionals

Qualified professionals must develop the IIP using general accepted engineering and planning practices. A qualified professional is defined as “a professional engineer, surveyor, financial analyst, or planner providing services within the scope of the person’s license, education, or experience.”

TischlerBise is a fiscal, economic, and planning consulting firm specializing in the cost of growth services. Our services include development fees, fiscal impact analysis, infrastructure funding, user fee and cost of service studies, capital improvement plans, and fiscal software. TischlerBise has prepared over 800 development fee studies over the past 30 years for local governments across the United States.

Summary of Current and Proposed Development Fees

Development fees for necessary public services must be based on the same level of service provided to existing development in the service area. There are three general methods for calculating development fees. The choice of a particular method depends primarily on the timing of infrastructure construction (past, concurrent, or future) and service characteristics of the facility type being addressed. Each method has advantages and disadvantages in a particular situation, and can be used simultaneously for different cost components. Reduced to its simplest terms, the process of calculating development impact fees involves two main steps: (1) determining the cost of development-related capital improvements and (2) allocating those costs equitably to various types of development. In practice, though, the calculation of development fees is complicated due to many variables involved in defining the relationship between development and the need for facilities within the designated service area. The following bullet points summarize three basic methods for calculating development fees and how those methods can be applied.

- Cost recovery is used in instances when a community has oversized a facility or asset in anticipation of future development. This methodology is based on the rationale that new development is repaying the community for its share of the remaining unused capacity.
- Incremental expansion method documents the current level of service for each type of public facility. The intent is to use revenue collected to expand or provide additional facilities, as needed to accommodate new development, based on current infrastructure standards.
- Plan-based method utilizes a community's IIP and/or other adopted plans, or engineering studies, to determine capital improvements needed to serve new development.

Evaluation of Credits

Regardless of the methodology, a consideration of "credits" is integral to the development of a legally defensible development fee. There are two types of "credits" that should be addressed in development fee studies and ordinances. The first is a revenue credit due to possible double payment situations, which could occur when other revenues may contribute to the capital costs of infrastructure covered by the development fee. This type of credit is integrated into the fee calculation, thus reducing the fee amount. The second is a site-specific credit or developer reimbursement for dedication of land or construction of system improvements. This type of credit is addressed in the administration and implementation of the development fee program. For ease of administration, TischlerBise normally recommends developer reimbursements for system improvements.

Figure 1 summarizes the methods and cost components for each type of infrastructure included in Queen Creek's IIP and development fee update. When cost recovery is combined with other methods, infrastructure with growth-related debt service is not counted in existing levels of service.

Figures 1-4 in the Executive Summary do not address the need for water and wastewater infrastructure. Following the recent approval of voters to acquire a private water company, the Town of Queen Creek will be providing water service to customers located outside the municipal boundaries. According to Arizona's Development Fee Act [see ARS 9-463.05.T (9)] a service area must be within the boundaries of a municipality. Given this inconsistency, Queen Creek will implement capacity charges for water and wastewater utilities under ARS 9-511.01.

Figure 1 – Development Fee Methods and Cost Components

Type of Fee	Cost Recovery* (past)	Incremental Expansion (present)**	Plan-Based (future)**
1. Parks & Recreation	Debt Service (\$6.0 million)	Park Improvements (\$15.5 million) Trails (\$3.6 million)	
2. Library	Debt Service (\$5.0 million)		
3. Town Facilities	Debt Service (\$3.6 million)		
4. Streets	Debt Service (\$3.3 million)		Lane Miles of Arterials, Intersection Improvements, and RR Crossing (\$6.5 million)
5. Police		Buildings, Vehicles and Equipment (\$1.3 million)	
6. Fire		Fire Stations & Apparatus (\$3.3 million)	

* Dollars are growth share of principal and interest payments over the next ten years.

** Dollars are growth share based on ten-year IIP.

A simplified version of Queen Creek’s current development fee schedule is shown in Figure 2, excluding the current fee for wastewater. Due to changes in U.S. Census Bureau methods, TischlerBise recommends consolidation of residential fees into two categories. Residential fees for “Mobile Home” and “All Other Housing” are not calculated in the updated development fees.

TischlerBise also recommends deleting size thresholds from the development fees. An unintended consequence of the previous approach was an increase in fees for smaller businesses that tend to be locally owned and operated. Many communities are moving towards fewer and more general categories like the three used throughout this draft. Because of the new, two-phase adoption process in Arizona, the preliminary fees shown in this document will undergo another round of public hearings after adoption of the land use assumptions and infrastructure improvements plan.

Figure 2 – Current Development Fees

Current Residential Fee per Housing Unit							
<i>Type</i>	<i>Parks and Recreation</i>	<i>Library</i>	<i>Town Facilities</i>	<i>Streets</i>	<i>Police</i>	<i>Fire</i>	<i>TOTAL</i>
Single Family Detached	\$4,325	\$1,370	\$1,218	\$631	\$704	\$693	\$8,941
Multi-family	\$2,846	\$901	\$801	\$415	\$463	\$456	\$5,882
Current Nonresidential Fee per 1,000 Square Feet of Floor Area							
<i>Type</i>	<i>Parks and Recreation</i>	<i>Library</i>	<i>Town Facilities</i>	<i>Streets</i>	<i>Police</i>	<i>Fire</i>	<i>TOTAL</i>
Light Industrial	\$0	\$0	\$823	\$668	\$39	\$190	\$1,720
Commercial 100,001 Sq Ft	\$0	\$0	\$791	\$3,063	\$180	\$869	\$4,903
Office 100,001 Sq Ft	\$0	\$0	\$1,193	\$940	\$55	\$267	\$2,455

A preliminary set of proposed development fees are shown in Figure 3, that does not include capacity charges for water and wastewater infrastructure. A separate study (prepared by TischlerBise, engineering consultants, and Town staff) recommends proposed capacity charges within Queen Creek's water and sewer service areas.

Figure 3 – Preliminary Development Fees

Proposed Residential Fee per Housing Unit							
<i>Units per Structure</i>	<i>Parks and Recreation</i>	<i>Library</i>	<i>Town Facilities</i>	<i>Streets</i>	<i>Police</i>	<i>Fire</i>	<i>TOTAL</i>
Single Unit	\$3,681	\$723	\$470	\$1,263	\$167	\$490	\$6,794
2+ Units	\$2,710	\$532	\$346	\$882	\$123	\$361	\$4,954
Proposed Nonresidential Fee per 1,000 Square Feet of Floor Area							
<i>Type</i>	<i>Parks and Recreation</i>	<i>Library</i>	<i>Town Facilities</i>	<i>Streets</i>	<i>Police</i>	<i>Fire</i>	<i>TOTAL</i>
Industrial	\$650	\$128	\$338	\$429	\$56	\$335	\$1,936
Commercial	\$563	\$111	\$292	\$1,569	\$229	\$290	\$3,054
Office & Other Services	\$552	\$109	\$286	\$679	\$90	\$285	\$2,001

Differences between current and proposed fees are shown in Figure 4. For all types of development except industrial, there would be a decrease in fees if the preliminary amounts were implemented without further revision.

Figure 4 – Increase or Decrease in Preliminary Fees

Residential Fee Increase / (Decrease)

<i>Units per Structure</i>	<i>Parks and Recreation</i>	<i>Library</i>	<i>Town Facilities</i>	<i>Streets</i>	<i>Police</i>	<i>Fire</i>	<i>TOTAL</i>	<i>% Change</i>
Single Unit	(\$644)	(\$647)	(\$748)	\$632	(\$537)	(\$203)	(\$2,147)	-24%
2+ Units	(\$136)	(\$369)	(\$455)	\$467	(\$340)	(\$95)	(\$928)	-16%

Nonresidential Fee Increase / (Decrease)

<i>Type</i>	<i>Parks and Recreation</i>	<i>Library</i>	<i>Town Facilities</i>	<i>Streets</i>	<i>Police</i>	<i>Fire</i>	<i>TOTAL</i>	<i>% Change</i>
Industrial	\$650	\$128	(\$485)	(\$239)	\$17	\$145	\$216	13%
Commercial	\$563	\$111	(\$499)	(\$1,494)	\$49	(\$579)	(\$1,849)	-38%
Office & Other Services	\$552	\$109	(\$907)	(\$261)	\$35	\$18	(\$454)	-18%

PARKS AND RECREATIONAL FACILITIES IIP

ARS 9-463.05 (T)(7)(G) defines the facilities and assets which can be included in the Parks and Recreational Facilities IIP:

“Neighborhood parks and recreational facilities on real property up to thirty acres in area, or parks and recreational facilities larger than thirty acres if the facilities provide a direct benefit to the development. Park and recreational facilities do not include vehicles, equipment or that portion of any facility that is used for amusement parks, aquariums, aquatic centers, auditoriums, arenas, arts and cultural facilities, bandstand and orchestra facilities, bathhouses, boathouses, clubhouses, community centers greater than three thousand square feet in floor area, environmental education centers, equestrian facilities, golf course facilities, greenhouses, lakes, museums, theme parks, water reclamation or riparian areas, wetlands, zoo facilities or similar recreational facilities, but may include swimming pools.”

The infrastructure improvements plan includes components for additional park improvements and trails, plus a cost recovery component for the growth share of existing debt service on parks and recreation facilities. Queen Creek will maintain existing infrastructure standards, using an incremental expansion cost method for all components except debt service.

Parks and Recreation Service Area

Queen Creek provides a uniform level-of-service throughout the entire town and will use development fee funding for infrastructure that attracts patrons from all geographic areas. Based on this service delivery strategy, Queen Creek has a town-wide service area for parks and recreation facilities.

Excluded Costs

Development fees in Queen Creek exclude costs to upgrade, update, improve, expand, correct or replace necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards. The Town’s comprehensive Capital Improvement Plan (CIP) includes the cost of these excluded items.

Current Use and Available Capacity

With the exception of debt-financed facilities, parks and recreational facilities are fully utilized and there is no available capacity for future development.

Proportionate Share for Parks and Recreation Facilities

ARS 9-463.05.B.3 requires development fees to not exceed a proportionate share of the cost of necessary public services needed to serve new development. As shown in Figure PR1, TischlerBise recommends daytime population as a reasonable indicator of the potential demand for parks and recreational facilities, from both residential and nonresidential development. According to the U.S. Census Bureau web application OnTheMap, there were 2,575 inflow commuters traveling to Queen Creek for work in 2011. The proportionate share is based on cumulative impact days per year with the number of residents potentially impacting parks and recreation facilities 365 days per year. Inflow commuters potentially impact parks and recreation facilities 200 days per year, assuming 4 workdays per week multiplied by 50 weeks a year.

Figure PR1 – Daytime Population

Daytime Population in 2011			Cumulative Impact Days per Year			Cost Allocation for	
Jurisdiction	Residents	Inflow Commuters	Residential*	Nonresidential**	Total	Residential	Nonresidential
Queen Creek	26,805	2,575	9,783,825	515,000	10,298,825	95%	5%

* Days per Year = 365

200 ** 4 Days per Week x 50 Weeks per Year

Parks and Recreation Debt Service Methodology

Figure PR2 displays parks and recreational facilities that have been debt financed and are eligible for cost recovery according to ARS 9-463.05.R. The growth cost of remaining principal and interest payments for each project was divided by the projected increase in population and jobs from 2013 to the fiscal year of the final debt payment to yield the growth cost of each debt obligation. From 2013 to 2031, development fees will recover approximately \$10.3 million for the growth share of remaining principal and interest payments. The growth cost over ten years is approximately \$6 million.

Figure PR2 – Parks and Recreation Debt Service

Fiscal Year	2007 Excise Tax Bonds (Park Share 52%)	2008 GADA Loan for Horseshoe Park	TOTAL
2014-15	\$993,213	\$167,700	\$1,160,913
2015-16	\$989,742	\$172,725	\$1,162,467
2016-17	\$991,172	\$172,225	\$1,163,397
2017-18	\$991,432	\$166,375	\$1,157,807
2018-19	\$990,353	\$170,238	\$1,160,591
2019-20	\$990,938	\$169,269	\$1,160,207
2020-21	\$990,418	\$167,906	\$1,158,324
2021-22	\$991,198	\$171,025	\$1,162,223
2022-23	\$993,148	\$168,713	\$1,161,861
2023-24	\$991,419	\$0	\$991,419
2024-25	\$993,720	\$0	\$993,720
2025-26	\$991,250	0	\$991,250
2026-27	\$989,820	0	\$989,820
2027-28	\$991,900	0	\$991,900
2028-29	\$992,030	0	\$992,030
2029-30	\$990,210	0	\$990,210
2030-31	\$989,040	0	\$989,040
2031-32	\$990,990	0	\$990,990
TOTAL	\$17,841,993	\$1,526,176	\$19,368,169

Year Debt Issued or Refinanced	Name of Debt Obligation	Growth Share*	FY of Final Payment	Remaining Principal and Interest**	Growth Cost	Population Increase	Job Increase
2007	Excise Tax Bond	54.5%	2031-32	\$17,841,993	\$9,724,744	33,881	7,202
2008	GADA Loan	39.5%	2022-23	\$1,526,176	\$603,361	18,474	3,947
TOTAL				\$19,368,169	\$10,328,105		
				Ten-Year Growth Cost => \$6,006,440			

* Growth share formula is $1 - [(residents\ and\ jobs\ in\ 2013)/(residents\ and\ jobs\ in\ 2031)]$ for 2007 bonds and $1 - [(residents\ and\ jobs\ in\ 2013)/(residents\ and\ jobs\ in\ 2022)]$ for 2008 loan.

** Debt for Desert Mountain Park, land for Westside and Eastside Community Parks, and Horseshoe Park / Equestrian Center.

Cost Allocation			
		2007 Bond	2008 Loan
Residential (per person)	95%	\$272	\$31
Nonresidential (per job)	5%	\$67	\$7

Park Improvements Standards and Needs

As specified in ARS 9-463.05.B.4 development fees in Queen Creek are based on the same level of service provided to existing development. Figure PR3 inventories existing parks in Queen Creek that are roughly the same size as future parks that will be funded with development fees. Consistent with Arizona's enabling legislation, large parks over 30 acres are excluded from the incremental expansion methodology but the fees include debt service on Desert Mountain Park (34 acres). Also, TischlerBise recommends that Queen Creek exclude small parks (less than 11 acres) that might not provide a substantial nexus to the entire service area. Because small parks are project-level improvements (i.e. not a system improvement to be funded by development fees), Queen Creek may require small parks as a condition of development approval. The average size of the parks listed below is 19 acres.

For residential development, Queen Creek will use resident population and jobs to derive current infrastructure standards for parks. Queen Creek has provided 2.5 acres of mid-size parks for every thousand residents (0.0025 acres per person) and 0.0007 acres for every job. To maintain current infrastructure standards for parks, Queen Creek needs to spend \$724 for each additional resident and \$171 for each additional job.

Arizona's development fee enabling legislation requires jurisdictions to convert land use assumptions into service units and the corresponding need for additional infrastructure over the next ten years. As shown below, projected population and jobs drives the needs analysis for parks. To maintain current standards in the service area, Queen Creek will need to improve 54 acres of mid-size parks over the next ten years. These improvements will be located at the Eastside and Westside park sites, which were purchased with debt financing. The ten-year, growth-related capital cost for parks improvements is approximately \$15.5 million.

Figure PR3 – Queen Creek Parks and Growth-Related Needs

Park	Acres
Founders Park	11
San Marqui Park	15
Chandler Heights/Sossaman Park	30
Sossaman and Cloud	20
TOTAL	76
Average-Size Park =>	19

* Based on actual and planned expenditures at Founders, Desert Mountain, and Westside Parks.

Allocation Factors for Parks

Improvements Cost per Acre*	\$287,700
Residential Proportionate Share	95%
Nonresidential Proportionate Share	5%
Population in 2013	29,191
Jobs in 2013	5,101

Infrastructure Standards and Park Needs

	Acres	Cost
Residential (per person)	0.0025	\$724
Nonresidential (per job)	0.0007	\$171

Need for Park Improvements

	Year	Queen Creek		Improved Acres
		Residents	Jobs	
Base	2013	29,191	5,101	76
Year 1	2014	31,348	5,481	82
Year 2	2015	33,598	5,866	87
Year 3	2016	35,755	6,258	93
Year 4	2017	37,788	6,666	98
Year 5	2018	39,791	7,089	104
Year 6	2019	41,794	7,533	109
Year 7	2020	43,782	8,003	114
Year 8	2021	45,739	8,507	119
Year 9	2022	47,665	9,048	125
Year 10	2023	49,560	9,638	130
<i>Ten-Yr Increase</i>		20,369	4,537	54
Growth-Related Need for Park Land plus Improvements =>				\$15,536,000

Infrastructure Standards and Need for Trails

Figure PR4 inventories existing trails in Queen Creek and documents current infrastructure standards for trails. Existing trails are primarily located in linear parks, along irrigation canals, and in drainage areas that are dry for most of the year. Queen Creek has provided 1.06 linear feet of trails for every resident and 0.32 linear feet for every job in the service area. Staff provided the trail cost factor of \$156 per linear foot based on the cost of improvements for the trail from Chandler Heights to Ellsworth Road. The total cost of this two-mile trail is \$1,651,754. To maintain current infrastructure standards for trails, Queen Creek needs to spend \$167 for each additional resident and \$39 for each additional job.

As shown at the bottom of the table below, projected population and jobs drive the needs analysis for trails. To maintain current standards, Queen Creek will need 22,970 linear feet (4.35 miles) of trails over the next ten years. The ten-year, growth-related capital cost for trails is approximately \$3.58 million.

Figure PR4 – Trail Standards and Needs

Existing Trails	Miles
Queen Creek Wash - Power Rd to Hawes Rd	2.30
Queen Creek Wash - Hawes Rd to Desert Mtn Park	0.25
Sonoqui Wash - Power Rd to Chandler Heights Rd	1.60
Sonoqui Wash - Chandler Heights Rd to Ellsworth Rd	2.00
TOTAL	6.15

Linear Feet => 32,472

Allocation Factors for Trails

Trail Cost per Linear Foot*	\$156
Residential Proportionate Share	95%
Nonresidential Proportionate Share	5%
Population in 2013	29,191
Jobs in 2013	5,101

* Trail cost factor provided by Town staff.

Infrastructure Standards and Needs Analysis for Trails

	Linear Feet	Cost	
Residential (per person)	1.06	\$167	
Nonresidential (per job)	0.32	\$39	
Trail Needs			
Year	Queen Creek Residents	Queen Creek Jobs	Linear Feet of Trails
Base 2013	29,191	5,101	32,472
Year 1 2014	31,348	5,481	34,872
Year 2 2015	33,598	5,866	37,373
Year 3 2016	35,755	6,258	39,777
Year 4 2017	37,788	6,666	42,055
Year 5 2018	39,791	7,089	44,307
Year 6 2019	41,794	7,533	46,565
Year 7 2020	43,782	8,003	48,815
Year 8 2021	45,739	8,507	51,044
Year 9 2022	47,665	9,048	53,251
Year 10 2023	49,560	9,638	55,442
Ten-Yr Increase	20,369	4,537	22,970
Total Projected Expenditures on Trails =>		\$3,583,000	

Parks and Recreation Development Fees

Infrastructure standards and cost factors for parks and recreation facilities are summarized in the upper portion of Figure PR5. The conversion of infrastructure needs and costs per service unit into a cost per development unit is also shown in the table below. For residential development, average number of persons per housing unit provides the necessary conversion and jobs per 1,000 square feet of floor area provide the conversion for nonresidential development. Updated development fees for parks and recreation facilities are shown in the column with light green shading. Proposed parks/recreation fees for residential development decrease by 5-15 percent. Queen Creek does not currently collect a parks/recreation fee from nonresidential development. To ensure parks and recreation development fee revenue does not exceed the cost of growth-related infrastructure, TischlerBise recommends a 1% credit for other revenues.

Figure PR5 – Parks and Recreation Service Units and Fees per Development Unit

	Cost per Person	Cost per Job	
Cost Recovery for Debt Service	\$303	\$74	
Park Improvements	\$724	\$171	
Trails	\$167	\$39	
Professional Services	\$1.74	\$0.48	
Revenue Credit	(\$11.96)	(\$2.84)	1%
TOTAL	\$1,183.78	\$281.64	

Residential (per housing unit)

Type	Persons per Hsg Unit	Proposed Fee	Current Fee	\$ Change	% Change
Single Unit	3.11	\$3,681	\$4,325	(\$644)	-15%
2+ Units per Structure	2.29	\$2,710	\$2,846	(\$136)	-5%

Nonresidential (per 1,000 square feet of building)

Type	Jobs per 1,000 Sq Ft	Proposed Fee	Current Fee	\$ Change
Industrial*	2.31	\$650	\$0	\$650
Commercial*	2.00	\$563	\$0	\$563
Office/Other Services*	1.96	\$552	\$0	\$552

* Institute of Transportation Engineers, 2012.

** Queen Creek multiplier (includes schools).

Forecast of Revenues

Appendix A contains the forecast of revenues required by Arizona's enabling legislation. The top of Figure PR5 summarizes the growth-related cost of infrastructure in Queen Creek over the next ten years (approximately \$25.1 million for parks and recreational facilities). Queen Creek should receive approximately \$25 million in parks and recreational fee revenue over the next ten years, if actual development matches the land use assumptions documented in Appendix C.

Figure PR6 – Parks and Recreation Development Fee Revenue

Ten-Year Growth-Related Costs for Parks and Recreation

Growth Share of Debt Service	\$6,006,440
Park Improvements	\$15,536,000
Trails	\$3,583,000
Total	\$25,125,440

Projected Development Fee Revenue for Parks and Recreation

		Single Unit \$3,681 per housing unit	2+ Units \$2,710 per housing unit	Industrial \$650 per 1000 Sq Ft	Commercial \$563 per 1000 Sq Ft	Office/Other \$552 per 1000 Sq Ft
Year		Hsg Units	Hsg Units	Sq Ft x 1000	Sq Ft x 1000	Sq Ft x 1000
Base	2013	9,165	308	212	1,971	1,028
Year 1	2014	9,842	331	263	2,042	1,058
Year 2	2015	10,549	354	314	2,113	1,088
Year 3	2016	11,226	377	365	2,184	1,118
Year 4	2017	11,864	399	416	2,255	1,148
Year 5	2018	12,493	420	467	2,326	1,178
Year 6	2019	13,122	441	518	2,397	1,208
Year 7	2020	13,746	462	569	2,468	1,238
Year 8	2021	14,360	483	620	2,539	1,268
Year 9	2022	14,965	503	671	2,610	1,298
Year 10	2023	15,560	523	722	2,681	1,328
<i>Ten-Yr Increase</i>		6,395	215	510	710	300
Projected Fees =>		\$23,540,000	\$583,000	\$332,000	\$400,000	\$166,000
Total Projected Revenues (rounded) =>						\$25,021,000

LIBRARY FACILITIES

Libraries are considered a necessary public service, but Queen Creek will only use development fees to offset the growth share of library debt service as specified in ARS 9-463.05 R. The Town has oversized its library in anticipation of new development.

Service Area

The service area for libraries is town-wide. Future development throughout Queen Creek will benefit from existing facilities.

Proportionate Share

ARS 9-463.05.B.3 requires development fee to not exceed a proportionate share of the cost of public services needed to serve new development. The Town of Queen Creek has allocated the growth share of future debt service payments to residents and jobs.

Library Debt Obligations

The Town owes approximately \$13.7 million in debt service on library facilities. As shown in Figure L1, Queen Creek will recover approximately \$6.7 million from new development, with \$4.96 million expected over the next ten years.

Figure L1 – Library Debt and Cost Allocation

<i>Fiscal Year</i>	<i>Library: GADA Loan 2005</i>	<i>Library: GADA Loan 2006</i>	<i>Excise Tax Bonds Series 2007: Library Share 6%</i>	<i>TOTAL</i>
2014-15	\$166,888	\$733,260	\$114,602	\$1,014,750
2015-16	\$166,013	\$732,825	\$114,201	\$1,013,039
2016-17	\$169,387	\$731,575	\$114,366	\$1,015,328
2017-18	\$170,917	\$733,075	\$114,396	\$1,018,388
2018-19	\$167,319	\$733,825	\$114,272	\$1,015,416
2019-20	\$166,619	\$733,825	\$114,339	\$1,014,783
2020-21	\$169,656	\$733,075	\$114,279	\$1,017,010
2021-22	\$170,428	\$731,575	\$114,369	\$1,016,372
2022-23	\$170,925	\$734,325	\$114,594	\$1,019,844
2023-24	\$171,144	\$731,075	\$114,395	\$1,016,614
2024-25	\$171,150	\$732,075	\$114,660	\$1,017,885
2025-26	\$166,060	\$732,075	\$114,375	\$1,012,510
2026-27	\$165,375	\$0	\$114,210	\$279,585
2027-28	\$166,675	\$0	\$114,450	\$281,125
2028-29	\$167,000	\$0	\$114,465	\$281,465
2029-30	\$169,750	\$0	\$114,255	\$284,005
2030-31	\$167,125	\$0	\$114,120	\$281,245
2031-32	\$0	\$0	\$114,345	\$114,345
TOTAL	\$2,862,431	\$8,792,585	\$2,058,692	\$13,713,708

<i>Year Debt Issued or Refinanced</i>	<i>Name of Debt Obligation</i>	<i>Growth Share*</i>	<i>FY of Final Payment</i>	<i>Remaining Principal and Interest for Library</i>	<i>Growth Cost</i>	<i>Population Increase</i>	<i>Job Increase</i>
2005	GADA Loan	53.4%	2030-31	\$2,862,431	\$1,528,085	32,402	6,869
2006	GADA Loan	46.0%	2025-26	\$8,792,585	\$4,047,749	24,051	5,203
2007	Excise Tax Bond	54.5%	2031-32	\$2,058,692	\$1,122,086	33,881	7,202

TOTAL \$13,713,708 \$6,697,920
 Ten-Year Growth Cost => \$4,963,005

* Growth share formula is $1 - \frac{[(\text{residents and jobs in 2013})/(\text{residents and jobs in 2030})]}$ for 2005 loan,
 $1 - \frac{[(\text{residents in 2013})/(\text{residents in 2025})]}$ for 2006 loan, and
 $1 - \frac{[(\text{residents in 2013})/(\text{residents in 2031})]}$ for 2007 bond.

<i>Cost Allocation</i>				
		<i>2005 Loan</i>	<i>2006 Loan</i>	<i>2007 Bond</i>
Residential (per person)	95%	\$44	\$159	\$31
Nonresidential (per job)	5%	\$11	\$38	\$7

Library Development Fees

For residential development, Queen Creek uses year-round persons per housing unit to derive fees by type of housing. For nonresidential development, the service units per development unit are jobs per 1,000 square feet of floor area. Updated development fees for library facilities are shown in the column with light purple shading (see Figure L2). Proposed fees decrease residential development. The Town does not currently collect a library fee from nonresidential development. To ensure library development fee revenue does not exceed the growth share of future debt service, TischlerBise recommends a 1% credit for other revenues.

Figure L2 – Library Development Fee Schedule

	Cost per Person	Cost per Job	
Cost Recovery for Debt Service	\$234	\$56	
Professional Services	\$0.87	\$0.24	
Revenue Credit	(\$2.35)	(\$0.56)	1%
TOTAL	\$232.52	\$55.68	

Residential (per housing unit)

Type	Persons per Hsg Unit	Proposed Fee	Current Fee	\$ Change	% Change
Single Unit	3.11	\$723	\$1,370	(\$647)	-47%
2+ Units per Structure	2.29	\$532	\$901	(\$369)	-41%

Nonresidential (per 1,000 square feet of building)

Type	Jobs per 1,000 Sq Ft	Proposed Fee	Current Fee	\$ Change
Industrial*	2.31	\$128	\$0	\$128
Commercial*	2.00	\$111	\$0	\$111
Office/Other Services*	1.96	\$109	\$0	\$109

* Institute of Transportation Engineers, 2012.

** Queen Creek multiplier (includes schools).

Forecast of Revenues

Appendix A contains the forecast of revenues required by Arizona's enabling legislation. As shown in Figure L3, the Town expects to receive approximately \$4.9 million for library debt service payments over the next ten years. The growth share of library debt service over the next ten years is approximately \$4.96 million.

Figure L3 – Projected Revenue from Library Development Fees

Ten-Year Growth-Related Costs for Library Facilities

Debt Service \$4,963,000

Projected Development Fee Revenue for Library Facilities

		Single Unit \$723 per housing unit	2+ Units \$532 per housing unit	Industrial \$128 per 1000 Sq Ft	Commercial \$111 per 1000 Sq Ft	Office/Other \$109 per 1000 Sq Ft
Year		Hsg Units	Hsg Units	Sq Ft x 1000	Sq Ft x 1000	Sq Ft x 1000
Base	2013	9,165	308	212	1,971	1,028
Year 1	2014	9,842	331	263	2,042	1,058
Year 2	2015	10,549	354	314	2,113	1,088
Year 3	2016	11,226	377	365	2,184	1,118
Year 4	2017	11,864	399	416	2,255	1,148
Year 5	2018	12,493	420	467	2,326	1,178
Year 6	2019	13,122	441	518	2,397	1,208
Year 7	2020	13,746	462	569	2,468	1,238
Year 8	2021	14,360	483	620	2,539	1,268
Year 9	2022	14,965	503	671	2,610	1,298
Year 10	2023	15,560	523	722	2,681	1,328
Ten-Yr Increase		6,395	215	510	710	300
Projected Fees =>		\$4,620,000	\$110,000	\$65,000	\$79,000	\$33,000
Total Projected Revenues (rounded) =>						\$4,907,000

TOWN FACILITIES

Arizona's enabling legislation does not include Town Facilities as a necessary public service, but ARS 9-463.05 R allows Queen Creek to continue collecting this fee. The Town has outstanding debt for facilities that were oversized in anticipation of new development.

"A municipality may continue to assess a development fee adopted before January 1, 2012 for any facility that was financed before June 1, 2011 if:

1. Development fees were pledged to repay debt service obligations related to the construction of the facility.

2. After August 1, 2014, any development fees collected under this subsection are used solely for the payment of principal and interest on the portion of the bonds, notes or other debt service obligations issued before June 1, 2011 to finance construction of the facility."

Service Area

The service area for town facilities is all parcels within the Town limits. New development throughout Queen Creek will benefit from the Town Hall municipal complex.

Proportionate Share

ARS 9-463.05 (B)(3) states that the development fee shall not exceed a proportionate share of the cost of necessary public services needed to provide necessary public services to the development.

TischlerBise recommends functional population to allocate future debt service payments to residential and nonresidential development, as shown in Figure TF1. Functional population is similar to what the U.S. Census Bureau calls "daytime population," by accounting for people living and working in a jurisdiction. Residents that don't work are assigned 20 hours per day to residential development and four hours per day to nonresidential development (annualized averages). Residents that work in Queen Creek are assigned 14 hours to residential development and 10 hours to nonresidential development. Residents that work outside Queen Creek are assigned 14 hours to residential development. Inflow commuters are assigned 10 hours to nonresidential development. Based on 2011 functional population data for Queen Creek, the cost allocation for residential development is 83% while nonresidential development accounts for 17% of the demand for town facilities.

Figure TF1 – Functional Population

	<u>Demand Units in 2011</u>	<u>Demand Hours/Day</u>	<u>Person Hours</u>
Residential			
Total Population*	26,805		
61% Residents Not Working	16,294	20	325,880
39% Resident Workers**	10,511		
4% Worked in City**	369	14	5,166
96% Worked Outside City**	10,142	14	141,988
	Residential Subtotal		473,034
	Residential Share =>		83%
Nonresidential			
Non-working Residents	16,294	4	65,176
Jobs Located in City**	2,944		
Residents Working in City**	369	10	3,690
Non-Resident Workers (inflow commuters)**	2,575	10	25,750
	Nonresidential Subtotal		94,616
	Nonresidential Share =>		17%
	TOTAL		567,650

* Annual Estimates of the Resident Population for Incorporated Places in Arizona: April 1, 2010 to July 1, 2011, U.S. Census Bureau.
 ** Inflow/Outflow Analysis, OnTheMap web application, U.S. Census Bureau data for all jobs in 2011.

Growth Cost of Town Facilities Debt Obligations

The Town owes approximately \$10.8 million in debt service on town facilities. As shown in Figure TF2, Queen Creek will recover approximately \$5.6 million from new development by 2031 and \$3.58 million over the next ten years.

Figure TF2 – Debt Service on Town Facilities

Fiscal Year	2004 GADA Loan	2007 Excise Tax Bonds Series (8% for Town Buildings)	TOTAL
2014-15	\$540,056	\$152,802	\$692,858
2015-16	\$538,926	\$152,268	\$691,194
2016-17	\$537,239	\$152,488	\$689,727
2017-18	\$539,770	\$152,528	\$692,298
2018-19	\$541,270	\$152,362	\$693,632
2019-20	\$538,780	\$152,452	\$691,232
2020-21	\$536,749	\$152,372	\$689,121
2021-22	\$540,789	\$152,492	\$693,281
2022-23	\$538,667	\$152,792	\$691,459
2023-24	\$540,388	\$152,526	\$692,914
2024-25	\$539,650	\$152,880	\$692,530
2025-26	\$537,862	\$152,500	\$690,362
2026-27	\$540,025	\$152,280	\$692,305
2027-28	\$539,725	\$152,600	\$692,325
2028-29	\$536,050	\$152,620	\$688,670
2029-30	\$0	\$152,340	\$152,340
2030-31	\$0	\$152,160	\$152,160
2031-32	\$0	\$152,460	\$152,460
TOTAL	\$8,085,946	\$2,744,922	\$10,830,868

Year of Debt Obligation	Name of Debt Obligation	Growth Share*	FY of Final Payment	Remaining Principal and Interest*	Growth Cost	Population Increase	Job Increase
2004	GADA Loan	50.8%	2028-29	\$8,085,946	\$4,109,019	29,228	6,203
2007	Excise Tax Bond (8% for Town Buildings)	54.5%	2031-32	\$2,744,922	\$1,496,115	33,881	7,202

TOTAL \$10,830,868 \$5,605,134
 Ten-Year Growth Cost => \$3,580,020

* Growth share formula is $1 - [(residents \& \text{Jobs in } 2013) / (residents \& \text{jobs in } 2028)]$ for 2004 loan and $1 - [(residents \& \text{Jobs in } 2013) / (residents \& \text{jobs in } 2031)]$ for 2007 bond.

Cost Allocation			
		2004 Loan	2007 Bond
Residential (per person)	83%	\$116	\$36
Nonresidential (per job)	17%	\$112	\$35

Development Fees for Town Facilities

Cost recovery amounts for town facilities debt service are summarized in the upper portion of Figure TF3. The conversion of costs per service unit into a cost per development unit is also shown in the table below. For residential development, Queen Creek uses year-round persons per housing unit to derive fees by type of housing. For nonresidential development, the necessary conversion is jobs per 1,000 square feet, documented in the Land Use Assumptions for Queen Creek (see Appendix C). Updated development fees for town facilities are shown in the column with light red shading. Proposed fees are significantly less for all types of development. To ensure development fee revenue for town facilities does not exceed the growth share of future debt service, TischlerBise recommends a 1% credit for other revenues.

Figure TF3 – Town Facilities Fee Schedule

	Cost per Person	Cost per Job	
Cost Recovery for 2004 Loan	\$116	\$112	
Cost Recovery for 2007 Bond	\$36	\$35	
Professional Services	\$0.76	\$0.83	
Revenue Credit	(\$1.53)	(\$1.48)	1%
TOTAL	\$151.23	\$146.35	

Residential (per housing unit)

Type	Persons per Hsg Unit	Proposed Fee	Current Fee	\$ Change	% Change
Single Unit	3.11	\$470	\$1,218	(\$748)	-61%
2+ Units per Structure	2.29	\$346	\$801	(\$455)	-57%

Nonresidential (per 1,000 square feet of building)

Type	Jobs per 1,000 Sq Ft	Proposed Fee	Current Fee	\$ Change	% Change
Industrial*	2.31	\$338	\$791	(\$453)	-57%
Commercial*	2.00	\$292	\$1,193	(\$901)	-76%
Office/Other Services**	1.96	\$286	\$823	(\$537)	-65%

* Institute of Transportation Engineers, 2012.

** Queen Creek multiplier (includes schools).

Forecast of Revenues

Appendix A contains the forecast of revenues required by Arizona's enabling legislation. Over the next ten years, the growth share of debt service payments on town facilities is \$3.58 million. As shown in Figure TF4, the Town expects to receive approximately \$3.55 million in development fee revenue that will be used for debt service payments. The revenue projection is based on the land use assumptions, discussed further in Appendix C.

Figure TF4 – Projected Revenue from Development Fees

Ten-Year Costs for Town Facilities

Growth Share of Debt Service \$3,580,000

Town Facilities Development Fee Revenue

		<i>Single Unit</i>	<i>2+ Units</i>	<i>Industrial</i>	<i>Commercial</i>	<i>Office/Other</i>
		\$470	\$346	\$338	\$292	\$286
<i>Fiscal</i>		per housing unit	per housing unit	per 1000 Sq Ft	per 1000 Sq Ft	per 1000 Sq Ft
<i>Year</i>		<i>Hsg Units</i>	<i>Hsg Units</i>	<i>Sq Ft x 1000</i>	<i>Sq Ft x 1000</i>	<i>Sq Ft x 1000</i>
Base	2013-14	9,165	308	212	1,971	1,028
Year 1	2014-15	9,842	331	263	2,042	1,058
Year 2	2015-16	10,549	354	314	2,113	1,088
Year 3	2016-17	11,226	377	365	2,184	1,118
Year 4	2017-18	11,864	399	416	2,255	1,148
Year 5	2018-19	12,493	420	467	2,326	1,178
Year 6	2019-20	13,122	441	518	2,397	1,208
Year 7	2020-21	13,746	462	569	2,468	1,238
Year 8	2021-22	14,360	483	620	2,539	1,268
Year 9	2022-23	14,965	503	671	2,610	1,298
Year 10	2023-24	15,560	523	722	2,681	1,328
<i>Ten-Yr Increase</i>		6,395	215	510	710	300
Projected Revenue =>		\$3,006,000	\$74,000	\$172,000	\$207,000	\$86,000
					Total =>	\$3,545,000

STREETS FACILITIES IIP

According to ARS 9-463.05.T.7 (e), street facilities include, “arterial or collector streets or roads that have been designated on an officially adopted plan of the municipality, traffic signals and rights-of-way and improvements thereon.” Queen Creek’s IIP includes arterial street and intersection improvements, plus a railroad crossing.

Service Area for Streets

Queen Creek development fees for streets are derived using a plan-based approach, with a specific list of improvements. The streets fee is derived from trip generation rates, trip rate adjustment factors, average trip length weighting factors, and a lane-capacity standard.

Existing Infrastructure

Lane miles of arterials and arterial-arterial intersection improvements are used to document existing infrastructure standards in Queen Creek. According to Town staff, there are approximately 109 lane miles of arterials in Queen Creek. A lane mile is a rectangular area that is one travel lane wide and one mile long. All local and collector streets are considered project-level improvements, not eligible for development fee credits or reimbursements. Town staff also indicated there are ten arterial-arterial intersections with signals, turn lanes, and bike/pedestrian improvements.

Excluded Costs

Development fees in Queen Creek exclude costs to upgrade, update, improve, expand, correct or replace necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards. The Town’s comprehensive Capital Improvement Plan (CIP) includes the cost of these excluded items.

Forecast of Service Units

Queen Creek will use average weekday vehicle miles of travel as the service units for documenting existing infrastructure standards and allocating the cost of future improvements. TischlerBise created an aggregate travel model to convert development units within Queen Creek to vehicle trips and vehicle-miles of travel. Figure S1 summarizes the input variables for the travel model. Trip generation rates, expressed as average weekday Vehicle Trip Ends (VTE), are from the Institute of Transportation Engineers (ITE). HU is an abbreviation for housing unit. KSF is an abbreviation for square feet of nonresidential floor area, expressed in thousands. Each input variables is described further below. The service unit index compares VMT by type of land use to the travel demand for a single residential unit.

Figure S1 – Input Variables for Travel Demand Model

Queen Creek, Arizona	ITE Code	Dev Type	Weekday VTE	Dev Unit	Trip Adj	Trip Length Wt Factor	VMT per Dev Unit	Service Unit Index
R1	210	Single Units	9.52	HU	65%	1.21	65.67	1.00
R2	220	2+ Units	6.65	HU	65%	1.21	45.87	0.70
NR1	110	Industrial	6.97	KSF	50%	0.73	22.31	0.34
NR2	820	Commercial	42.70	KSF	33%	0.66	81.56	1.24
NR4	710	Office/Other	11.03	KSF	50%	0.73	35.31	0.54
Avg Trip Length (miles)	8.77							
Capacity Per Lane	7,500							

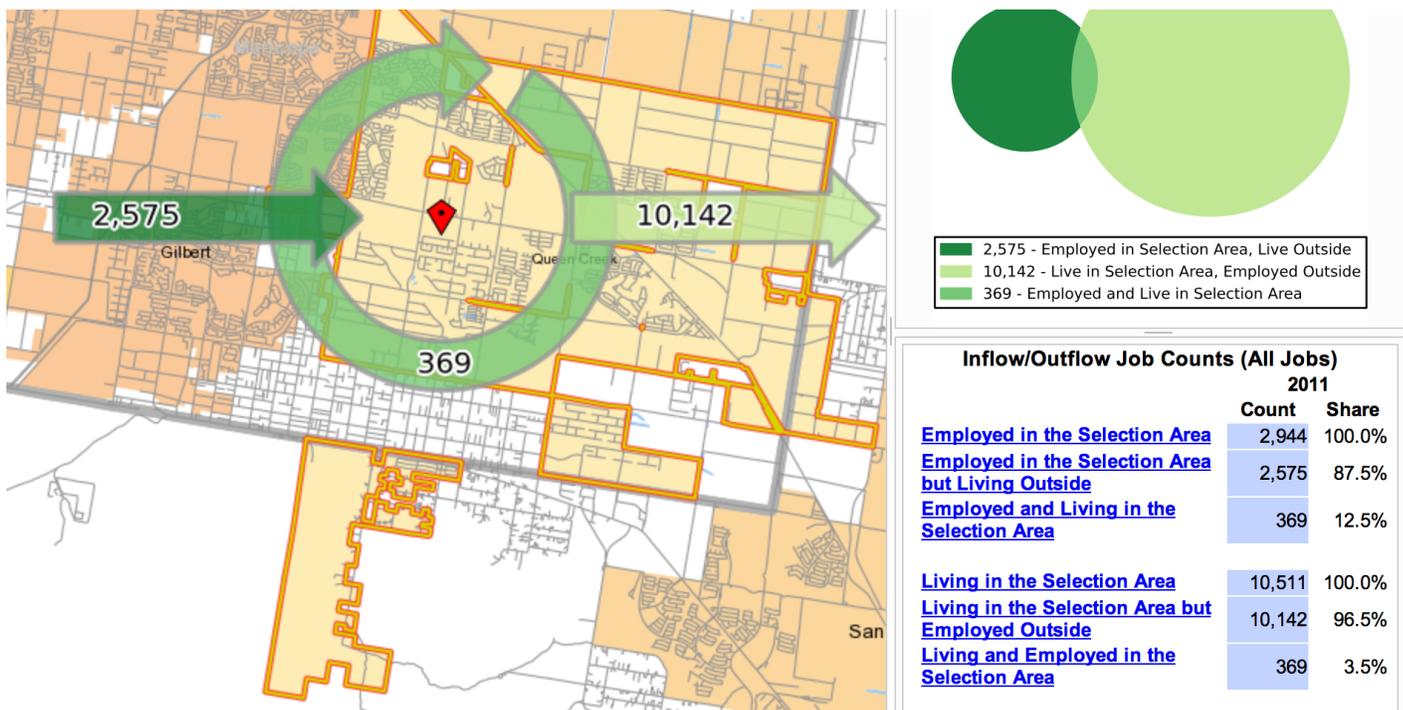
Trip Generation Rates

Queen Creek development fees for streets are derived using average weekday vehicle trip ends. Trip generation rates are from the reference book *Trip Generation* published by the Institute of Transportation Engineers (ITE 2012). A vehicle trip end represents a vehicle either entering or exiting a development (as if a traffic counter were placed across a driveway). To calculate street fees, trip generation rates require an adjustment factor to avoid double counting each trip at both the origin and destination points. Therefore, the basic trip adjustment factor is 50%. As discussed further below, the fee methodology includes additional adjustments to make the fees proportionate the infrastructure demand for particular types of development.

Adjustments for Commuting Patterns and Pass-By Trips

Residential development has a larger trip adjustment factor of 65% to account for commuters leaving Queen Creek for work. In other words, residential development is assigned all inbound trips plus 15% of outbound trips to account for job locations outside of Queen Creek. According to the 2009 National Household Travel Survey (see Table 30) weekday work trips are typically 31% of production trips (i.e., all out-bound trips). As shown in Figure S2, the Census Bureau’s web application OnTheMap indicates that approximately 96.5% of resident workers traveled outside the jurisdiction for work in 2011. In combination, these factors (0.31 x 0.50 x 0.965 = 0.15) support the additional 15% allocation of trips to residential development.

Figure S2 - Inflow/Outflow Analysis



For commercial development, the trip adjustment factor is less than 50% because retail development attracts vehicles as they pass by on arterial and collector roads. For example, when someone stops at a convenience store on the way home from work, the convenience store is not the primary destination. For an average shopping center, ITE data indicate 34% of the vehicles that enter are passing by on their way to some other primary destination. The remaining 66% of attraction trips have the commercial site

as their primary destination. Because attraction trips are half of all trips, the trip adjustment factor is 66% multiplied by 50%, or approximately 33% of the trip ends.

Trip Length Weighting Factor by Type of Land Use

The streets fee methodology includes a percentage adjustment, or weighting factor, to account for trip length variation by type of land use. As documented in Table 6 of the 2009 National Household Travel Survey, vehicle trips from residential development are approximately 121% of the average trip length. The residential trip length adjustment factor includes data on home-based work trips, social, and recreational purposes. Conversely, shopping trips associated with commercial development are roughly 66% of the average trip length while other nonresidential development typically accounts for trips that are 73% of the average for all trips.

Lane Capacity

Street impact fees are based on a lane capacity standard of 7,500 vehicles per lane, obtained from the Florida Department of Transportation, Quality/LOS Handbook (2009). This standard is for a Class II, four-lane divided road, operating at LOS "D", averaging 33,200 average daily trips, with a 10% reduction for major city/county roads. The specific formula is 33200, divided by 4, multiplied by 0.90, with the result rounded to hundreds. TischlerBise has reviewed the lane capacity standard with local transportation planners and engineers, with both Glendale and Queen Creek using this standard in their fee updates.

Travel Demand and Infrastructure Standards

The relationship between development in Queen Creek and the need for system improvements is shown in Figure S3. At the top of the table are data on development units in Queen Creek. The table includes annual calculations, but years 6-9 are hidden from view. Trip generation rates and trip adjustment factors convert projected development into average weekday vehicle trips, as shown in the middle section of the table. A typical vehicle trip, such as a person leaving their home and traveling to work, generally begins on a local street that connects to a collector street, which connects to an arterial road and eventually to a state or interstate highway. This progression of travel up and down the functional classification chain limits the average trip length determination, for the purpose of development fees, to the following question, "What is the average vehicle trip length on system improvements (i.e., arterial streets within the municipality)?"

With 109 lane miles of arterials in Queen Creek and a lane capacity standard of 7,500 vehicles per lane per day, the existing development fee network has 817,500 vehicle miles of capacity (i.e., 7,500 vehicles per lane over the entire 109 lane miles). To derive the average utilization (i.e., average trip length expressed in miles) of the system improvements, we divide vehicle miles of travel by vehicle trips attracted to development in Queen Creek. As shown below, development in Queen Creek currently attracts 92,226 average weekday vehicle trips. Dividing 817,500 vehicle miles of capacity by existing average weekday vehicle trips, yields an un-weighted average trip length of approximately 8.86 miles. However, the calibration of average trip length includes the same adjustment factors used in the development fee calculations (i.e., journey-to-work commuting, commercial pass-by adjustment, and average trip length adjustment by type of land use). With these refinements, the weighted-average trip length is 8.77 miles.

At the bottom of Figure S3 are Vehicle Miles of Travel (VMT), which is a measurement unit equal to one vehicle traveling one mile. In the aggregate, VMT is the product of vehicle trips multiplied by the average trip length. Typical VMT calculations for development-specific traffic studies, along with most transportation models of an entire urban area, are derived from traffic counts on particular road segments multiplied by the length of that road segment. For the purpose of development fees, VMT calculations are based on attraction (inbound) trips to development located in the service area, with the

trip lengths calibrated to the road network considered to be system improvements. This refinement eliminates pass-through or external- external trips, and travel on roads that are not system improvements (e.g. interstate highways).

Existing infrastructure standards for streets in Queen Creek are 1.33 lane miles of arterials per 10,000 VMT and 0.12 improved intersections per 10,000 VMT. To maintain the existing infrastructure standards, Queen Creek would need an additional 68 lane miles of arterials and improvements to six additional intersections over the next ten years. The Town's Infrastructure Improvements Plan (IIP) for street facilities is more conservative, as discussed below.

Figure S3 – Ten-Year Travel Demand

Year->	Base	1	2	3	4	5	10	10-Year
Queen Creek, AZ	2013	2014	2015	2016	2017	2018	2023	Increase
Single Units	9,165	9,842	10,549	11,226	11,864	12,493	15,560	6,395
2+ Units	308	331	354	377	399	420	523	215
Industrial KSF	212	263	314	365	416	467	722	510
Commercial KSF	1,971	2,042	2,113	2,184	2,255	2,326	2,681	710
Office/Other Services KSF	1,028	1,058	1,088	1,118	1,148	1,178	1,328	300
<i>Single Unit Res Trips</i>	56,713	60,902	65,277	69,466	73,414	77,307	96,285	
<i>2+ Units ResTrips</i>	1,331	1,431	1,530	1,630	1,725	1,815	2,261	
<i>Industrial Trips</i>	739	917	1,094	1,272	1,450	1,627	2,516	
<i>Commercial Trips</i>	27,773	28,774	29,774	30,775	31,775	32,776	37,778	
<i>Office/Other Services Trips</i>	5,669	5,835	6,000	6,166	6,331	6,497	7,324	
<i>Total Vehicle Trips</i>	92,226	97,858	103,676	109,309	114,695	120,022	146,164	
<i>Vehicle Miles of Travel (VMT)</i>	817,733	871,231	926,700	980,198	1,031,090	1,081,344	1,327,404	509,671
LANE MILES	109.0	116.2	123.6	130.7	137.5	144.2	177.0	68.0
Lane Miles per 10,000 VMT	1.33	1.33	1.33	1.33	1.33	1.33	1.33	
Improved Intersections	10.0	10.7	11.3	12.0	12.6	13.2	16.2	6.2
Signals per 10,000 VMT	0.12	0.12	0.12	0.12	0.12	0.12	0.12	

Planned Improvements for Street Facilities

Queen Creek staff recommends the growth-related improvements listed in Figure S4 for development fee funding. Even though the need for improvements is based on traffic studies and quantitative measures, like volume to capacity ratios, the “need” for improvements is more difficult to determine for streets than for utility systems. The key difference is that water and sewer utilities are closed systems, but a street network is an open system. The demand for street capacity can be influenced by development units outside the service area and by what is know as “triple convergence.” In essence, this concept acknowledges that transportation capacity is consumed by drivers changing their time, route, and mode of travel, with the latter being more significant in urban areas. Also, “congestion” is a relative and more subjective term that is closely connected with a person’s willingness to pay. Given this complexity, the list of street improvements embraces the willingness to pay concept and proposes a level of improvements that translates into street fees that are higher than current fees for residential development and less than current fees for nonresidential development.

Using a specific list of improvements enables the community to either add or subtract projects until the perceived need for improvements balances the willingness to pay for infrastructure capacity through development fees. Street improvements will be targeted to areas experiencing congestion problems, as traffic flows from larger travel sheds (much like a funnel that tapers to fit into a bottleneck). By using development fees to fix congestion problems from larger travel sheds, it is not essential to accurately forecast the exact location of future development. If a developer is asked to construct a system improvement (i.e. a project on the list) as a condition of development approval, it will be necessary for

Queen Creek to provide a site-specific credit or reimburse the developer from future fee collections. The Town will continue to require project level improvements, such as turn lanes and signals for ingress/egress, plus construction of adjacent arterials.

As shown in Figure S4, the IIP for Queen Creek includes seven projects with a total ten-year cost of \$13.29 million and approximately \$6.5 million to be funded by development fees. The 38% growth share for the railroad crossing is based on the ten-year increase in VMT (see Figure S3 above). The 50% growth share for arterial lane miles and intersection improvements is based on widening arterials from two to four lanes. The weighted average growth share for all projects is 49%, requiring approximately \$6.8 million from other revenue sources. As discussed further in Appendix A, Queen Creek will use construction sales tax revenue to fully fund the IIP for streets.

Figure S4 – Summary of Ten-Year IIP for Streets

<i>Project</i>	<i>FY14-15 to FY18-19</i>	<i>FY19-20 to FY23-24</i>	<i>Total Cost</i>	<i>Growth Share</i>	<i>Growth Cost</i>
Widen Ellsworth Rd from Ocotillo to Rittenhouse	\$4,523,476	\$0	\$4,523,476	50%	\$2,262,000
Rittenhouse, West of Vestar, 2 to 4 lanes	\$3,762,126	\$0	\$3,762,126	50%	\$1,881,000
Widen Ocotillo from Ellsworth Loop to Heritage Loop		\$2,700,000	\$2,700,000	50%	\$1,350,000
Ocotillo UPRR Crossing	\$1,385,000	\$0	\$1,385,000	38%	\$532,000
Intersection of Chandler Heights & Sossaman		\$420,000	\$420,000	50%	\$210,000
Intersection of Ellsworth & Heritage Loop		\$250,000	\$250,000	50%	\$125,000
Intersection of Ocotillo & Heritage Loop		\$250,000	\$250,000	50%	\$125,000
Total	\$9,670,602	\$3,620,000	\$13,290,602	49%	\$6,485,000

Growth Cost of Debt Obligations for Street Facilities

The Town owes approximately \$12 million in debt service on street facilities, such as bridges and railroad crossing identified in the 2007 development fee study. As shown in Figure S5, Queen Creek will recover approximately \$6.3 million from new development by 2032 and \$3.3 million over the next ten years.

Figure S5 – Debt Service for Street Facilities

Fiscal Year	2007 Excise Tax Bonds Series (34% for Streets)
2014-15	\$643,144
2015-16	\$643,174
2016-17	\$639,957
2017-18	\$640,509
2018-19	\$641,091
2019-20	\$640,080
2020-21	\$641,300
2021-22	\$641,300
2022-23	\$641,300
2023-24	\$641,300
2024-25	\$641,300
2025-26	\$641,300
2026-27	\$641,300
2027-28	\$641,300
2028-29	\$641,300
2029-30	\$641,300
2030-31	\$641,300
2031-32	\$641,300
2032-33	\$641,300
TOTAL	\$12,184,854

Year of Debt Obligation	Name of Debt Obligation	Growth Share*	FY of Final Payment	Remaining Principal and Interest*	19-Year Growth Cost	10-Year Growth Cost
2007	Excise Tax Bond (34% for Streets)	51.8%	2032-33	\$12,184,854	\$6,315,179	\$3,323,778

* Growth share formula is $1 - [(VMT \text{ in } 2013)/(VMT \text{ in } 2032)]$.

Development Fees for Streets

Figure S6 indicates Queen Creek development units (at the top) and the increase in average weekday vehicle miles of travel (in the middle of the table) over the next ten years. Current and proposed fees are shown at the bottom of Figure S6. Proposed fees for residential development are approximately double the current amounts, while proposed fees for nonresidential development decrease 36-49 percent. The major reason for the significant shift in cost allocation is due to a change in methodology from PM-Peak Hour vehicle trip ends to average weekday vehicle miles of travel.

To derive the streets fee by type of development, multiply its proportionate share factor (based on the ten-year increase in VMT as shown in the right column in the middle section) by the total cost of improvements and divide by the increase in development units. For example, the fee for a single residential unit is $0.8239 * \$9,808,778 / 6,395$ or \$1,263 per unit (truncated).

Figure S6 – Streets Development Fee Schedule

Average Weekday Vehicle Miles of Travel

Development Type (1)	2013 Dev Units (2)	2023 Dev Units (2)	Additional Dev Units 2013-2023
Single Housing Units	9,165	15,560	6,395
2+ Units	308	523	215
Industrial KSF	212	722	510
Commercial KSF	1,971	2,681	710
Office/Other Services KSF	1,028	1,328	300
Housing Unit Total	9,473	16,083	6,610
Nonres KSF Total	3,211	4,731	1,520

(1) A single housing unit includes detached, attached (townhouse), and mobile home; KSF = square feet of floor area in thousands.

(2) Land Use Assumptions, TischlerBise (see Appendix C).

(3) Trip Generation, Institute of Transportation Engineers, 2012. Commercial includes 34% pass-by adjustment.

Cost Allocation for Streets

Development Type	Avg Wkdy Veh Trip Ends per Dev Unit (3)	Trip Adj Factors	Trip Length Weighting Factor	Vehicle Miles of Travel per Dev Unit	Ten-Year VMT Increase	Proportionate Share by Type of Dev
Single Housing Unit	9.52	65%	121%	65.67	419,929	82.39%
2+ Units per Structure	6.65	65%	121%	45.87	9,862	1.93%
Industrial	6.97	50%	73%	22.31	11,379	2.23%
Commercial	42.70	33%	66%	81.56	57,909	11.36%
Office/Other Services	11.03	50%	73%	35.31	10,592	2.08%
					509,671	100.0%

Streets Development Fee Schedule

Development Type	Current Fees	Proposed Fees	\$ Change	% Change
Single Housing Unit	\$631	\$1,263	\$632	100%
2+ Units per Structure	\$415	\$882	\$467	113%
Industrial	\$668	\$429	(\$239)	-36%
Commercial	\$3,063	\$1,569	(\$1,494)	-49%
Office/Other Services	\$1,193	\$679	(\$514)	-43%

Growth Cost of Ten-Year IIP =>	\$6,485,000
Ten-Year Cost Recovery for Debt =>	\$3,323,778
Total =>	\$9,808,778

Forecast of Revenues

Appendix A contains the forecast of revenues required by Arizona's enabling legislation. The revenue projection shown below assumes implementation of the proposed street fees and that development over the next ten years is consistent with the land use assumptions described in Appendix C. To the extent the rate of development either accelerates or slows down, there will be a corresponding change in the impact fee revenue. As shown in Figure S7, the ten-year projection of development fee revenue for streets (\$9.8 million) matches the cost of growth-related debt service payments plus planned system improvements to be funded with development fees.

Figure S7 – Projected Street Fee Revenue

Ten-Year Growth Cost of Streets Facilities

Streets IIP	\$6,485,000
Ten-Year Growth Share of Debt Service (rounded)	\$3,324,000
Total =>	\$9,809,000

Ten-Year Projection of Development Fee Revenue for Streets

		Single Unit	2+ Units	Industrial	Commercial	Office & Other Services
		\$1,263 per housing unit	\$882 per housing unit	\$429 per 1000 Sq Ft	\$1,569 per 1000 Sq Ft	\$679 per 1000 Sq Ft
Year		Hsg Units	Hsg Units	Sq Ft x 1000	Sq Ft x 1000	Sq Ft x 1000
Base	2013	9,165	308	212	1,971	1,028
Year 1	2014	9,842	331	263	2,042	1,058
Year 2	2015	10,549	354	314	2,113	1,088
Year 3	2016	11,226	377	365	2,184	1,118
Year 4	2017	11,864	399	416	2,255	1,148
Year 5	2018	12,493	420	467	2,326	1,178
Year 6	2019	13,122	441	518	2,397	1,208
Year 7	2020	13,746	462	569	2,468	1,238
Year 8	2021	14,360	483	620	2,539	1,268
Year 9	2022	14,965	503	671	2,610	1,298
Year 10	2023	15,560	523	722	2,681	1,328
Ten-Yr Increase		6,395	215	510	710	300
Fee Revenue =>		\$8,077,000	\$190,000	\$219,000	\$1,114,000	\$204,000
		Total Streets Fee Revenue =>				\$9,804,000

POLICE FACILITIES IIP

ARS 9-463.05.T.7 (f) defines the police facilities eligible for development fee funding.

“Police facilities, including all appurtenances, equipment and vehicles. Police facilities do not include a facility or portion of a facility that is used to replace services that were once provided elsewhere in the municipality, vehicles and equipment used to provide administrative services, helicopters or airplanes or a facility that is used for training officers from more than one station or substation.”

The Town of Queen Creek will use an incremental expansion cost methodology to maintain the current infrastructure standards for police buildings, vehicles, and equipment.

Police Service Area

To hasten response times, officers are dispersed throughout town and routinely patrol all developed areas. Queen Creek has one, town-wide service area for police.

Excluded Costs

Development fees in Queen Creek exclude costs to upgrade, update, improve, expand, correct or replace necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards. The Town’s comprehensive Capital Improvement Plan (CIP) includes the cost of these excluded items.

Current Use and Available Capacity

Police facilities are fully utilized and there is no surplus capacity for future development.

Proportionate Share

ARS 9-463.05 (B)(3) states that the development fee shall not exceed a proportionate share of the cost of necessary public services needed to provide necessary public services to the development.

TischlerBise recommends functional population to allocate future debt service payments to residential and nonresidential development, as shown in Figure P1. Functional population is similar to what the U.S. Census Bureau calls "daytime population," by accounting for people living and working in a jurisdiction. Residents that don't work are assigned 20 hours per day to residential development and four hours per day to nonresidential development (annualized averages). Residents that work in Queen Creek are assigned 14 hours to residential development and 10 hours to nonresidential development. Residents that work outside Queen Creek are assigned 14 hours to residential development. Inflow commuters are assigned 10 hours to nonresidential development. Based on 2011 functional population data for Queen Creek, the cost allocation for residential development is 83% while nonresidential development accounts for 17% of the demand for town facilities.

Figure P1 – Functional Population

	<u>Demand Units in 2011</u>	<u>Demand Hours/Day</u>	<u>Person Hours</u>
Residential			
Total Population*	26,805		
61% Residents Not Working	16,294	20	325,880
39% Resident Workers**	10,511		
4% Worked in City**	369	14	5,166
96% Worked Outside City**	10,142	14	141,988
	Residential Subtotal		473,034
	Residential Share =>		83%
Nonresidential			
Non-working Residents	16,294	4	65,176
Jobs Located in City**	2,944		
Residents Working in City**	369	10	3,690
Non-Resident Workers (inflow commuters)**	2,575	10	25,750
	Nonresidential Subtotal		94,616
	Nonresidential Share =>		17%
	TOTAL		567,650

* Annual Estimates of the Resident Population for Incorporated Places in Arizona: April 1, 2010 to July 1, 2011, U.S. Census Bureau.
 ** Inflow/Outflow Analysis, OnTheMap web application, U.S. Census Bureau data for all jobs in 2011.

Police Facilities, Service Units, and Standards

As specified in ARS 9-463.05.B.4 police development fees in Queen Creek are based on the same level of service provided to existing development. Figure P2 inventories police buildings in Queen Creek. For residential development, Queen Creek will use year-round population within the Town to derive current police infrastructure standards. For nonresidential development, Queen Creek will use inbound, average-weekday, vehicle trips as the service unit. The lower portion of the table below indicates the allocation of police building space to residential and nonresidential development, along with 2013 service units in Queen Creek. Vehicle trips to nonresidential development are based on floor area estimates for industrial, commercial, and office/other development, as documented in the Land Use Assumptions (see Appendix C). Also, trip generation rates are discussed further in the Streets Facilities section of this report.

Town staff provided a cost estimate of \$285 per square foot for police buildings. Queen Creek has provided 0.09 square feet of police building for each Town resident. To maintain the current infrastructure standard for police buildings, Queen Creek needs to spend \$23 for each additional resident. For nonresidential development, Queen Creek has provided 0.02 square feet of police building per inbound vehicle trip to nonresidential development during an average weekday. To maintain the current infrastructure standard, Queen Creek must spend \$7 per additional vehicle trip to nonresidential development.

Figure P2 – Queen Creek Police Buildings**Police Buildings Inventory**

	<i>Facility</i>	<i>Square Feet</i>
	MCSO Offices	3,176

Allocation Factors for Police Buildings

Cost per Square Foot	\$285
Residential Proportionate Share	83%
Nonresidential Proportionate Share	17%
Queen Creek Residents in 2013	29,191
Average Weekday Vehicle Trips to Nonresidential Development in 2013	34,182

Infrastructure Standards for Police Buildings

	<i>Square Feet</i>	<i>Capital Cost</i>
Residential (per person)	0.09	\$23
Nonresidential (per vehicle trip)	0.02	\$7

Development fees will be used to expand the fleet of police vehicles and purchase additional equipment that has a useful life of at least three years. Figure P3 lists police vehicles and equipment used by law enforcement officers in Queen Creek during FY13-14, excluding vehicles used for administrative services. Items are ranked ordered by total cost (from most to least). In Queen Creek there are 52 vehicles and equipment items, with a capital cost of approximately \$1.14 million, which is a weighted average cost of approximately \$21,900 per item. To maintain the current infrastructure standard for police vehicles and equipment, each additional Town resident will require an expenditure of \$30, with each additional vehicle trip to nonresidential development requiring an expenditure of \$9.

Figure P3 – Queen Creek Police Vehicles and Equipment**Police Vehicle and Equipment Inventory**

Type	Count	Unit Cost	Total Cost
SUV Patrol Vehicles	8	\$61,400	\$491,200
Portable Radios	38	\$8,000	\$304,000
Sedan Patrol Cars	2	\$60,700	\$121,400
Detective Sedan	2	\$60,700	\$121,400
Unmarked Supervisor SUV	2	\$50,000	\$100,000
TOTAL	52		\$1,138,000

Allocation Factors for Police Vehicles and Equipment

Average Cost per Vehicle/Equipment Item	\$21,900
Residential Proportionate Share	83%
Nonresidential Proportionate Share	17%
Queen Creek Residents in 2013	29,191
Average Weekday Vehicle Trips to Nonresidential Development in 2013	34,182

Infrastructure Standards for Police Vehicles and Equipment

	Vehicles	Vehicle and Equipment Cost
Residential (per person)	0.0015	\$30
Nonresidential (per vehicle trip)	0.0003	\$9

Police Infrastructure Needs Analysis

Arizona's development fee enabling legislation requires jurisdictions to convert land use assumptions in service units and the corresponding need for additional infrastructure over the next ten years. As shown in Figure P4, projected population and nonresidential vehicle trips drive the need for police buildings and vehicles. To maintain current standards, Queen Creek will need approximately 2,000 additional square feet of police buildings. The ten-year, growth-related capital cost of police buildings is approximately \$585,000. The projected capital expenditure on additional police vehicles or equipment items is \$745,000 over the next ten years. In combination, Queen Creek anticipates capital costs of approximately \$1.33 million for growth-related police infrastructure over ten years.

The Town is in the process of updating the master plan for the municipal campus. The preliminary plan has added a fire station to the site, caused the buildings on the original master plan to shift around, and confirmed that additional property will be needed. The analysis includes a more detailed needs assessment for a public safety building to house a full service law enforcement department. This master plan will go to the Town Council by April 2014 for consideration. After approval, development fees can be updated with Queen Creek switching to a plan-based method.

Figure P4 – Police Facilities Needed to Accommodate Growth

Infrastructure Standards and Growth-Related Capital Costs for Police Facilities

Police Buildings - Residential	0.09	Sq Ft per person
Police Buildings - Nonresidential	0.02	Sq Ft per vehicle trip
Police Buildings Cost	\$285	per square foot
Police Vehicles - Residential	0.0015	Sq Ft per person
Police Vehicles - Nonresidential	0.0003	Sq Ft per vehicle trip
Police Vehicles plus Equipment Cost	\$21,900	per item

		Police Infrastructure Needed			
<i>Year</i>		<i>Queen Creek Residents</i>	<i>Avg Wkdy Veh Trips to Nonres Dev in Queen Creek</i>	<i>Sq Ft of Police Buildings</i>	<i>Police Vehicles and Equipment</i>
Base	2013	29,191	34,182	3,176	52
Year 1	2014	31,348	35,525	3,392	56
Year 2	2015	33,598	36,869	3,616	59
Year 3	2016	35,755	38,213	3,832	63
Year 4	2017	37,788	39,556	4,037	66
Year 5	2018	39,791	40,900	4,239	69
Year 6	2019	41,794	42,243	4,441	73
Year 7	2020	43,782	43,587	4,642	76
Year 8	2021	45,739	44,931	4,840	79
Year 9	2022	47,665	46,274	5,035	82
Year 10	2023	49,560	47,618	5,228	86
<i>Ten-Yr Increase</i>		20,369	13,436	2,052	34
Cost of Police Buildings =>				\$585,000	
Cost of Police Vehicles plus Equipment =>					\$745,000
Total Growth-Related Cost (rounded) =>					\$1,330,000

Police Development Fees

Infrastructure standards and cost factors for police are summarized in the upper portion of Figure P5. The conversion of infrastructure needs and costs per service unit into a cost per development unit is also shown in the table below. For residential development, average number of persons per housing unit provides the necessary conversion. For nonresidential development, trip generation rates by type of development are from the Institute of Transportation Engineers (ITE 2012). To ensure the analysis is based on travel demand associated with nonresidential development within Queen Creek, trip ends (entering and exiting) are converted to inbound trips using trip adjustment factors. For industrial and office/other development, a basic adjustment of 50% is applied. Because commercial development attracts “pass-by” trips, the adjustment factor for commercial is only 33%, based on the average pass-by factor for shopping centers (ITE 2012). Updated development fees for police facilities are shown in the column with blue shading. Residential fees decrease significantly. Proposed fees for nonresidential development are higher than current fees. To ensure police development fee revenue does not exceed the cost of growth-related infrastructure, TischlerBise recommends a 1% credit for other revenues.

Figure P5 – Police Service Units and Fees per Development Unit

Infrastructure Standards for Police	Building Cost	Vehicle Cost	Professional Services	Revenue Credit	Net Cost
Residential (per person)	\$23	\$30	\$1.52	1%	\$53.97
Nonresidential (per vehicle trip)	\$7	\$9	\$0.49	1%	\$16.32

Residential
(per housing unit)

Unit Type	Persons per Housing Unit	Police Fee	Current Fee	Increase / (Decrease)
Single Unit	3.11	\$167	\$704	(\$537)
2+ Units per Structure	2.29	\$123	\$463	(\$340)

Nonresidential

ITE Code	Type	Demand Unit	Weekday Vehicle Trip Ends	Trip Rate Adjustment Factors	Police Fee	Current Fee	Increase / (Decrease)
110	Industrial	1000 SF	6.97	50%	\$56	\$39	\$17
820	Commercial	1000 SF	42.70	33%	\$229	\$180	\$49
710	Office/Other Services	1000 SF	11.03	50%	\$90	\$55	\$35

Forecast of Revenues

Appendix A contains the forecast of revenues required by Arizona's enabling legislation. Development fee revenue should match the need for growth-related infrastructure, which has a ten-year total cost of approximately \$1.33 million. Figure P6 indicates Queen Creek should receive approximately \$1.31 million in police development fee revenue, if actual development matches the land use assumptions documented in Appendix C. To the extent the rate of development either accelerates or slows down, there will be a corresponding change in the need for infrastructure and development fee revenue.

Figure P6 – Projected Police Development Fee Revenue

Ten-Year Growth Cost of Police Facilities

Buildings	\$585,000
Vehicles & Equipment	\$745,000
Total =>	\$1,330,000

Ten-Year Projection of Development Fee Revenue for Police Facilities

		Single Unit	2+ Units	Industrial	Commercial	Office/Other Services
		\$167 per housing unit	\$123 per housing unit	\$56 per 1000 Sq Ft	\$229 per 1000 Sq Ft	\$90 per 1000 Sq Ft
Year		Hsg Units	Hsg Units	Sq Ft x 1000	Sq Ft x 1000	Sq Ft x 1000
Base	2013	9,165	308	212	1,971	1,028
Year 1	2014	9,842	331	263	2,042	1,058
Year 2	2015	10,549	354	314	2,113	1,088
Year 3	2016	11,226	377	365	2,184	1,118
Year 4	2017	11,864	399	416	2,255	1,148
Year 5	2018	12,493	420	467	2,326	1,178
Year 6	2019	13,122	441	518	2,397	1,208
Year 7	2020	13,746	462	569	2,468	1,238
Year 8	2021	14,360	483	620	2,539	1,268
Year 9	2022	14,965	503	671	2,610	1,298
Year 10	2023	15,560	523	722	2,681	1,328
Ten-Yr Increase		6,395	215	510	710	300
Fee Revenue =>		\$1,068,000	\$26,000	\$29,000	\$163,000	\$27,000
		Total Police Fee Revenue =>				\$1,313,000

FIRE FACILITIES IIP

ARS 9-463.05.T.7 (f) defines the fire facilities eligible for development fee funding.

“Fire facilities, including all appurtenances, equipment and vehicles. Fire facilities do not include a facility or portion of a facility that is used to replace services that were once provided elsewhere in the municipality, vehicles and equipment used to provide administrative services, helicopters or airplanes or a facility that is used for training officers from more than one station or substation.”

The Town of Queen Creek will use an incremental expansion cost methodology to maintain the current infrastructure standards for fire buildings, vehicles and equipment.

Fire Service Area

To hasten response times, fire and emergency medical response teams are dispatched from nearby stations, with multiple stations responding if warranted. Thus all developed areas within the Town of Queen Creek are served by an integrated public safety system.

Excluded Costs

Development fees in Queen Creek exclude costs to upgrade, update, improve, expand, correct or replace necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards. The Town’s comprehensive Capital Improvement Plan (CIP) includes the cost of these excluded items.

Current Use and Available Capacity

Fire facilities are fully utilized and there is no surplus capacity for future development.

Proportionate Share

ARS 9-463.05 (B)(3) states that the development fee shall not exceed a proportionate share of the cost of necessary public services needed to provide necessary public services to the development. TischlerBise recommends functional population to allocate future debt service payments to residential and nonresidential development, as shown in Figure F1. Functional population is similar to what the U.S. Census Bureau calls "daytime population," by accounting for people living and working in a jurisdiction. Residents that don't work are assigned 20 hours per day to residential development and four hours per day to nonresidential development (annualized averages). Residents that work in Queen Creek are assigned 14 hours to residential development and 10 hours to nonresidential development. Residents that work outside Queen Creek are assigned 14 hours to residential development. Inflow commuters are assigned 10 hours to nonresidential development. Based on 2011 functional population data for Queen Creek, the cost allocation for residential development is 83% while nonresidential development accounts for 17% of the demand for town facilities.

Figure F1 – Functional Population

	<u>Demand Units in 2011</u>	<u>Demand Hours/Day</u>	<u>Person Hours</u>
Residential			
Total Population*	26,805		
61% Residents Not Working	16,294	20	325,880
39% Resident Workers**	10,511		
4% Worked in City**	369	14	5,166
96% Worked Outside City**	10,142	14	141,988
	Residential Subtotal		473,034
	Residential Share =>		83%
Nonresidential			
Non-working Residents	16,294	4	65,176
Jobs Located in City**	2,944		
Residents Working in City**	369	10	3,690
Non-Resident Workers (inflow commuters)**	2,575	10	25,750
	Nonresidential Subtotal		94,616
	Nonresidential Share =>		17%
	TOTAL		567,650

* Annual Estimates of the Resident Population for Incorporated Places in Arizona: April 1, 2010 to July 1, 2011, U.S. Census Bureau.
 ** Inflow/Outflow Analysis, OnTheMap web application, U.S. Census Bureau data for all jobs in 2011.

Existing Fire Facilities

As specified in ARS 9-463.05.B.4 fire development fees in Queen Creek are based on the same level of service provided to existing development. Figure F2 inventories fire buildings in Queen Creek. The cost per square foot of fire station was provided by Town staff, based on recent cost data from Mesa.

For residential development, Queen Creek will use the Town’s year-round population to derive current fire infrastructure standards. For nonresidential development, Queen Creek will use jobs as the service unit. Queen Creek has provided 0.30 square feet of fire building space for each person in the Town. To maintain the current infrastructure standard for fire buildings, Queen Creek needs to spend \$87.97 for each additional resident. For nonresidential development, Queen Creek has provided 0.35 square feet of fire building space per job. To maintain the current infrastructure standard for fire buildings, Queen Creek must spend \$80.89 for each additional job.

Figure F2 – Queen Creek Fire Buildings

Fire Buildings	Square Feet
Fire Station #1	5,303
Fire Station #2	4,426
QCFD Headquarters	755
TOTAL	10,484

Allocation and Cost Factors

Cost per Square Foot	\$282
Residential Proportionate Share	83%
Nonresidential Proportionate Share	17%
Queen Creek Residents in 2013	29,191
Queen Creek Jobs in 2013	5,101

Infrastructure Standards for Fire Buildings

	<i>Square Feet</i>	<i>Capital Cost per Service Unit</i>
Residential (per person)	0.30	\$87.97
Nonresidential (per job)	0.35	\$80.89

Development fees will be used to expand the fleet of fire vehicles and purchase additional equipment that has a useful life of at least three years. Figure F3 lists fire vehicles and equipment currently used by the Queen Creek Fire Department, excluding items used for administrative services. Items are ranked ordered by total cost (from most to least). In FY13-14, Queen Creek has 8 vehicles and equipment items, with a capital cost of approximately \$2.3 million, which is a weighted average cost of approximately \$287,100 per item.

The total count of fire apparatus was allocated to residential and nonresidential development in Queen Creek. As shown below, every 10,000 persons will require Queen Creek to purchase two additional fire apparatus items. To maintain the current infrastructure standard for fire vehicles and equipment, each additional resident equates to a capital cost of \$70.20. Every 10,000 jobs require three additional fire apparatus items. For nonresidential development, the fire vehicle and equipment capital cost is \$64.56 per job.

Figure F3 – Queen Creek Fire Vehicles and Equipment**Fire Vehicles and Equipment Inventory**

Type	Count	Unit Cost	Total Cost
Engine	2	\$720,000	\$1,440,000
Tender	1	\$325,000	\$325,000
Support Vehicle and Trailer	1	\$276,837	\$276,837
Brush Truck	1	\$85,000	\$85,000
Battalion Chief Vehicle 411	1	\$75,000	\$75,000
Battalion Chief Vehicle 412	1	\$60,000	\$60,000
Investigator Vehicle	1	\$35,000	\$35,000
TOTAL	8		\$2,296,837

Allocation Factors for Fire Vehicles and Equipment

Average Cost per Vehicle	\$287,100
Residential Proportionate Share	83%
Nonresidential Proportionate Share	17%
Queen Creek Residents in 2013	29,191
Queen Creek Jobs in 2013	5,101

Infrastructure Standards for Fire Vehicles and Equipment

	Vehicles	Vehicle and Equipment Cost
Residential (per person)	0.0002	\$70.20
Nonresidential (per job)	0.0003	\$64.56

Fire Service Units, Standards, and Needs

Arizona's development fee enabling legislation requires jurisdictions to convert land use assumptions into service units and the corresponding need for additional infrastructure over the next ten years. As shown in Figure F4, projected population and jobs drive the needs analysis for fire buildings and vehicles. To maintain current standards, Queen Creek will need 7,657 additional square feet of fire buildings, plus approximately 6 fire apparatus items. In combination, Queen Creek anticipates capital costs of approximately \$3.8 million for growth-related fire infrastructure over the next ten years. The Town will construct a new fire station near the intersection of Queen Creek and Signal Butte within the next five years. Property tax collections dedicated to emergency services will be sufficient to staff and operate the additional fire station.

Figure F4 – Fire Facilities Needed to Accommodate Growth**Fire Infrastructure Standards and Capital Costs**

Fire Stations - Residential	0.30	Sq Ft per person
Fire Stations - Nonresidential	0.35	Sq Ft per job
Fire Stations Cost	\$282	per square foot
Fire Vehicles and Equipment - Residential	0.0002	per person
Fire Vehicles and Equipment - Nonresidential	0.0003	per job
Fire Vehicles and Equipment Cost	\$287,100	average per item

Fire Infrastructure Needs

	Year	Queen Creek Residents	Queen Creek Jobs	Sq Ft of Fire Stations	Fire Vehicles and Equipment
Base	2013	29,191	5,101	10,484	8.0
Year 1	2014	31,348	5,481	11,260	8.6
Year 2	2015	33,598	5,866	12,065	9.2
Year 3	2016	35,755	6,258	12,845	9.8
Year 4	2017	37,788	6,666	13,594	10.4
Year 5	2018	39,791	7,089	14,338	10.9
Year 6	2019	41,794	7,533	15,091	11.5
Year 7	2020	43,782	8,003	15,847	12.1
Year 8	2021	45,739	8,507	16,607	12.7
Year 9	2022	47,665	9,048	17,370	13.3
Year 10	2023	49,560	9,638	18,141	13.8
Ten-Yr Increase		20,369	4,537	7,657	5.8

Cost of Fire Stations => \$2,159,000

Cost of Fire Apparatus => \$1,678,000

Total Projected Expenditures (rounded) => \$3,837,000

Fire Development Fees

Infrastructure standards and cost factors for fire are summarized in the upper portion of Figure F5. The conversion of infrastructure needs and costs per service unit into a cost per development unit is also shown in the table below. For residential development, average number of persons per housing unit provides the necessary conversion. For nonresidential development, average jobs (per thousand square feet of floor area) are derived from trip generation rates by type of development, published by the Institute of Transportation Engineers (ITE 2012). Additional details on nonresidential prototypes are provided in Appendix C. Updated development fees for fire facilities are shown in the column with light orange shading. Proposed fire development fees are less than current fees for all development types except industrial and office.

Figure F5 – Fire Service Units and Fees per Development Unit

Infrastructure Standards for Fire	<i>Buildings</i>	<i>Apparatus</i>	<i>Professional Services</i>	<i>Revenue Credit</i>	<i>Net Cost</i>
Residential (per person)	\$87.97	\$68.37	\$1.52	0%	\$157.86
Nonresidential (per job)	\$80.89	\$62.87	\$1.66	0%	\$145.42

Residential (per housing unit)

<i>Unit Type</i>	<i>Persons per Housing Unit</i>	<i>Proposed Fire Fee</i>	<i>Current Fee</i>	<i>Increase / (Decrease)</i>
Single Unit	3.11	\$490	\$693	(\$203)
2+ Units per Structure	2.29	\$361	\$456	(\$95)

Nonresidential (per thousand sq ft of floor area)

<i>ITE Code</i>	<i>Type</i>	<i>Jobs per 1000 Sq Ft</i>	<i>Proposed Fire Fee</i>	<i>Current Fee</i>	<i>Increase / (Decrease)</i>
110	Industrial*	2.31	\$335	\$190	\$145
820	Commercial*	2.00	\$290	\$869	(\$579)
710	Office/Other Services**	1.96	\$285	\$267	\$18

* Institute of Transportation Engineers, 2012.

** Queen Creek multiplier (includes schools).

Forecast of Revenues

As discussed further in Appendix A, Arizona's enabling legislation requires municipalities to forecast revenues and consider these contributions in determining the extent of burden imposed by development. Figure F6 indicates Queen Creek should receive approximately \$3.7 million in fire development fee revenue, if actual development matches the land use assumptions documented in Appendix C. To the extent the rate of development either accelerates or slows down, there will be a corresponding change in the need for infrastructure and development fee revenue. Projected development fee revenue is slightly less than the \$3.8 million growth cost of fire facilities needed over the next ten years.

Figure F6 – Projected Fire Development Fee Revenue

Ten-Year Growth Cost of Fire Facilities

Stations	\$2,159,000
Apparatus	\$1,678,000
Total =>	\$3,837,000

Projected Fire Development Fee Revenue

		Single Unit	2+ Units	Industrial	Commercial	Office & Other Services
		\$490 per housing unit	\$361 per housing unit	\$335 per 1000 Sq Ft	\$290 per 1000 Sq Ft	\$285 per 1000 Sq Ft
Year		Hsg Units	Hsg Units	Sq Ft x 1000	Sq Ft x 1000	Sq Ft x 1000
Base	2013	9,165	308	212	1,971	1,028
Year 1	2014	9,842	331	263	2,042	1,058
Year 2	2015	10,549	354	314	2,113	1,088
Year 3	2016	11,226	377	365	2,184	1,118
Year 4	2017	11,864	399	416	2,255	1,148
Year 5	2018	12,493	420	467	2,326	1,178
Year 6	2019	13,122	441	518	2,397	1,208
Year 7	2020	13,746	462	569	2,468	1,238
Year 8	2021	14,360	483	620	2,539	1,268
Year 9	2022	14,965	503	671	2,610	1,298
Year 10	2023	15,560	523	722	2,681	1,328
Ten-Yr Increase		6,395	215	510	710	300
Projected Fees =>		\$3,134,000	\$78,000	\$171,000	\$206,000	\$86,000
Total Projected Revenue =>						\$3,675,000

APPENDIX A – QUEEN CREEK REVENUES

ARS 9-463.05.E.7 requires “A forecast of revenues generated by new service units other than development fees, which shall include estimated state-shared revenue, highway users revenue, federal revenue, ad valorem property taxes, construction contracting or similar excise taxes and the capital recovery portion of utility fees attributable to development based on the approved land use assumptions, and a plan to include these contributions in determining the extent of the burden imposed by the development as required in subsection B, paragraph 12 of this section.” Revenue projections for Queen Creek, from page 41 of the Town’s FY13-14 budget, are shown in Figure A1. Because the Town has no General Obligation Bonds, ad valorem property taxes are not used for infrastructure.

ARS 9-463.05.B.12 requires “The municipality shall forecast the contribution to be made in the future in cash or by taxes, fees, assessments or other sources of revenue derived from the property owner towards the capital costs of the necessary public service covered by the development fee and shall include these contributions in determining the extent of the burden imposed by the development. Beginning August 1, 2014, for purposes of calculating the required offset to development fees pursuant to this subsection, if a municipality imposes a construction contracting or similar excise tax rate in excess of the percentage amount of the transaction privilege tax rate imposed on the majority of other transaction privilege tax classifications, the entire excess portion of the construction contracting or similar excise tax shall be treated as a contribution to the capital costs of necessary public services provided to development for which development fees are assessed, unless the excess portion was already taken into account for such purpose pursuant to this subsection.” In Queen Creek, the construction contracting tax rate is 4.25% and the general privilege tax rate is 2.25%. In FY12-13, the excess portion (i.e. 2%) of taxable construction sales yielded approximately \$3.6 million. Over the next ten years, Queen Creek must contribute an average of \$2.1 million per year from the General Fund to cover the non-growth share of debt service for parks/recreation, library, town facilities, and streets; plus the non-growth share of future improvements to streets. Queen Creek will use the excess portion of construction sales tax revenue for these purposes and to make debt service payments on growth-related water and wastewater facilities.

Figure A1 – Revenue Projections

Forecasted Major Revenue Sources (000)’s

Major Revenue	FY14 Projection	FY15 Projection	FY16 Projection	FY17 Projection	FY18 Projection
Town Sales Tax *	13,119	13,755	13,907	14,061	14,216
State Sales Tax	2,278	2,392	2,511	2,637	2,769
Income Tax	2,941	3,098	3,301	3,499	3,639
Motor Vehicle Tax	879	896	914	932	951
Development Fees	6,984	4,670	4,483	4,520	4,520
Building Related Revenue	2,461	2,510	2,585	2,663	2,743
Property Tax	3,629	3,919	4,233	4,444	4,667
HURF	1,487	1,532	1,578	1,625	1,674
Water	9,850	10,026	10,218	10,415	10,616
Sewer	3,920	4,394	4,925	5,520	6,127
Solid Waste	1,714	1,747	1,860	1,973	2,087

*Includes all Town sales tax and construction sales tax

APPENDIX B – COST OF PROFESSIONAL SERVICES

As stated in Arizona’s development fee enabling legislation, “a municipality may assess development fees to offset costs to the municipality associated with providing necessary public services to a development, including the costs of infrastructure, improvements, real property, engineering and architectural services, financing and professional services required for the preparation or revision of a development fee pursuant to this section, including the relevant portion of the infrastructure improvements plan” (see 9-463.05.A). Because development fees must be updated at least every five years, the cost of professional services is allocated to the projected increase in service units, or utility connections, over five years. Qualified professionals must develop the IIP, using generally accepted engineering and planning practices. A qualified professional is defined as “a professional engineer, surveyor, financial analyst or planner providing services within the scope of the person's license, education or experience”.

Costs below include IIP preparation and development fees, plus an additional fiscal evaluation of the land use assumptions.

Figure B1 – Cost of Professional Services

Necessary Public Service	Cost	Applied to	Share	Service Units	FY2013-14	FY2018-19	Change	Cost per Service Unit
Parks and Recreational Facilities	\$19,440	Residential	95%	Residents	29,191	39,791	10,600	\$1.74
		Nonresidential	5%	Jobs	5,101	7,089	1,988	\$0.48
Library Facilities	\$9,720	Residential	95%	Residents	29,191	39,791	10,600	\$0.87
		Nonresidential	5%	Jobs	5,101	7,089	1,988	\$0.24
Fire Facilities	\$19,440	Residential	83%	Residents	29,191	39,791	10,600	\$1.52
		Nonresidential	17%	Jobs	5,101	7,089	1,988	\$1.66
Police Facilities	\$19,440	Residential	83%	Residents	29,191	39,791	10,600	\$1.52
		Nonresidential	17%	Avg Wkdy Veh Trips to Nonres	34,182	40,900	6,718	\$0.49
Town Facilities	\$9,720	Residential	83%	Residents	29,191	39,791	10,600	\$0.76
		Nonresidential	17%	Jobs	5,101	7,089	1,988	\$0.83
Street Facilities	\$29,160	All Development	100%	Avg Weekday VMT	817,733	1,081,344	263,611	\$0.11
Water Capacity Charges	\$48,600	All Development	100%					
Sewer Capacity Charges	\$38,880	All Development	100%					
TOTAL	\$194,400							

APPENDIX C – LAND USE ASSUMPTIONS

Arizona Revised Statutes (ARS) 9-463.05 (T)(6) requires the preparation of a Land Use Assumptions document which shows:

“projections of changes in land uses, densities, intensities and population for a specified service area over a period of at least ten years and pursuant to the General Plan of the municipality.”

Although long-range projections are necessary for planning capital improvements, a shorter time frame of five to ten years is critical for the impact fees analysis. Arizona’s Development Fee Act requires fees to be updated at least every five years and limits the IIP to a maximum of ten years. Therefore, a very long-range “build-out” analysis is no longer acceptable for deriving development fees in Arizona municipalities.

TischlerBise prepared current demographic *estimates* and future development *projections* for both residential and nonresidential development that will be used in the Infrastructure Improvement Plan (IIP) and calculation of development fees. Demographic data for FY13-14 (beginning July 1, 2013) are used in to document levels-of-service (LOS) provided to existing development in the Town of Queen Creek.

Growth Indicators

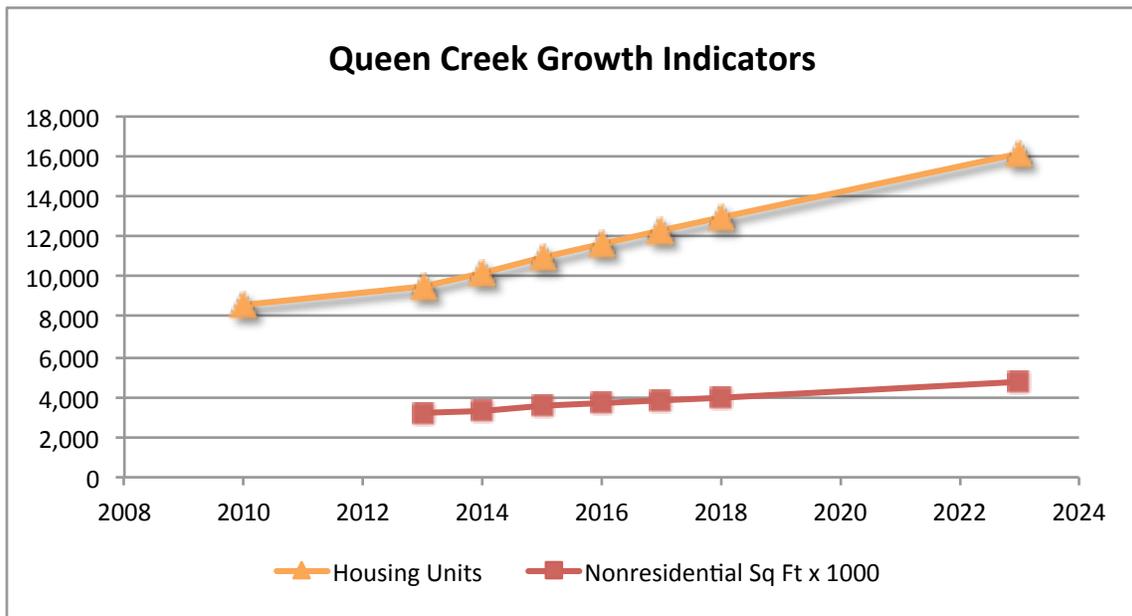
Short-term development projections and growth rates are summarized in Figure C1. These projections will be used to estimate development fee revenue and to indicate the anticipated need for growth-related infrastructure. However, impact fees methodologies are designed to reduce sensitivity to accurate development projections in the determination of the proportionate-share fee amounts. If actual development is slower than projected, impact fees revenues will also decline, but so will the need for growth-related infrastructure. In contrast, if development is faster than anticipated, the Town will receive additional impact fee revenue, but will also need to accelerate the capital improvements program to keep pace with development.

Over the next five years, the development fee study assumes an average increase of 688 housing units per year in the Queen Creek, which equates to a linear annual growth rate 7.3%. In comparison, building permit records over the past five years indicate the Town of Queen Creek increased by an average of 1,500 dwelling units per year.

Over the next five years, the development fee study assumes an average increase of approximately 152,000 square feet of nonresidential floor area per year in the Queen Creek, which equates to a linear annual growth rate 4.7%.

Figure C1 – Short-Term Development Projections and Growth Rates

Year	Cumulative		2013 to 2018 Average Annual	
	Housing Units	Nonresidential Sq Ft x 1000	Increase	Linear Growth Rate
2010	8,557			
2013	9,473	3,211		
2014	10,173	3,363		
2015	10,903	3,515		
2016	11,603	3,667		
2017	12,263	3,819		
2018	12,913	3,971	688	7.3%
2023	16,083	4,731	152	4.7%



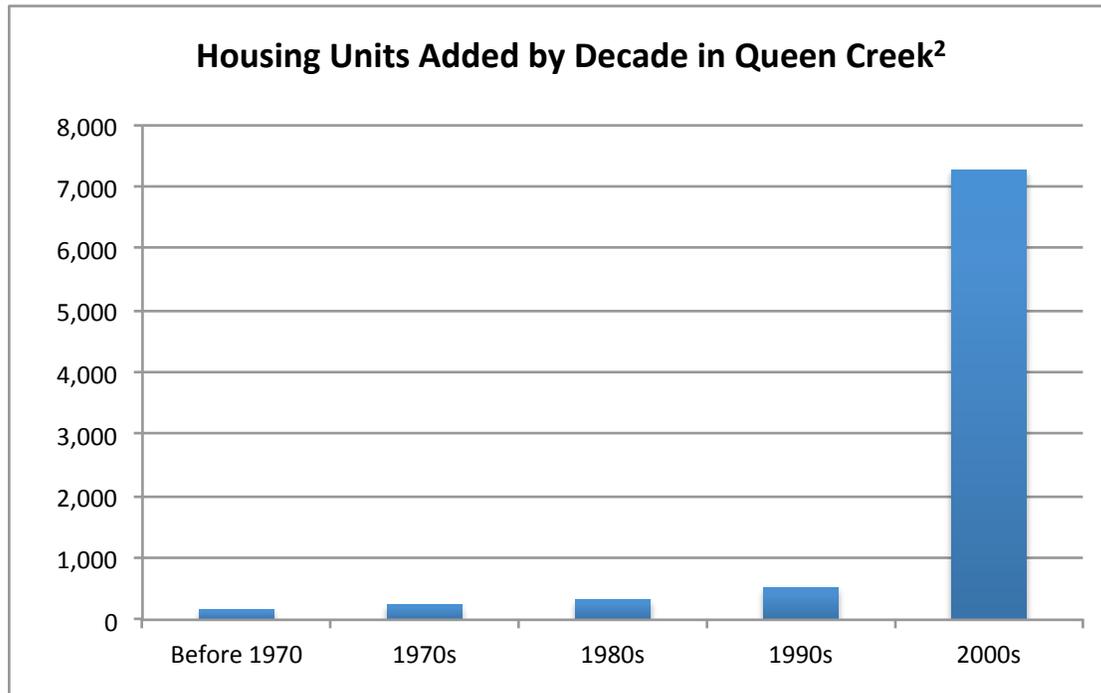
Residential Development

Current estimates and future projections of residential development are detailed in this section, including population and housing units by type (i.e. number of units in a residential structure). Since 2000, Queen Creek has increased by an average of 728 housing units per year. Figure C2 indicates the estimated number of housing units added by decade in Queen Creek. Consistent with the nationwide decline in development activity, residential construction in the Town slowed significantly since 2008. Even with the recent drop in housing starts, Queen Creek added more units during the past decade than any previous decade. In comparison to the past decade, the projected increase from 2010 to 2020 is 563 dwelling units per year in the Queen Creek.

Figure C2 – Housing Units by Decade

2010 Population ¹	26,361
2010 Housing Units ¹	8,557
Total Housing Units in 2000 ¹	1,281
New Housing Units	7,276

From 2000 to 2010, Queen Creek added an average of 728 housing units per year.



1. Census SF1.

2. Source for 1990s and earlier is Table B25034, American Community Survey (2007-2011) scaled to equal total housing units in 2000.

Persons per Housing Unit

The 2010 census did not obtain detailed information using a “long-form” questionnaire. Instead, the U.S. Census Bureau has switched to a continuous monthly mailing of surveys, known as the American Community Survey (ACS), which has limitations due to sample-size constraints. For example, data on detached housing units are now combined with attached single units (commonly known as townhouses). For development fees in Queen Creek, “single-unit” residential includes detached units (both stick-built and manufactured) and townhouses that share a common sidewall but are constructed

on an individual parcel of land. The second residential category includes all structures with two or more units on an individual parcel of land.

According to the U.S. Census Bureau, a household is a housing unit that is occupied by year-round residents. Impact fees often use per capita standards and persons per housing unit or persons per household to derive proportionate-share fee amounts. When persons per housing unit are used in the fee calculations, infrastructure standards are derived using year-round population. When persons per household are used in the fee calculations, the impact fee methodology assumes all housing units will be occupied, thus requiring seasonal or peak population to be used when deriving infrastructure standards.

TischlerBise recommends that impact fees for residential development in the Town of Queen Creek be imposed according to the number of year-round residents per housing unit. As shown in Figure C3, 2010 census counts indicate Queen Creek had 8,557 housing units, with an average of 3.08 persons per housing unit. The land use assumptions hold this average constant over the next 20 years, with the expectation that persons per housing unit will be updated in five years.

Figure C3 – Year-Round Persons per Unit by Type of Housing

2009 Summary by Type of Housing from American Community Survey

Units in Structure	Renter & Owner			Housing Units	Persons per Housing Unit
	Persons	House-holds	Persons per Household		
Single Unit*	23,615	6,767	3.49	7,594	3.11
2+ Units	586	214	2.74	255	2.30
Subtotal	24,201	6,981	3.47	7,849	
Group Quarters	6				
TOTAL	24,207			7,849	3.08

Source: Tables B25024, B25032, and B25033.

5-Year Estimates, 2007-2011 American Community Survey, U.S. Census Bureau.

2010 Census

Single Unit*	25,707	7,483	3.44	8,279	3.11
2+ Units	638	237	2.70	278	2.29
Subtotal	26,345	7,720	3.41		
Group Quarters	16				
TOTAL	26,361			8,557	3.08

* Single unit includes detached, attached, and mobile homes.

Source: Totals from Summary File 1, U.S. Census Bureau.

Nonresidential Development

In addition to data on residential development, the infrastructure improvement plan and development fees require data on nonresidential development in Queen Creek. Current estimates and future projections of nonresidential development are detailed in this section, including jobs and floor area by three types of nonresidential development. TischlerBise uses the term “jobs” to refer to employment by place of work.

Jobs by Type of Nonresidential Development

Figure C4 indicates the Town’s 2012 job and floor area estimates, according to three general types of nonresidential development. TischlerBise divided floor area by jobs to indicate current average square feet per job multipliers. For Office/Other services, TischlerBise assumed the current square feet per job would remain constant over time. Although higher than the national average of approximately 300 square feet per office job, this category also includes schools, thus justify the higher multiplier. For both industrial and commercial, TischlerBise recommends a gradual annual transition from the current square feet per job ratios in Queen to national averages by 2023. Over the next ten years, TischlerBise assumed Queen Creek annually increases to an average of 433 square feet per industrial job and 500 square feet per commercial job, which are the national average for Light Industrial and Shopping Centers (derived from Trip Generation, Institute of Transportation Engineers, 2012).

Figure C4 – Jobs and Floor Area Estimates

	2012 Jobs (1)		Sq Ft per Job	Floor Area (2)	Jobs per 1000 Sq Ft
Industrial (3)	548	11.6%	294	161,000	3.40
Commercial (4)	2,218	46.9%	857	1,900,000	1.17
Office/Other (5)	1,961	41.5%	509	998,000	1.96
TOTAL	<u>4,727</u>	100%	647	<u>3,059,000</u>	1.55

(1) Source: Jobs by type of nonresidential from MAG Employer Database, 2012.

(2) Town of Queen Creek estimates using building permit records.

(3) Includes construction, manufacturing, and natural resource production.

(4) Includes trade, leisure and hospitality.

(5) Includes information, financial, professional and business services, education and health, other services, and government.

Summary of Land Use Assumptions

Figure C5 provides annual increases in Queen Creek for key demand indicators (change from July 1st to July 1st of the next year). Single-unit housing tends to be the most consistent type of development from year to year. In contrast, apartments and all nonresidential development vary significantly over time. The Town of Queen Creek will closely monitor actual development each year. If needed, development fees can be updated prior to the required five-year cycle.

Figure C5 – Projected Annual Development in Queen Creek

Queen Creek, AZ	FY13-14 2013 Base Yr	FY14-15 2014 1	FY15-16 2015 2	FY16-17 2016 3	FY17-18 2017 4	FY18-19 2018 5	FY23-24 2023 10	FY33-34 2033 20
Annual Increase	7/13-7/14	7/14-7/15	7/15-7/16	7/16-7/17	7/17-7/18	7/18-7/19	7/23-7/24	2013-2033 Avg Anl
Total Population	2,157	2,250	2,157	2,033	2,003	2,003	1,864	1,830
Housing Units	700	730	700	660	650	650	605	594
Jobs	380	385	392	408	423	444	334	393
Industrial KSF	50.6	50.6	50.6	50.6	50.6	50.6	78.5	65
Commercial KSF	70.5	70.5	70.5	70.5	70.5	70.5	36.9	54
Office/Other Services KSF	30.4	30.4	30.4	30.4	30.4	30.4	39.0	35
Total Nonres KSF/Yr =>	152	152	152	152	152	152	154	154

For residential land use assumptions, annual housing additions (provided by Queen Creek staff) were added to the 2012 housing unit estimate to yield the Town's housing projection for the next 20 years. Housing units were converted to year-round population using an average of 3.08 persons per housing unit (2010 census).

Figure C6 – Residential Development and Population

Queen Creek, AZ	FY13-14 2013 Base Yr	FY14-15 2014 1	FY15-16 2015 2	FY16-17 2016 3	FY17-18 2017 4	FY18-19 2018 5	FY23-24 2023 10	FY33-34 2033 20
Year-Round Population								
Queen Creek Residents	29,191	31,348	33,598	35,755	37,788	39,791	49,560	65,799
Dwelling Units								
Single Unit	9,165	9,842	10,549	11,226	11,864	12,493	15,560	20,659
2+ Units	308	331	354	377	399	420	523	694
Total Dwelling Units	9,473	10,173	10,903	11,603	12,263	12,913	16,083	21,353
Persons per Housing Unit	3.08	3.08	3.08	3.08	3.08	3.08	3.08	3.08

For nonresidential land use assumptions, annual floor area increases were added to the 2012 nonresidential floor area estimates. The Chesapeake Group forecast floor-area market capture over the next two decades in Queen Creek, for three types of nonresidential development. Jobs (by place of work) were derived using square feet per job multipliers, as discussed above.

Figure C7 provides base year data and a 20-year forecast of both nonresidential floor area and jobs in Queen Creek. In 2013, there were 0.54 jobs for every housing unit in the Queen Creek MPA. By 2033, the ratio increases to 0.61 jobs per housing unit. In comparison, Queen Creek has 1.04 jobs per housing unit in 2013, with a projected increase to 1.17 by 2023. The bottom two rows in the table below indicate vacant nonresidential space is absorbed over time, yielding a slight decrease in average square feet per job (conversely a slight increase in jobs per thousand square feet, abbreviated "KSF").

Figure C7 – Nonresidential Development and Jobs

Queen Creek, AZ	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19	FY23-24	FY33-34
	2013	2014	2015	2016	2017	2018	2023	2033
	Base Yr	1	2	3	4	5	10	20
Jobs (by place of work)								
Industrial	691	824	946	1,059	1,165	1,263	1,667	3,492
Commercial	2,390	2,578	2,782	3,003	3,246	3,512	5,362	6,102
Office/Other Services	2,020	2,079	2,138	2,196	2,255	2,314	2,609	3,375
Total Jobs	5,101	5,481	5,866	6,258	6,666	7,089	9,638	12,969
Jobs to Housing Ratio	0.54	0.54	0.54	0.54	0.54	0.55	0.60	0.61
Nonresidential Floor Area (square feet in thousands)								
Industrial KSF	212	263	314	365	416	467	722	1,512
Commercial KSF	1,971	2,042	2,113	2,184	2,255	2,326	2,681	3,051
Office/Other Services KSF	1,028	1,058	1,088	1,118	1,148	1,178	1,328	1,718
Total KSF	3,211	3,363	3,515	3,667	3,819	3,971	4,731	6,281
Avg Sq Ft Per Job	629	614	599	586	573	560	491	484
Avg Jobs per KSF	1.59	1.63	1.67	1.71	1.75	1.79	2.04	2.06

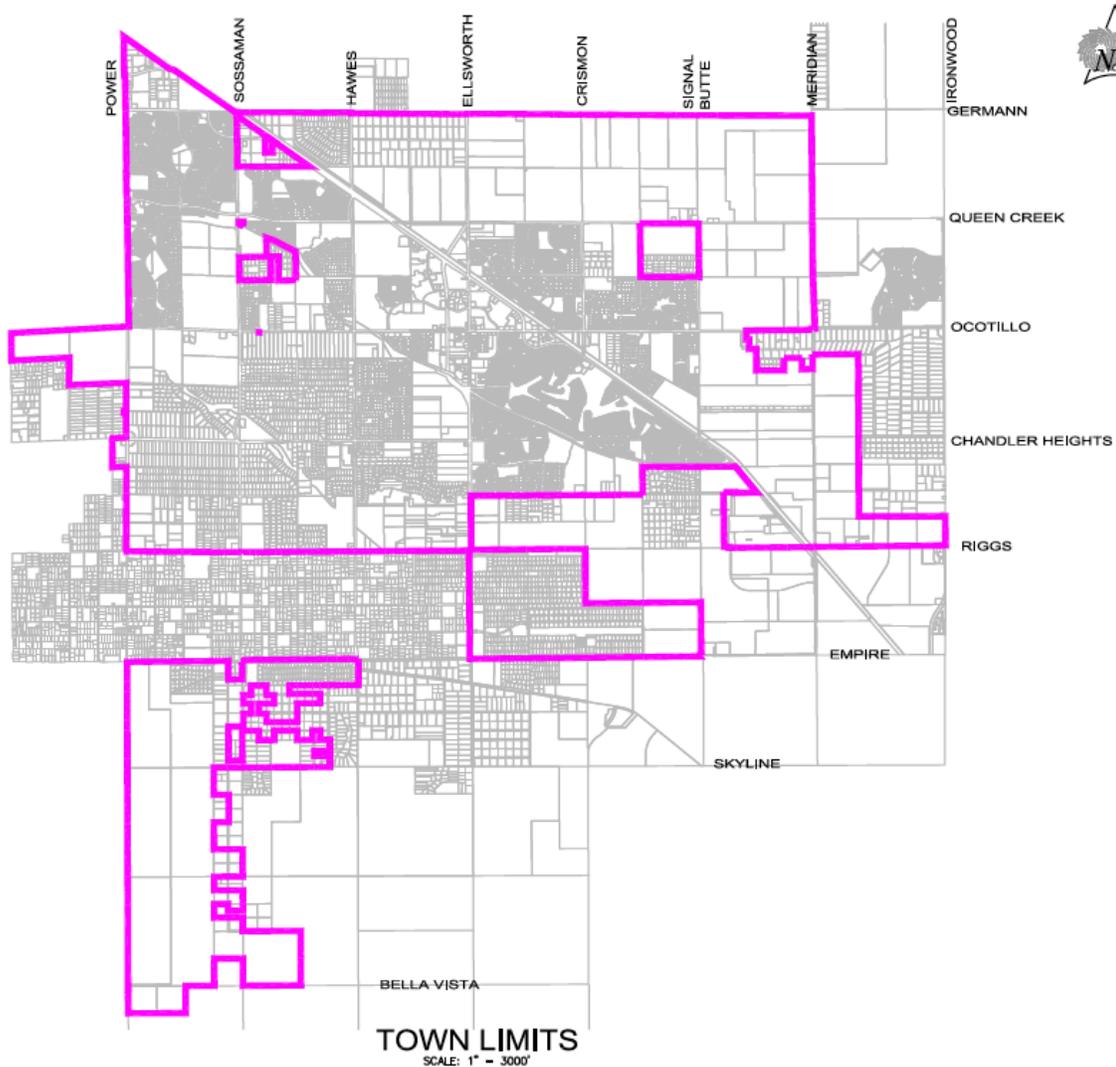
Service Areas

Residential and nonresidential development will expand the Town's geographic area from the current limits (shown in Figure C8) to approximate the Municipal Planning Area (shown in Figure C9). Therefore, the service area will increase over time as the Town continues to annex parcels. ARS 9-463.05(T)(9) defines "service area" as follows:

"any specified area within the boundaries of a municipality in which development will be served by necessary public services or facility expansions and within which a substantial nexus exists between the necessary public services or facility expansions and the development being served as prescribed in the infrastructure improvements plan."

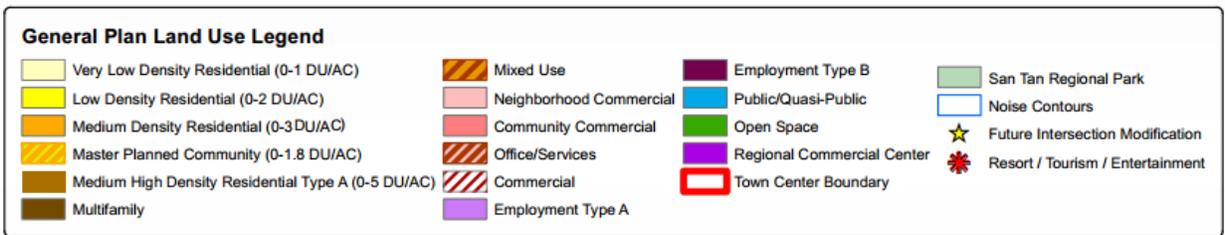
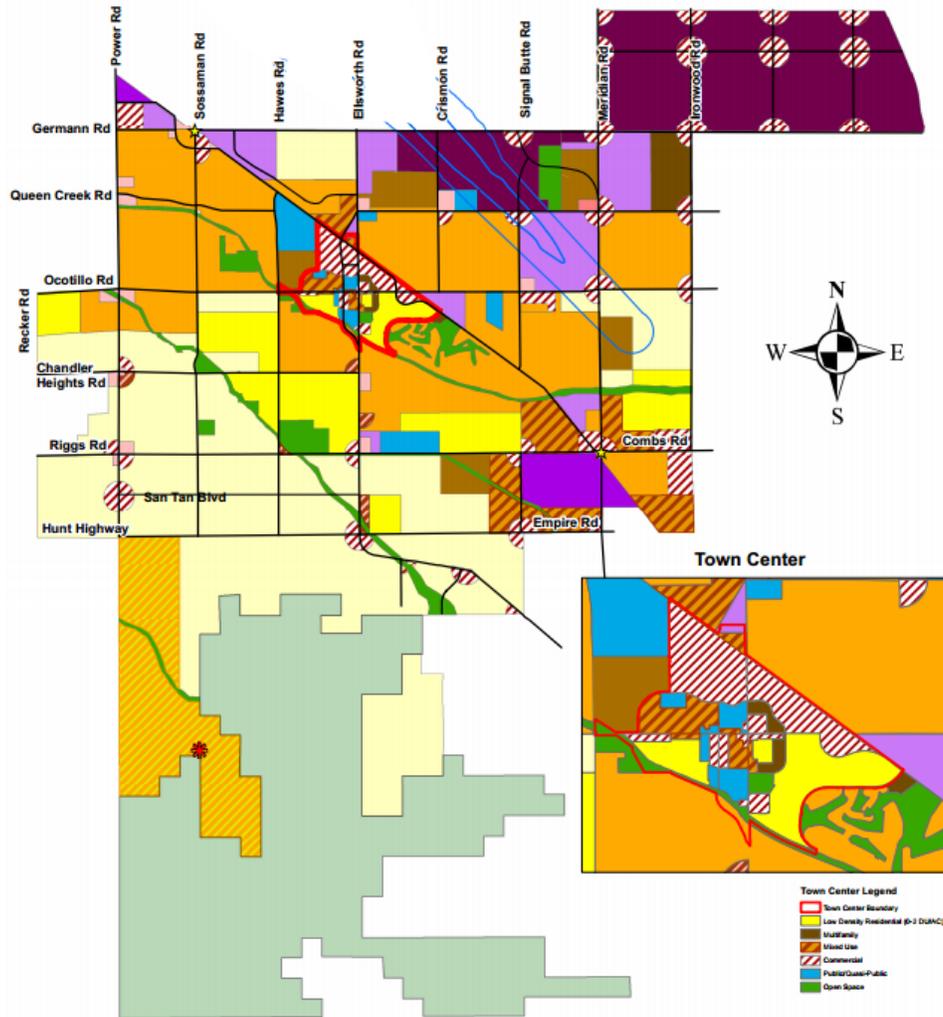
For all types of infrastructure included in the development fee study, Queen Creek provides town-wide service. The approximate boundary of the current service area is shown in the map below. The rationale for determining the service area for each type of infrastructure is discussed and analyzed as part of the Infrastructure Improvements Plan (IIP).

Figure C8 - Map of Queen Creek Town Limits



The General Plan for future land use in the entire Municipal Planning Area (MPA) is shown in Figure C9.

Figure C9 – Land Use Plan Map for the Queen Creek MPA





Requesting Department:
Development Services

TAB I

TO: HONORABLE MAYOR AND TOWN COUNCIL

THROUGH: JOHN KROSS, TOWN MANAGER

**FROM: CHRIS ANARADIAN, DEVELOPMENT SERVICES DIRECTOR
TROY WHITE, PUBLIC WORKS DIVISION MANAGER**

RE: CONSIDERATION AND POSSIBLE APPROVAL OF AN INTERGOVERNMENTAL AGREEMENT (IGA) WITH MARICOPA COUNTY AND THE CITY OF MESA FOR A DESIGN CONCEPT REPORT (DCR) FOR THE INTERSECTION OF GERMANN AND SOSSAMAN ROADS IN AN AMOUNT NOT TO EXCEED \$150,000 (\$50,000 QUEEN CREEK SHARE). THIS IS A NON BUDGETED ITEM.

DATE: February 19, 2014

Staff Recommendation:

Staff recommends approval of an IGA with Maricopa County and the City of Mesa for a DCR for the intersection of Germann and Sossaman Roads in an amount not to exceed \$150,000 (\$50,000 Queen Creek share).

Relevant Council Goal(s):

Town of Queen Creek Corporate Strategic Plan - Key Result Area 1 - Objective 1

- *Monitor, time and sequence the Town's Capital Improvement Program (CIP) so that it is implemented when needed, but matched with available revenues to construct and maintain the assets over time.*

Proposed Motion:

Staff recommends approval of an IGA with Maricopa County and the City of Mesa for a DCR for the intersection of Germann and Sossaman Roads in an amount not to exceed \$150,000 (\$50,000 Queen Creek share).

Discussion:

The Germann and Sossaman intersection falls under the jurisdiction of Maricopa County, the City of Mesa and the Town of Queen Creek (see attached map). With recent development interest in this area, it is imperative that a DCR be completed in order to preserve needed Right-of-Way (ROW) for future connectivity of German Road across Sossaman and the Union Pacific Railroad (UPRR).

Therefore, the purpose of the DCR is to evaluate the intersection of Germann Road and Sossaman Road ½ mile in each direction and develop a design concept for the intersection. This will include consideration of an at-grade crossing at the Union Pacific Railroad (UPRR) and traffic impacts that a new intersection would have on adjacent roadways such as Pecos Road and Rittenhouse Road. Also the DCR will identify limits of needed Right-of-Way (ROW) preservation and underground utility impacts. The primary goal of the DCR will be to seek preliminary approval from UPRR and the Arizona Corporation Commission (ACC) for an at-grade crossing of the Germann and Sossaman intersection. Should the UPRR or the ACC not concur with an at grade crossing, another IGA would be required between the Town, Maricopa County, and the City of Mesa in order to develop other alternatives for connecting Germann Road across Sossaman Road and the Railroad.

The DCR is anticipated to begin in fiscal year 2014 with an estimated cost of \$150,000. Each Party shall contribute one-third (1/3) of the cost of the DCR up to a maximum total DCR cost of \$150,000. The Town shall be responsible for any additional cost over a total DCR cost of \$150,000.

All Parties will participate in the process of selecting a consultant to prepare the DCR. The Parties will select the consultant by agreement of the Parties. All Parties will participate in the process of developing and selecting a recommended alternative for any potential future project. The Parties will select the recommended alternative by consensus of the Parties.

If a recommended DCR alternative is presented for design and construction, a new intergovernmental agreement between the Parties will be negotiated for the design, right-of-way acquisition and construction phases of the intersection improvements. Participation in this Agreement does not commit any Party to future participation in another intergovernmental agreement or any specific cost share relative to design, right-of-way or construction of a future project. Each Party's potential future participation or cost share in design, right-of-way or construction will be determined based on, among other factors, jurisdictional ownership and the characteristics and merits of the future project.

The Town will act as the lead agency for the development of the DCR and will conduct the process to secure the consultant for the DCR. The Town will coordinate with Maricopa County and Mesa throughout the development of the DCR and provide them the opportunity to review the document and submit comments.

Fiscal Impact:

Funds were not allocated within the FY14 CIP budget to allow for this item. It is being requested that funds totaling \$50,000 be reallocated within the D & T Fund from the Contingency account into the Germann and Sossaman Road intersection improvement project.

Alternatives:

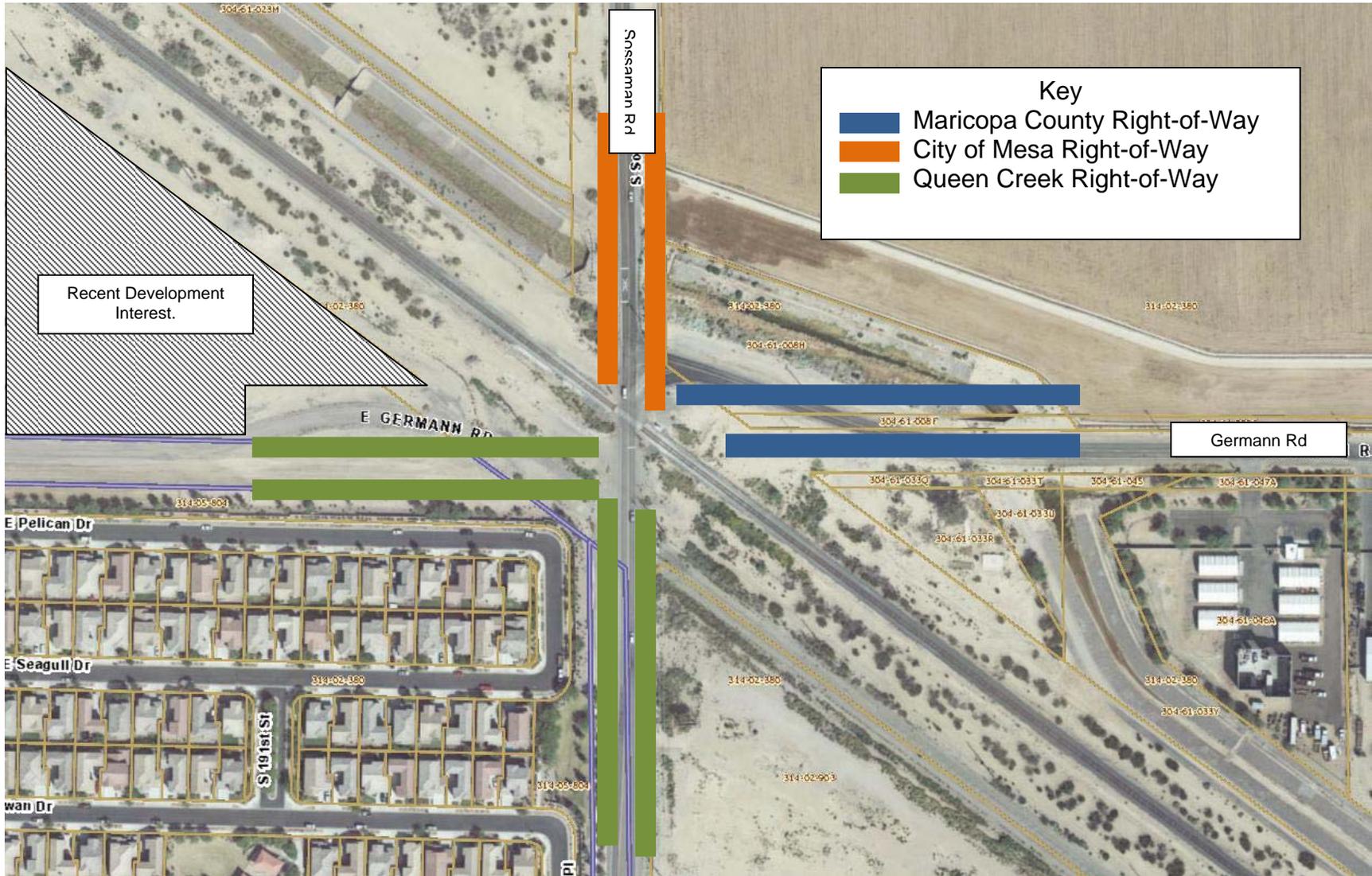
The Council could decide to move forward with an “all alternative” analysis for connecting German Road across Sossamn Road and the Railroad up to and including an overpass of Germann Road. However, neither the City of Mesa nor Maricopa County is prepared at this time to dedicate funding or staff time for an all alternative analysis. Therefore, the Town would need to cover the full cost of an all alternative analysis that is estimated to cost between \$225,000 - \$275,000. Additionally, without the concurrence of Maricopa County or the City of Mesa on any other alternative other than the at-grade crossing would make moving forward with formal design and construction very difficult as this intersection falls under the jurisdictions of all three agencies.

Attachments:

1. Project Site Map
2. IGA

Attachment 1
Project Site Map

Project Site Map



Attachment 2
IGA

INTERGOVERNMENTAL AGREEMENT
BETWEEN MARICOPA COUNTY, THE TOWN OF QUEEN CREEK AND THE CITY
OF MESA FOR THE DESIGN CONCEPT REPORT FOR THE INTERSECTION OF
GERMANN ROAD AND SOSSAMAN ROAD

(TT# 462)

(C-64-14- _____ -M-00)

This Intergovernmental Agreement (“**Agreement**”) is between the County of Maricopa, a political subdivision of the State of Arizona (**County**), the Town of Queen Creek, a municipal corporation (“**Town**”) and the City of Mesa, a municipal corporation (“**City**”). The County, Town and City are collectively referred to as the **Parties** or individually as a **Party**.

This Agreement shall become effective as of the date it is approved by the Maricopa County Board of Supervisors.

STATUTORY AUTHORIZATION

1. A.R.S. Section §11-251 and Sections 28-6701 *et. seq.* authorize each County to lay out, maintain, control and manage public roads within its respective County to acquire and condemn property necessary for such purposes, and to enter into this Agreement.
2. A.R.S. Sections §§11-951 *et. seq.* authorize public agencies to enter into Intergovernmental Agreements for the provision of services or for joint or cooperative action.
3. A.R.S. Section 9-240 and Sections 9-276 *et. seq.* authorize the Town and the City to lay out and establish, regulate and improve streets within the Town and City and to enter into this Agreement.

BACKGROUND

4. The Germann Road and Sossaman Road Intersection Design Concept Report (DCR) is a collaborative effort between the County, the Town and the City.
5. The purpose of the DCR is to evaluate the intersection of Germann Road and Sossaman Road ½ mile in each direction and develop a design concept for the intersection. This will include consideration of an at-grade crossing at the Union Pacific Railroad (UPRR) and traffic impacts that a new intersection would have on adjacent roadways such as Pecos Rd and Rittenhouse. In addition, the DCR will identify limits for right of way preservation and underground utility impacts.
6. The DCR is anticipated to begin in fiscal year 2014 with an estimated cost of \$150,000.
7. Each Party shall contribute one-third (1/3) of the cost of the DCR up to a maximum

total DCR cost of \$150,000. The Town shall be responsible for any additional cost over a total DCR cost of \$150,000.

8. All Parties shall participate in the process of selecting a consultant to prepare the DCR. The Parties shall select the consultant by agreement of the Parties. All Parties shall participate in the process of developing and selecting a recommended alternative for any potential future project. The Parties shall select the recommended alternative by consensus of the Parties.
9. If a recommended alternative is presented for design and construction, a new intergovernmental agreement between the Parties shall be negotiated for the design, right-of-way acquisition and construction phases of the intersection improvements. Participation in this Agreement does not commit any Party to future participation in another intergovernmental agreement or any specific cost share relative to design, right-of-way or construction of a future project. Each Party's potential future participation or cost share in design, right-of-way or construction will be determined based on, among other factors, jurisdictional ownership and the characteristics and merits of the future project.

PURPOSE OF THE AGREEMENT

10. The purpose of this Agreement is to identify and define the respective roles and responsibilities of the County, the Town and the City for the DCR.

TERMS OF THE AGREEMENT

11. Responsibilities of the County:

- 11.1 The County shall participate in the development of the DCR including, but not limited to, the consultant selection, fee negotiations, and identification of a recommended alternative.
- 11.2 The County shall review draft(s) of the DCR received from the Town and shall respond with comments within ten (10) working days of receipt.
- 11.3 The County shall be responsible for one-third (1/3) of the cost of the DCR up to a total DCR cost of \$150,000. In no case shall the County contribute more than \$50,000 for the development of the DCR.
- 11.4 The County shall remit payment to the Town within thirty (30) working days of receipt of a proper invoice from the Town.

12. Responsibilities of the Town:

- 12.1 The Town shall act as the lead agency for the development of the DCR.
- 12.2 The Town shall conduct a process to secure the consultant for the DCR.
- 12.3 The Town shall consult and coordinate with the Parties throughout development of the DCR and provide them the opportunity to review the document and submit comments.
- 12.4 The Town shall contribute one-third (1/3) of the cost of the DCR up to a total DCR cost of \$150,000. The Town shall also be responsible for any additional cost over a total DCR cost of \$150,000.
- 12.5 Upon execution of the consultant contract, the Town shall provide the County and City a copy of the executed contract.
- 12.6 The Town will invoice the Parties for their respective cost shares based on the amount of the progress payments that will fulfill the terms of the executed contract.
- 12.7 Upon completion of the DCR and determination of actual final cost of the DCR, the Town shall either invoice the Parties for the balance of their respective cost shares or provide refunds to the Parties, as appropriate, to achieve their respective cost shares pursuant to this Agreement.

13. Responsibilities of the City:

- 13.1 The City shall participate in the development of the DCR including, but not limited to, the consultant selection, fee negotiations, and identification of a recommended alternative.
- 13.2 The City shall review draft(s) of the DCR document received from the Town and shall respond with comments within ten (10) working days of receipt.
- 13.3 The City shall contribute one-third (1/3) of the cost of the DCR up to a total DCR cost of \$150,000. In no case shall the City contribute more than \$50,000.
- 13.4 The City shall remit progress payments to the Town within thirty (30) working days of receipt of a proper invoice from the Town.

GENERAL TERMS AND CONDITIONS

- 14. By entering into this Agreement, the Parties agree that to the extent permitted by law, each Party will indemnify, defend and save the other Parties harmless, including any of the Parties' departments, agencies, officers, employees, elected officials or agents, from and against all loss, expense, damage or claim of any nature whatsoever which is

caused by any activity, condition or event arising out of the negligent performance or nonperformance by the indemnifying Party of any of the provisions of this Agreement. By entering into this Agreement, each Party indemnifies the other against all liability, losses and damages of any nature for or on account of any injuries or death of persons or damages to or destruction of property arising out of or in any way connected with the performance or nonperformance of this Agreement, except such injury or damage as shall have been caused or contributed to by the negligence of that other Party. The damages which are the subject of this indemnity shall include but not be limited to the damages incurred by any Party, its departments, agencies, officers, employees, elected officials or agents. In the event of an action, the damages which are the subject of this indemnity shall include costs, expenses of litigation and reasonable attorney's fees.

15. This Agreement shall become effective as of the date it is approved by the Maricopa County Board of Supervisors and remain in full force and effect until all stipulations previously indicated have been satisfied except that it may be amended upon written Agreement by all Parties. Any Party may terminate this Agreement upon furnishing the other Party with a written notice at least thirty (30) days prior to the effective termination date.
16. This Agreement shall be subject to the provisions of A.R.S. Section 38-511.
17. The Parties warrant that they are in compliance with A.R.S. Section 41-440 and further acknowledge that:
 - 17.1 Any consultant or sub consultant who is contracted by a Party to perform work on the Project shall warrant their compliance with all federal immigration laws and regulations that relate to their employees and their compliance with A.R.S. Section 23-214(A), and shall keep a record of the verification for the duration of the employee's employment or at least three years, whichever is longer.
 - 17.2 Any breach of the warranty, shall be deemed a material breach of the contract contract that is subject to penalties up to and including termination of the contract.
 - 17.3 The Parties retain the legal right to inspect the papers of any consultant or sub consultant employee who works on the Project to ensure that the consultant or sub consultant is complying with the warranty above and that the consultant agrees to make all papers and employment records of said employee available during normal working hours in order to facilitate such an inspection.
 - 17.4 Nothing in this Agreement shall make any consultant or sub consultant an agent or employee of the Parties to this Agreement.
18. Each Party to this Agreement warrants that neither it nor any consultant or vendor under contract with the Party to provide goods or services toward the accomplishment of the objectives of this Agreement is suspended or debarred by any federal agency which has provided funding that will be used in the Project described in this Agreement.
19. Each of the following shall constitute a material breach of this Agreement and an event

of default ("Default") hereunder: A Party's failure to observe or perform any of the material covenants, conditions or provisions of this Agreement to be observed or performed by that Party ("Defaulting Party"), where such failure shall continue for a period of thirty (30) days after the Defaulting Party receives written notice of such failure from the non-defaulting party provided, however, that such failure shall not be a Default if the Defaulting Party has commenced to cure the Default within such thirty (30) day period and thereafter is diligently pursuing such cure to completion, but the total aggregate cure period shall not exceed ninety (90) days unless the Parties agree in writing that additional time is reasonably necessary under such circumstances to cure such default. In the event a Defaulting Party fails to perform any of its material obligations under this Agreement and is in Default pursuant to this Section, the non-defaulting party, at its option, may terminate this Agreement. Further, upon the occurrence of any Default and at any time thereafter, the non-defaulting party may, but shall not be required to, exercise any remedies now or hereafter available to it at law or in equity.

20. All notices required under this agreement to be given in writing shall be sent to:

Maricopa County Department of Transportation
Attn: Intergovernmental Liaison
2901 W. Durango Street
Phoenix, Arizona 85009

Town of Queen Creek
Attn: Troy White
22358 South Ellsworth Road
Queen Creek, Arizona 85142

City of Mesa
Attn: City Engineer
P.O. Box 1466
Mesa, Arizona 85211

All notices required or permitted by this Agreement or applicable law shall be in writing and may be delivered in person (by hand or courier) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, and shall be deemed sufficiently given if served in a manner specified in this paragraph. Either Party may by written notice to the other specify a different address for notice. Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail, the notice shall be deemed given 72 hours after the notice is addressed as required in this paragraph and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantee next day delivery shall be deemed given 24 hours after delivery of the notice to the Postal Service or courier.

21. This Agreement does not imply authority to perform any tasks, or accept any responsibility, not expressly stated in this Agreement.

22. This Agreement does not create a duty or responsibility unless the intention to do so is clearly and unambiguously stated in this Agreement.

23. This Agreement does not grant authority to control the subject roadway, except to the extent necessary to perform the tasks expressly undertaken pursuant to this Agreement.
24. Any funding provided for in this Agreement, other than in the current fiscal year, is contingent upon being budgeted and appropriated by the Maricopa County Board of Supervisors, the Queen Creek Town Council, and the City of Mesa Council, in such fiscal year. This Agreement may be terminated by any Party at the end of any fiscal year due to non-appropriation of funds.
25. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assignees. Neither Party shall assign its interest in this Agreement without the prior written consent of the other Party.
26. This Agreement and all Exhibits attached to this Agreement set forth all of the covenants, promises, agreements, conditions and understandings between the Parties to this Agreement, and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between the Parties other than as set forth in this Agreement, and those agreements which are executed contemporaneously with this Agreement. This Agreement shall be construed as a whole and in accordance with its fair meaning and without regard to any presumption or other rule requiring construction against the party drafting this Agreement. This Agreement cannot be modified or changed except by a written instrument executed by all of the Parties hereto. Each party has reviewed this Agreement and has had the opportunity to have it reviewed by legal counsel.
27. The waiver by any Party of any right granted to it under this Agreement is not a waiver of any other right granted under this Agreement, nor may any waiver be deemed to be a waiver of a subsequent right obtained by reason of the continuation of any matter previously waived.
28. Wherever possible, each provision of this Agreement shall be interpreted in such a manner as to be valid under applicable law, but if any provision shall be invalid or prohibited under the law, such provision shall be ineffective to the extent of such prohibition or invalidation but shall not invalidate the remainder of such provision or the remaining provisions.
29. Except as otherwise provided in this Agreement, all covenants, agreements, representations and warranties set forth in this Agreement or in any certificate or instrument executed or delivered pursuant to this Agreement shall survive the expiration or earlier termination of this Agreement for a period of one (1) year.
30. Nothing contained in this Agreement shall create any partnership, joint venture or other agreement between the Parties hereto. Except as expressly provided in this Agreement, no term or provision of this Agreement is intended or shall be for the benefit of any person or entity not a party to this Agreement, and no such other person or entity shall have any right or cause of action under this Agreement.

31. Time is of the essence concerning this Agreement. Unless otherwise specified in this Agreement, the term “day” as used in this Agreement means calendar day. If the date for performance of any obligation under this Agreement or the last day of any time period provided in this Agreement falls on a Saturday, Sunday or legal holiday, then the date for performance or time period shall expire at the close of business on the first day thereafter which is not a Saturday, Sunday or legal holiday.
32. Sections and other headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.
33. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute the same instrument. Faxed, copied and scanned signatures are acceptable as original signatures.
34. The Parties agree to execute and/or deliver to each other such other instruments and documents as may be reasonably necessary to fulfill the covenants and obligations to be performed by such party pursuant to this Agreement.
35. The Parties hereby agree that the venue for any claim arising out of or in any way related to this Agreement shall be Maricopa County, Arizona.
36. This Agreement shall be governed by the laws of the State of Arizona.
37. Unless otherwise lawfully terminated by the Parties, this Agreement expires upon completion and acceptance of the Project and fulfillment of all terms of the Agreement.

End of Agreement - Signature Page Follows

IN WITNESS WHEREOF, the Parties have executed this Agreement.

MARICOPA COUNTY

Recommended by:

John B. Hauskins, P.E. Date
Transportation Director

Approved and Accepted by:

Andrew Kunasek, Chairman Date
Board of Supervisors

Attest by:

Fran McCarroll Date

I hereby state that I have reviewed the proposed Intergovernmental Agreement and declare the Agreement to be in proper form and within the powers and authority granted to the Parties by their respective governing bodies under the laws of the State of Arizona.

Deputy County Attorney Date

Requesting Department:
Utility Services
Department



TAB J

TO: HONORABLE MAYOR AND TOWN COUNCIL

**THROUGH: JOHN KROSS
TOWN MANAGER**

FROM: PAUL GARDNER, UTILITY SERVICES DEPARTMENT

**RE: RESCHEDULING DATE OF PUBLIC HEARING: CONSIDERATION AND
POSSIBLE APPROVAL OF NOTICE OF INTENTION SETTING THE TIME (7
P.M.) AND THE DATE (APRIL 2, 2014) FOR THE PUBLIC HEARING FOR THE
ADOPTION OF WATER AND WASTEWATER CAPACITY CHARGES**

DATE: FEBRUARY 19, 2014

Staff Recommendation:

Staff recommends the approval of the Notice of Intention setting the time (7 p.m.) and date (April 2, 2014) for the Public Hearing for the adoption of water and wastewater capacity charges.

Relevant Council Goal(s):

KRA#5 Financial Management/ Internal Services and Sustainability, Goal 1: Maintain long-term financial sustainability for local government operations.

Proposed Motion:

Move to approve the Notice of Intention setting the time (7 p.m.) and date (April 2, 2014) for the Public Hearing for the adoption of water and wastewater capacity charges.

Discussion:

Capacity charges are one-time payments made at the time of building permit issuance. Capacity charges are different than development fees, and are regulated by a different section of the state statutes. Like development fees, capacity charges will not affect current residents. Existing residents would never be required to pay capacity charges unless they built a new home within the Town's water or wastewater service areas.

Similar to development fees, capacity charges are also a tool used by municipalities to pay the proportionate share of costs for needed utility infrastructure attributable to new growth. Development fee law only allows municipalities to charge development fees for service areas within municipal boundaries. With the acquisition of H2O, Inc., the Town's water services extends outside the Town boundaries, and the Town will also have the need to provide some wastewater services outside of Town boundaries. Because of this, the Town is reviewing options to shift to water and wastewater capacity charges in lieu of water and wastewater development fees to cover the costs of needed infrastructure to serve new growth.

Approximately 25% of future growth in Queen Creek's service area is expected to take place outside of its municipal boundary. Should the capacity charge not be initiated, the new single

family homes and businesses that are constructed would not pay for any system improvements that the growth requires. Capacity charges are the only method allowed by state statute to collect for system improvements both inside and outside of town boundaries.

The draft water and wastewater capacity charges were calculated using the same very rigorous guidelines set forth in the state statutes for the calculation of development fees. The draft Water and Wastewater Capacity Charges study is posted on the Town's website, and has been sent to the local development community.

In accordance with A.R.S. §9-511.01, A.R.S. §9-499.15 and Article 16-4 & 16-5 of the Town of Queen Creek Town Code, the Town must adopt a Notice of Intention setting the time and place for a public hearing prior to considering the proposed modifications of the Town's water and wastewater charges and rates. Attached is such a notice. The notice will be published in a newspaper of general circulation no less than 20 days prior to the public hearing and on the Town's website homepage for no less than 60 days and letting residents know of their ability to comment on the proposed modifications to the water and wastewater charges. Approval of the Notice of Intention sets the time and place for the public hearing on this matter.

Fiscal Impact

Over the next 10 years, the Town's Utility Service Department is anticipating adding 7,500 new connections within the Town boundaries and 5,000 new connections outside the Town boundaries. Being able to collect capacity charges on the new construction outside of the Town boundaries would create a fiscal impact of an additional \$45,000,000 in revenue over the next 10 years to be used to finance future growth and infrastructure. At this time, the council is only setting the meeting time and date for the public hearing on this matter.

Alternatives

1. The Council may decide to delay approval of the Notice of Intention. This would delay the public hearing and possible implementation of the capacity charges. Based on the current uptick in growth anticipated within the Town's water service area and outside Town boundaries, a delay would mean a loss of revenues to pay for infrastructure to serve new development.
2. The Council may decide not to approve the Notice of Intention. As mentioned in the report above, approximately 25% of future growth in Queen Creek's service area is expected to take place outside of its municipal boundary. Should the capacity charge not be initiated, the new single family homes and businesses that are constructed would not pay for any system improvements that the growth requires. Capacity charges are the only method allowed by state statute to collect for system improvements both inside and outside of town boundaries.

Attachments

Town of Queen Creek Notice of Intention
Water and Sewer Capacity Charges Study

**TOWN OF QUEEN CREEK NOTICE OF INTENTION
TO ADOPT WATER & WASTEWATER CAPACITY CHARGES**

TO ALL INTERESTED PERSONS AND PARTIES:

Pursuant to A.R.S. §9-511.01, A.R.S. §9-499.15 and Article 16-4 & 16-5 of the Town of Queen Creek Town Code please take notice that the Council of the Town of Queen Creek intends to adopt water and wastewater capacity charges in lieu of development impact fees in the entire service area of the Town. The capacity charges that are proposed for both water and wastewater are based on the system improvements that will be needed over the next 10 years due to the anticipated growth in both the residential and commercial industries.

- ❖ For wastewater this includes the next plant expansion at the Greenfield Water Reclamation Plant and reuse waterline to bring reclaimed water back to the Town.
- ❖ Other system improvement for wastewater will be the completion of several trunk lines on major arterial roads.
- ❖ For water this includes several wells and storage facilities, along with booster pumps and many miles of major trunk lines that are needed to feed the planned new development.
- ❖ Reference "Water and Sewer Capacity Charges" prepared by Tischler Bise labeled "Exhibit A" attached.

A copy of the report or data supporting the proposed capacity charges will be on file in the office of the Town Clerk (22350 S. Ellsworth Road, Queen Creek, AZ) and will be available to the public 30 days prior to the public hearing.

The Town of Queen Creek will hold a public hearing on the proposed capacity charges on **April 2, 2014 at 7:00 p.m.** at the Queen Creek Town Hall, Council Chambers, 22350 S. Ellsworth Road, Queen Creek, AZ for the purpose of receiving public comment on proposed water and wastewater capacity charges. Information relating to the proposed capacity charges is available prior to the public hearing at the Town Clerk's office at the above address.

Water and Sewer Capacity Charges



December 15, 2013

Prepared By

TischlerBise
Fiscal, Economic & Planning Consultants

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EXECUTIVE SUMMARY

Capacity charges are one-time payments used to construct system improvements needed to accommodate new development. The Town of Queen Creek has completed engineering studies to identify growth-related capital improvements for water and sewer service. TischlerBise used these studies and the Town's Capital Improvements Plan (CIP) to prepare the water and sewer capacity charges. Because the CIP is updated annually, all calculations are in current dollars (not inflated over time), with the expectation that costs will be periodically updated as part of the regular budgetary process.

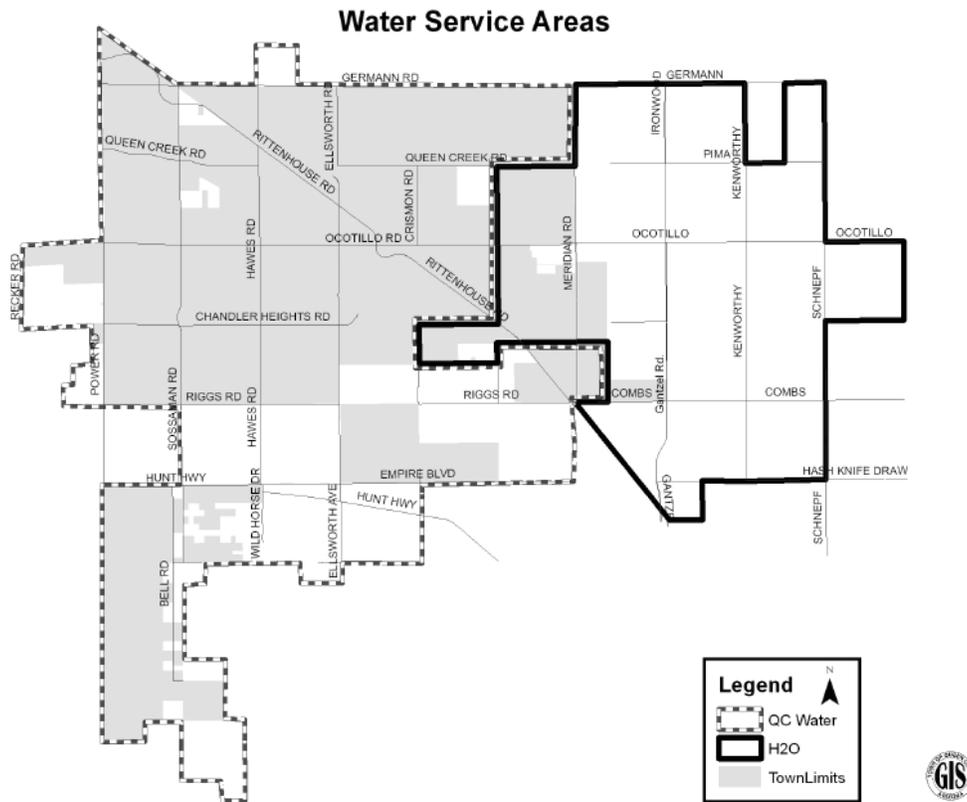
Report Organization

The Capacity Charges report uses a "drill-down" layout that presents general information first, followed by the underlying details. All readers will want to know the bottom-line, which is presented in the Executive Summary. If you want to know the specifics, the middle sections of the report discuss the Water and Sewer Capacity Charges. These sections provide the capacity charge formula then explain the individual formula components. The final section in this document provides the demographic data, such as population and housing unit projections for the Town of Queen Creek.

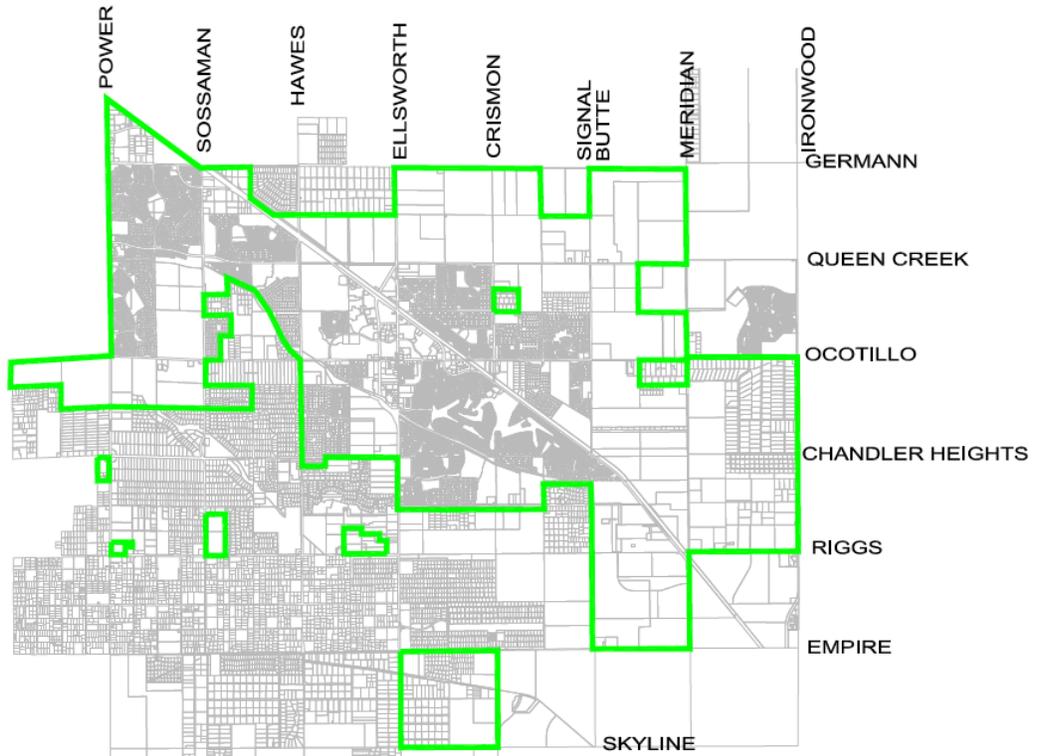
Service Areas

The capacity charges study addresses the need for growth-related improvements in Queen Creek's water and sewer service areas. Figure 1 indicates current Town boundaries, boundaries of the previous Queen Creek water service area, and the newly acquired H2O service area. Queen Creek is interconnecting the two water service areas and will provide uniform service to the combined area. The map at the bottom of Figure 1 indicates the boundaries of the sewer service area. The Town of Queen Creek will provide utility service to customers located outside the municipal boundaries. According to Arizona's Development Fee Act [see ARS 9-463.05.T(9)] a service area must be within the boundaries of a municipality. Given this inconsistency, Queen Creek will implement capacity charges for water and wastewater utilities under ARS 9-511.01.

Figure 1 – Service Area Maps



Sewer Service Areas



Capacity Charge Methods and Cost Components

In Queen Creek, two methods will be used in the capacity charges for water and sewer infrastructure. As shown in Figure 2, the capacity charge for water includes cost recovery for water storage and booster pumps, plus planned improvements for new water supply wells and major water lines. Sewer capacity charges are based on planned improvements for wastewater collection, treatment, and reuse.

Figure 2 – Capacity Charges Methods and Components

	Cost Recovery	Plan-Based
Water	Storage and Booster Pumps (initial five years)	Major Water Lines, Wells, Storage, and Booster Pumps
Sewer	Not applicable	Wastewater Collection, Treatment, and Reuse

Proposed Capacity Charges in Queen Creek

Figure 3 provides a schedule of proposed capacity charges to be imposed on new water and sewer customers. The Town of Queen Creek does not currently collect a development fee for water facilities, but does impose a wastewater development fee by meter size. The proposed sewer capacity charges are only 3% higher than the current wastewater development fees.

Figure 3 – Combined Charges by Meter Size

All Development Types (per meter)							
<i>Meter Size (inches)</i>	Water		Wastewater		TOTAL		<i>Increase/ (Decrease)</i>
	<i>Current</i>	<i>Proposed</i>	<i>Current</i>	<i>Proposed</i>	<i>Current</i>	<i>Proposed</i>	
0.75 displacement	\$0	\$4,014	\$4,942	\$5,082	\$4,942	\$9,096	\$4,154
1.00 displacement	\$0	\$6,806	\$8,396	\$8,629	\$8,396	\$15,435	\$7,039
1.50 displacement	\$0	\$13,189	\$16,312	\$16,738	\$16,312	\$29,927	\$13,615
2.00 compound/turbine	\$0	\$21,166	\$26,081	\$26,875	\$26,081	\$48,041	\$21,960
3.00 compound	\$0	\$42,707	\$52,710	\$54,243	\$52,710	\$96,950	\$44,240
3.00 turbine	\$0	\$47,892	\$59,116	\$60,831	\$59,116	\$108,723	\$49,607
4.00 compound	\$0	\$67,837	\$83,961	\$86,172	\$83,961	\$154,009	\$70,048
4.00 turbine	\$0	\$81,798	\$101,280	\$103,910	\$101,280	\$185,708	\$84,428

Current water and wastewater fees in comparable communities are listed in Figure 4. Proposed capacity charges are generally less than current amounts in other communities. For example, Gilbert's current fee is \$5,042 for water and \$5,866 for sewer.

*Figure 4 – Water and Wastewater Fees in Comparable Communities***Current Development Fees in Queen Creek's Comparable Communities**

Ranked by Total per Single Family Dwelling

<i>Jurisdiction</i>	<i>Parks</i>	<i>Library + Gen Gov</i>	<i>Fire</i>	<i>Police</i>	<i>Streets</i>	<i>Water*</i>	<i>Wastewater**</i>	<i>Total</i>
Chandler	\$3,740	\$172	\$344	\$164	\$3,983	\$5,053	\$6,553	\$20,009
Peoria-Northern	\$2,622	\$844	\$683	\$452	\$8,160	\$3,890	\$1,923	\$18,574
Marana-Northwest	\$3,294	\$0	\$0	\$0	\$7,372	\$2,331	\$4,544	\$17,541
Gilbert	\$4,030	\$383	\$821	\$612	\$423	\$5,042	\$5,866	\$17,177
Surprise-SPA 6	\$785	\$903	\$688	\$371	\$5,715	\$4,691	\$3,039	\$16,192
Surprise-SPA 4	\$785	\$903	\$688	\$371	\$5,715	\$4,691	\$3,039	\$16,192
Surprise-SPA 2	\$785	\$903	\$688	\$371	\$5,715	\$4,691	\$3,039	\$16,192
Surprise-SPA 5	\$785	\$903	\$688	\$371	\$5,396	\$4,691	\$3,039	\$15,873
Surprise-SPA 3	\$785	\$903	\$688	\$371	\$5,396	\$4,691	\$3,039	\$15,873
Peoria-Central	\$2,622	\$844	\$683	\$452	\$5,304	\$3,890	\$1,923	\$15,718
Peoria-Southern	\$2,622	\$844	\$683	\$452	\$2,300	\$3,890	\$1,923	\$12,714
Queen Creek	\$4,325	\$1,370	\$693	\$704	\$631	\$0	\$4,942	\$12,665
Surprise-SPA 1	\$785	\$903	\$688	\$371	\$0	\$5,995	\$3,853	\$12,595
Goodyear-South	\$939	\$138	\$1,057	\$377	\$941	\$4,789	\$4,193	\$12,434
Buckeye Zone 3	\$1,109	\$165	\$1,178	\$506	\$246	\$4,599	\$4,607	\$12,410
Goodyear-North	\$939	\$138	\$1,057	\$377	\$593	\$4,789	\$4,193	\$12,086
Buckeye Zone 2	\$1,109	\$165	\$1,178	\$506	\$246	\$2,407	\$6,155	\$11,766
Buckeye Zone 1	\$1,109	\$165	\$1,178	\$506	\$246	\$3,522	\$4,336	\$11,062
Marana-Northeast	\$3,294	\$0	\$0	\$0	\$7,624	\$0	\$0	\$10,918
Apache Junction	\$1,801	\$721	\$0	\$294	\$6,323	\$0	\$0	\$9,139
Marana-South	\$3,294	\$0	\$0	\$0	\$3,465	\$2,331	\$0	\$9,090
Fountain Hills	\$2,118	\$79	\$0	\$0	\$5,614	\$0	\$0	\$7,811
Maricopa	\$1,323	\$17	\$836	\$68	\$2,589	\$0	\$0	\$4,833

* includes water resources

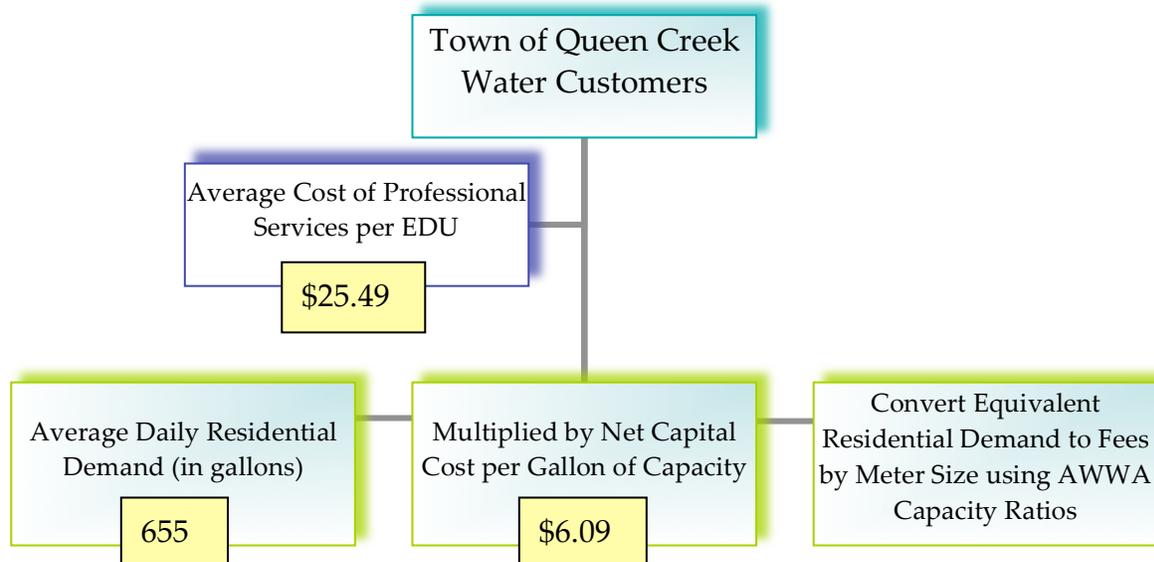
** includes reclaimed/reuse water

Source: Municipal Survey, Arizona League of Cities and Towns, 2013.

WATER CAPACITY CHARGES

Water capacity charges include the cost of professional services per Equivalent Dwelling Unit (i.e. \$25.49 per EDU) for preparing the capacity charge study, analyzing the ten-year need for infrastructure improvements, and updating the long-range water master plan. In addition, the water capacity charge includes the net capital cost per gallon of capacity for system improvements such as major water lines, wells, storage, and booster pumps (i.e. an infrastructure cost of \$6.09 per gallon of average day capacity). As shown in Figure 5, the net capital cost per gallon of capacity is multiplied by the water demand factor per equivalent residential unit (i.e. 655 gallons per average day). Nonresidential fees are derived from capacity ratios (published by the American Water Works Association) according to the size of the new connection’s water meter. The capacity charges use average day demand factors but the engineering analysis of system improvements accounts for peak water demand, plus fire flow requirements.

Figure 5 – Water Capacity Charge Formula



Water Charge Calculations

Cost components used to derive water capacity charges are shown in the boxed area of Figure 6, including storage and booster pumps, major water line, and supply-related improvements. Water capacity charges are based on meter sizes and their respective capacity ratio relative to a 0.75-inch meter. The capacity ratios by meter size are from the American Water Works Association (see Manual 6). The proposed water capacity charge for the smallest meter size is equal to 655 multiplied by \$6.09, plus \$25.49 per EDU for professional services, or \$4,014 (truncated). The cost of professional services was allocated to the projected increase in EDUs over the next ten years.

Figure 6 – Proposed Water Capacity Charges

Input Variables	<i>Cost per Gallon of Average Day Capacity</i>
Cost Recovery for Storage and Booster Pumps	\$2.32
Combined Projects System Improvements	\$3.77
Revenue Credit per Gallon of Capacity	\$0.00
Net Cost per Gallon of Capacity	\$6.09
Professional Services Cost per EDU =>	\$25.49
Average Day Gallons of Capacity per EDU =>	655

All Development Types (per meter)

Meter (inches) and Type	Capacity Ratio*	Proposed Water Capacity Charges	Current Amount	\$ Change
0.75 displacement	1.00	\$4,014	\$0	\$4,014
1.00 displacement	1.70	\$6,806	\$0	\$6,806
1.50 displacement	3.30	\$13,189	\$0	\$13,189
2.00 compound/turbine	5.30	\$21,166	\$0	\$21,166
3.00 compound	10.70	\$42,707	\$0	\$42,707
3.00 turbine	12.00	\$47,892	\$0	\$47,892
4.00 compound	17.00	\$67,837	\$0	\$67,837
4.00 turbine	20.50	\$81,798	\$0	\$81,798

* Source American Water Works Association, M6.

Water Demand Analysis

Both current and projected EDUs and average daily water use are shown in Figure 7. For the water master plan update, Sunrise Engineering assumed an EDU requires 655 gallons on an average day. Land use assumptions used in the Town's development fee study are summarized in Appendix A. Over the next five year, the Town expects an average of 688 new residential units per year. The table below indicates the water service area expects an average increase of 1,250 EDUs per year, which include the water demand from nonresidential development. Over the next ten years, Sunrise Engineering assumed about 60% of the increase would be within the previous Town of Queen Creek service area and 40% of the increase would be in the newly acquired H2O service area.

Figure 7 – Projected Annual Water System Demand

Year		Water Equivalent Dwelling Units	Million Gallons Per Average Day	Annual Increase		Cumulative Increase	
				EDUs	MGD	EDUs	MGD
Past3	FY10-11	18,809	11.17				
Past2	FY11-12	19,250	11.88	441	0.71		
Past1	FY12-13	20,227	12.50	977	0.62		
Base	FY13-14	21,302	13.16	1,075	0.66		
Future1	FY14-15	22,552	14.77	1,250	1.61	1,250	1.61
Future2	FY15-16	23,802	15.59	1,250	0.82	2,500	2.43
Future3	FY16-17	25,052	16.41	1,250	0.82	3,750	3.24
Future4	FY17-18	26,302	17.23	1,250	0.82	5,000	4.06
Future5	FY18-19	27,552	18.05	1,250	0.82	6,250	4.88
Future6	FY19-20	28,802	18.87	1,250	0.82	7,500	5.70
Future7	FY20-21	30,052	19.68	1,250	0.82	8,750	6.52
Future8	FY21-22	31,302	20.50	1,250	0.82	10,000	7.34
Future9	FY22-23	32,552	21.32	1,250	0.82	11,250	8.16
Future10	FY23-24	33,802	22.14	1,250	0.82	12,500	8.98
Future11	FY24-25	35,052	22.96	1,250	0.82	13,750	9.79
Future12	FY25-26	36,302	23.78	1,250	0.82	15,000	10.61
Future13	FY26-27	37,552	24.60	1,250	0.82	16,250	11.43
Future14	FY27-28	38,802	25.42	1,250	0.82	17,500	12.25
Future15	F289-29	40,052	26.23	1,250	0.82	18,750	13.07
Future16	FY29-30	41,302	27.05	1,250	0.82	20,000	13.89
Future17	FY30-31	42,552	27.87	1,250	0.82	21,250	14.71

Cost Recovery for Water Storage and Booster Pumps

Based on the analysis by Sunrise Engineering, the acquisition of the H2O water system provided surplus capacity in both storage tanks and booster pumps. The oversized facilities have an asset value of \$11.35 million and will accommodate increase in water demand over the next five years. Dividing the value of surplus facilities by the five-year increase in water demand yields a cost recovery of \$2.32 per gallon of average day water capacity.

Figure 8 – Asset Value of Oversized H2O Water System

Asset	Value
Purchased Improvements with Surplus Capacity (Storage and Booster Pumps)	\$11,350,000
Total	
	\$11,350,000
Five-Year Increase in Average Day Gallons of Capacity =>	4,880,000
Cost Recovery per Gallon of Capacity =>	\$2.32

Water System Improvements

For the combined water system, major growth-related capital improvements needed over the next ten years are listed in Figures 9 and 10. Figure 9 lists water system improvements needed during years one to five, with years six to ten shown in Figure 10. Major water lines are needed to move surplus water from the H2O area to the previous Town of Queen Creek service area. Also, Queen Creek must provide additional wells, storage tanks, and booster pumps. Over the next ten years, the Town will spend approximately \$33.89 million on growth-related improvements to the combined water system. At the bottom of Figure 10, the capital cost of \$3.77 per gallon of capacity is based on the projected ten-year increase in water shown above in Figure 7.

*Figure 9 - Water System CIP Years 1 to 5***COMBINED SYSTEM PROJECTS Years 1 to 5**

Project #	Location	Project	FY 15 Requested	FY 16 Requested	FY 17 Requested	FY 18 Requested	FY 19 Requested	Total 5 year Projection
WA055	Combs Road Interconnection	Combs Road & Schnepf Well Bore HDPE Main 12-inch 200'	\$25,000					\$25,000
WA056	Queen Creek Interconnection	Queen Creek & Meridian Road 5600' of 12-inch main	\$672,000					\$672,000
WA057	Ocotillo Interconnection	Signal Butte to Meridian 12-inch Main 3,200'	\$384,000					\$384,000
WA058	Riggs / Meridian / Empire	Combs & Rittenhouse Bore Phase I 16-inch 2800'	\$336,000					\$336,000
WA060	Villages Interconnect	300' Village Loop Rd	\$36,000					\$36,000
WA027	Power & Ocotillo	Sossaman well transmission line to Sossaman site 1800'		\$216,000				\$216,000
WA063	Germann Transmission	Sossaman to Hawes 12", 6200'		\$744,000				\$744,000
WA059	Crismon Rd.	Empire to Hunt 12-inch water line 2200' to loop upper zone			\$264,000			\$264,000
WA064	Ellsworth Loop	Loop Road to Ellsworth Rd 12-inch Main 1300' & Bore				\$156,000		\$156,000
WA065	Box Canyon Transmission	Riggs to Skyline, with Inline Booster Pump 12", 14000'					\$1,680,000	\$1,680,000
WA062	Ocotillo Transmission	186th Street to Sossaman 12" Main Trans Line 3,700'					\$444,000	\$444,000
WA007	Sossaman Water Production Facility	Wells, storage tanks, and booster pumps	\$1,350,000	\$2,000,000	\$1,000,000			\$4,350,000
WA076	Gantzel Secondary Well	Equipment, testing, transmission line		\$250,000				\$250,000
WA077	Pecan North Well	Equipment, testing, transmission line			\$250,000			\$250,000
WA018	Box Canyon Water Storage Facility	Lower tank and boosters				\$150,000	\$1,747,000	\$1,897,000
WA080	Ironwood Secondary Well	Well and transmission line					\$1,250,000	\$1,250,000
WA081	Shea Secondary Well	Well and transmission line					\$1,250,000	\$1,250,000
TOTALS:			\$2,803,000	\$3,210,000	\$1,514,000	\$306,000	\$6,371,000	\$14,204,000

Figure 10 - Water System CIP Years 6 to 10

COMBINED SYSTEM PROJECTS Years 6 to 10								
Project #	Location	Project	FY 20 Requested	FY 21 Requested	FY 22 Requested	FY 23 Requested	FY 24 Requested	Total 5 year Projection
WA066	Riggs Transmission	School to Hawes Rd 12" Main 3, 900'	\$468,000					\$468,000
WA067	Riggs Transmission	Ellsworth to Rittenhouse 16" Main 15,400'	\$1,480,000					\$1,480,000
WA068	Riggs / Meridian / Empire	Combs & Rittenhouse Phase II 12" 13,720'		\$1,646,400				\$1,646,400
WA069	Signal Butte Transmission	Riggs to Empire w/ PRV 12" Main 2, 700'		\$324,000				\$324,000
WA070	Ellsworth Transmission	Empire to San Tan w/ PRV 12-inch Main 2, 700'		\$324,000				\$324,000
WA071	Ryan Rd. Transmission	Ellsworth to Meridian Main 15, 900'			\$1,980,000			\$1,980,000
WA072	Cloud Rd.	Crismon to Rittenhouse 12", 7200'			\$2,250,000			\$2,250,000
WA073	Crismon Transmission	Ryan to Queen Crk 12" Main 2, 700'				\$324,000		\$324,000
WA074	Signal Butte Transmission	Ryan to Queen Crk 12" Main 2, 700'				\$324,000		\$324,000
WA075	Meridian Transmission	Ryan to Queen Crk 12" Main 2, 700'				\$324,000		\$324,000
WA037	Chandler Heights	Hawes to East of Ellsworth 12-inch main, 4400'				\$1,103,000		\$1,103,000
WA035	Ellsworth Rd.	2800' of 12" main from Hunt Hwy to San Tan Blvd				\$702,000		\$702,000
WA004	Ocotillo Rd.	12" Crismon Rd to Rittenhouse Rd To Ash Creek					\$264,000	\$264,000
WA013	Ellsworth & Rittenhouse	Barnes Pkwy Connection 12", 1800'					\$500,000	\$500,000
WA015	Crismon Rd.	3000' of 12" Hastings to Orchard Ranch south of Cloud Rd					\$650,000	\$650,000
WA034	Hunt Hwy.	5500' of 12" main from Hawes to Ellsworth Rd					\$1,378,000	\$1,378,000
WA078	Church Farms Water Prod. Facility	Well, tank, and boosters		\$2,500,000				\$2,500,000
WA079	Church Farms Secondary Well	Well and transmission line					\$1,250,000	\$1,250,000
WA030	Box Canyon Upper Reservoir	Water storage facility				\$1,897,000		\$1,897,000
TOTALS:			\$1,948,000	\$4,794,400	\$4,230,000	\$4,674,000	\$4,042,000	\$19,688,400
GRAND TOTAL 10-YEARS								\$33,892,400
Ten-Year Increase in Gallons of Capacity per Average Day =>								8,980,000
Cost per Gallon of Capacity =>								\$3.77

Credit Evaluation

The cost recovery for surplus capacity in storage tanks and booster pumps will be used to pay the growth share of debt service on the bonds issued to acquire the H2O water system. New water customers will pay the entire growth share of debt service through the capacity charges. The remaining portion of debt service payments is a general obligation of all customers, providing equal benefit to both existing and new water

customers. Because there is no double payment for the growth share of debt service, a revenue credit for water user charges (i.e. rate payments) is not applicable.

Projected Revenue from Water Capacity Charges

Figure 11 summarizes projected capacity charge revenue and expenditures for growth-related water system improvements over the next five years. TischlerBise only provided a five-year revenue projection because the cost recovery component will drop out of the charges after five years. Also, the Town plans to update capacity charges at least every five years.

Water capacity charges should yield approximately \$20.07 million over the next five years. Due to development agreements issued in the H2O service area, projected revenue assumes 250 EDUs per year will pay capacity charges while another 250 EDUs will be exempt from water capacity charges.

The upper portion of Figure 11 summarizes major growth-related expenditures over the next five years. To the extent the rate of development either accelerates or slows down, there will be a corresponding change in revenues and the timing of capital improvements.

Figure 11 – Five-Year Revenue Projection

Five-Year Growth-Related Costs for Water Infrastructure

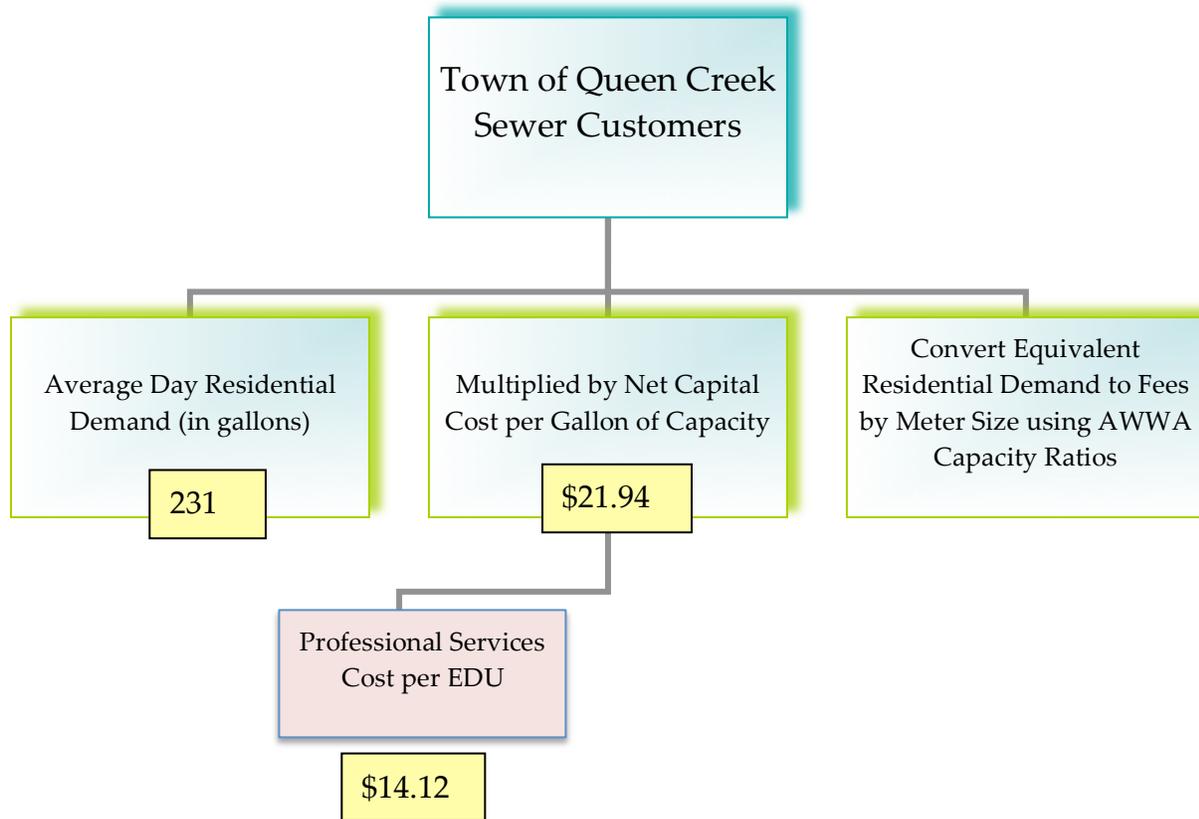
Cost Recovery for Storage and Booster Pumps	\$11,350,000
Major Water Lines and Ground Water Supply	\$14,204,000
Total	\$25,554,000
Water Capacity Charge per EDU =>	\$4,014

Fiscal Year		Water Equivalent Dwelling Units	EDU's not Grandfathered
Base	FY13-14	21,302	21,302
Year 1	FY14-15	22,552	22,302
Year 2	FY15-16	23,802	23,302
Year 3	FY16-17	25,052	24,302
Year 4	FY17-18	26,302	25,302
Year 5	FY18-19	27,552	26,302
Five-Yr Increase		6,250	5,000
Total Projected Revenue (rounded) =>			\$20,070,000

SEWER CAPACITY CHARGES

Sewer system capacity charges are based on planned improvements to the wastewater collection system, the need for additional wastewater treatment capacity, improvements to allow reuse of reclaimed water. As shown in Figure 12, the net capital cost of \$21.94 per gallon of capacity is multiplied by a sewer demand factor (i.e., 231 gallons of average daily wastewater flow) to yield the proportionate sewer capacity charge per EDU. Nonresidential fees are derived from capacity ratios according to the size of the new customer’s water meter.

Figure 12 - Sewer System Capacity Charge Formula



Sewer Charge Calculations

Cost components for sewer capacity charges are shown in the boxed area of Figure 13. Capacity ratios convert the equivalent dwelling unit charge into a proportionate amount for larger meter sizes. The capacity ratios by meter size are from the American Water Works Association (see Manual 6). For a new nonresidential customer requiring a 2" meter, the sewer capacity charge is 231 gallons per day x \$21.94 per gallon of capacity x 5.3, plus \$14.13 for professional services, which equals \$26,875 (truncated).

Figure 13 – Proposed Sewer Capacity Charges

Input Variables	<i>Cost per Gallon of Average Day Capacity</i>
Wastewater Treatment Cost (Principal plus Interest)	\$14.90
Wastewater Collection and Reuse	\$7.04
Revenue Credit per Gallon of Capacity	\$0.00
Net Capital Cost per Gallon of Capacity	\$21.94
Professional Services Cost per EDU =>	\$14.12
Average Day Gallons of Capacity per EDU =>	231

All Development Types (per meter)

<i>Meter (inches) and Type</i>	<i>Capacity Ratio*</i>	<i>Proposed Sewer Capacity Charge</i>	<i>Current Fee</i>	<i>\$ Change</i>	<i>Percent Change</i>
0.75 displacement	1.00	\$5,082	\$4,942	\$140	3%
1.00 displacement	1.70	\$8,629	\$8,396	\$233	3%
1.50 displacement	3.30	\$16,738	\$16,312	\$426	3%
2.00 compound/turbine	5.30	\$26,875	\$26,081	\$794	3%
3.00 compound	10.70	\$54,243	\$52,710	\$1,533	3%
3.00 turbine	12.00	\$60,831	\$59,116	\$1,715	3%
4.00 compound	17.00	\$86,172	\$83,961	\$2,211	3%
4.00 turbine	20.50	\$103,910	\$101,280	\$2,630	3%

* Source American Water Works Association, M6.

Sewer Demand Analysis

Figure 14 indicates sewer EDUs and the average daily wastewater flow through 2030. To account for sewer flow from nonresidential development, the average annual increase of 700 EDUs per year is slightly higher than the Town's projected increase of 688 residential units per year, as shown in Appendix A.

Figure 14 - Projected Annual Sewer System Demand

Year		Sewer Equivalent Dwelling Units	Million Gallons Per Avg Day	Annual Increase		Cumulative Increase	
				EDUs	MGD	EDUs	MGD
Past3	FY10-11	6,586	1.40				
Past2	FY11-12	6,726	1.30	140	-0.10		
Past1	FY12-13	7,451	1.40	725	0.10		
Base	FY13-14	8,068	1.50	617	0.10		
Future1	FY14-15	8,768	2.03	700	0.53	700	0.53
Future2	FY15-16	9,468	2.19	700	0.16	1,400	0.69
Future3	FY16-17	10,168	2.35	700	0.16	2,100	0.85
Future4	FY17-18	10,868	2.51	700	0.16	2,800	1.01
Future5	FY18-19	11,568	2.67	700	0.16	3,500	1.17
Future6	FY19-20	12,268	2.83	700	0.16	4,200	1.33
Future7	FY20-21	12,968	3.00	700	0.16	4,900	1.50
Future8	FY21-22	13,668	3.16	700	0.16	5,600	1.66
Future9	FY22-23	14,368	3.32	700	0.16	6,300	1.82
Future10	FY23-24	15,068	3.48	700	0.16	7,000	1.98
Future11	FY24-25	15,768	3.64	700	0.16	7,700	2.14
Future12	FY25-26	16,468	3.80	700	0.16	8,400	2.30
Future13	FY26-27	17,168	3.97	700	0.16	9,100	2.47
Future14	FY27-28	17,868	4.13	700	0.16	9,800	2.63
Future15	F289-29	18,568	4.29	700	0.16	10,500	2.79
Future16	FY29-30	19,268	4.45	700	0.16	11,200	2.95
Future17	FY30-31	19,968	4.61	700	0.16	11,900	3.11

Sewer System Improvements

A summary of Queen Creek's CIP for growth-related sewer projects is shown in Figure 15. At the top of the table is the projected cost per gallon for wastewater treatment capacity. Because Queen Creek shares a regional treatment facility, planned expansions must be coordinated with other jurisdictions and are currently scheduled to go online in 2018 and 2025. To ensure the Town does not run out of treatment capacity between 2018 and 2025, staff recommends expansion of Queen Creek's capacity by two MGD.

As shown in the lower portion of Figure 15, Queen Creek also plans to spend approximately \$13.94 million over the next ten years for collection system

improvements and implementation of a Reuse Plan (phase 1). Given the requirement in Arizona to replenish ground water with surface water supplies or reclaimed water, the total cost of the Reuse Plan is considered to be growth-related. Without recharge capacity, the Town will not be able to extract additional groundwater from future wells. The cost of collection system and reuse projects is \$7.04 per gallon of capacity.

Figure 15 - Sewer System Capital Improvements Plan

Greenfield Water Reclamation Plant Expansion

Estimated Capital Cost	\$20,000,000
Estimated Interest Cost	\$9,800,000
Additional Capacity (avg day gallons)	2,000,000
Cost per Gallon of Capacity	\$14.90

Wastewater Collection and Reuse

#	Description	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19	Five Years FY20-24	Total Over Ten Years
WW010	Power Rd & Ocotillo Lift Station (80% growth share)	\$1,080,000						\$1,080,000
WW009	Interceptor Sewer (Phases II & III)	\$734,560	\$700,000					\$1,434,560
WW015	Cloud Rd: Ellsworth to 220th St		\$680,000					\$680,000
WW025	Ocotillo Rd: 188th to Power	\$500,000						\$500,000
WW027	Cloud Rd: Signal Butte to 220th St		\$750,000					\$750,000
WW029	Signal Butte: Riggs to Cloud			\$500,000				\$500,000
WW034	Rittenhouse FCD Channel				\$2,000,000			\$2,000,000
RW001	Reuse Plan Phase I						\$7,000,000	\$7,000,000
Total		\$2,314,560	\$2,130,000	\$500,000	\$2,000,000	\$0	\$7,000,000	\$13,944,560
		Ten-Year Increase in Gallons of Wastewater Flow per Average Day =>						1,980,000
		Cost per Gallon of Capacity =>						\$7.04

Credit Evaluation

Projected principal and interest cost for wastewater treatment capacity will be paid from future sewer capacity charge revenue. New sewer customers will pay the entire growth share of debt service through the capacity charges. Because there is no double payment for the growth share of debt service, a revenue credit for sewer user charges (i.e. rate payments) is not applicable.

Projected Revenue from Sewer Capacity Charges

Figure 16 summarizes sewer capacity charge revenue and growth-related capital costs for the next ten years. Sewer capacity charges are expected to generate approximately \$35.57 million over the next ten years.

Estimated capital costs for growth-related sewer system improvements are approximately \$43.74 million over the next ten years. The projected deficit is due to surplus capacity in the wastewater treatment plant that will be offset by capacity charges collected beyond year 10.

The cash flow summary provides an indication of anticipated revenue from sewer capacity charges and planned expenditures necessary to accommodate new development. To the extent the rate of development either accelerates or slows down, there will be a corresponding change in the capacity charge revenue and timing of capital improvements.

Figure 16 – Ten-Year Revenue Projection

Ten-Year Growth-Related Costs for Water Infrastructure

GWRP Expansion (principal plus interest)	\$29,800,000
Wastewater Collection and Reuse	\$13,944,560
Total	\$43,744,560

<i>Fiscal Year</i>		<i>Sewer Capacity Charge \$5,082 per EDU</i>
Base	FY13-14	8,068
Year 1	FY14-15	8,768
Year 2	FY15-16	9,468
Year 3	FY16-17	10,168
Year 4	FY17-18	10,868
Year 5	FY18-19	11,568
Year 6	FY19-20	12,268
Year 7	FY20-21	12,968
Year 8	FY21-22	13,668
Year 9	FY22-23	14,368
Year 10	FY23-24	15,068
<i>Ten-Yr Increase</i>		7,000
Total Projected Revenue (rounded) =>		\$35,574,000

IMPLEMENTATION AND ADMINISTRATION

TischlerBise recommends that capacity charges be deposited in a separate interest bearing account. Also, the Town should prepare an annual report on capacity charge collections and expenditures similar to the accounting requirements for development fees. To ensure reasonable benefit to new utility customers that pay the one-time charges, TischlerBise recommends that capacity charges be spent within ten years of when they are collected, with the expenditures limited to growth-related system improvements in Queen Creek's CIP. It is not necessary to track charges on a project-specific basis. Rather, the common approach is to consider the first funds into the account as first funds out of the account.

Credits and Reimbursements

A general requirement that is common to capacity charges is the evaluation of credits. A revenue credit may be necessary to avoid potential double payment situations arising from one-time capacity charges plus the payment of other revenues that may also fund growth-related capital improvements. The determination of credits is dependent upon the methodology used in the cost analysis.

Policies and procedures related to site-specific credits or developer reimbursements will be addressed in the ordinance that establishes the capacity charges. Project-level improvements (required as part of the development approval process) are not eligible for credits against capacity charges. If a developer constructs a system improvement included in the capacity charges, it will be necessary to either reimburse the developer or provide a credit against the charges in the area benefiting from the system improvement. The latter option is more difficult to administer because it creates unique charges for specific geographic areas.

It is usually better for the Town to establish a reimbursement agreement with the developer that constructs a system improvement. The reimbursement agreement should be limited to a payback period of no more than ten years and the Town should not pay interest on the outstanding balance. The developer must provide sufficient documentation of the actual cost incurred for the system improvement. Queen Creek should only agree to pay the lesser of the actual construction cost or the estimated cost used in the capacity charge analysis. If the Town pays more than the cost used in the cost analysis, there will be insufficient capacity charge revenue. Reimbursement agreements should only obligate the Town to reimburse developers annually from charges collected in the benefiting area. Developers must accept the risk that the pace of development may decrease and there is no obligation of full reimbursement if actual capacity charge revenue is less than expected.

Site specific credits or developer reimbursements for one type of system improvement does not negate payment of charges for other system improvements. For example, construction of a large sewer line does not negate payment for treatment capacity.

APPENDIX A - DEMOGRAPHIC DATA

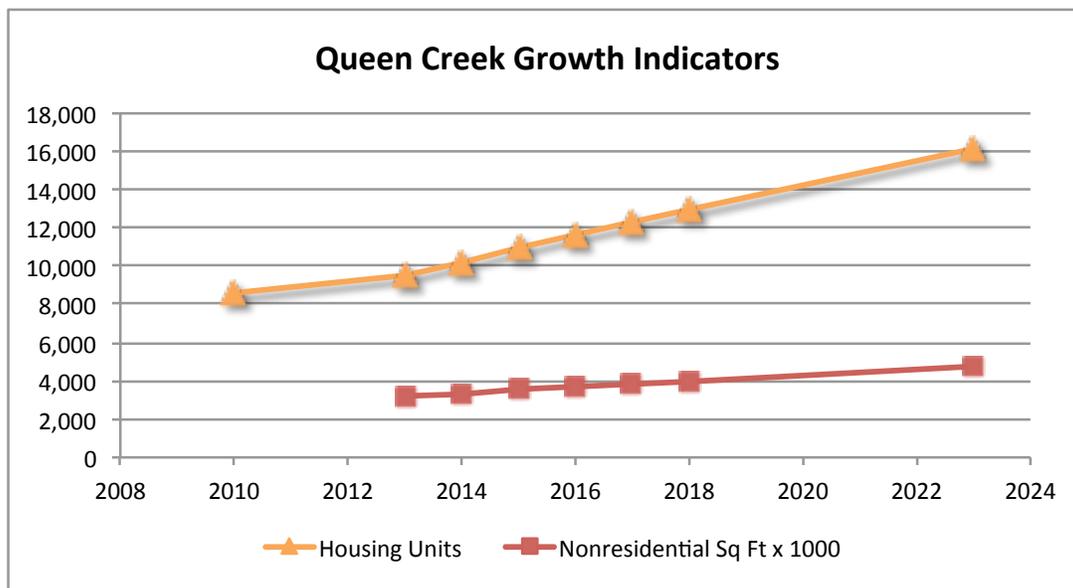
Although long-range projections are necessary for planning capital improvements, a shorter time frame of five years is critical for the analysis of capacity charges. Infrastructure costs are based on fiscal year 2013-14 data and the first projection year for the capital improvements plan is fiscal year 2014-15. The Town of Queen Creek fiscal year begins July 1st.

Key growth indicators for the Town of Queen Creek are summarized in Figure A1. For the water and sewer study, Queen Creek anticipates a housing growth rate averaging 7.3% per year between 2013 and 2018. Nonresidential floor area located in the Town of Queen Creek is projected to increase at an average rate of 4.7% per year from 2013 to 2018.

Figure A1 – Summary of Queen Creek Growth Indicators

Queen Creek, Arizona

Year	Cumulative		2013 to 2018 Average Annual		
	Housing Units	Nonresidential Sq Ft x 1000	Increase	Linear Growth Rate	
2010	8,557				
2013	9,473	3,211			
2014	10,173	3,363			
2015	10,903	3,515			
2016	11,603	3,667			
2017	12,263	3,819			
2018	12,913	3,971			
2023	16,083	4,731			
			Residential Units	688	7.3%
			Nonresidential Sq Ft x 1000	152	4.7%





Requesting Department:
Economic Development

TAB K

TO: HONORABLE MAYOR AND TOWN COUNCIL

THROUGH: JOHN KROSS, TOWN MANAGER

FROM: DOREEN COTT, ECONOMIC DEVELOPMENT DIRECTOR
KIM MOYERS, ECONOMIC DEVELOPMENT SPECIALIST

RE: DISCUSSION AND POSSIBLE DIRECTION FOR THE QUEEN CREEK INCUBATOR PROGRAM.

DATE: FEBRUARY 19, 2014

Staff Recommendation: Direction from Council at the retreat was to present options for Council consideration.

Proposed Motion:
Move to approve Option ____, direct staff to implement.

Discussion/Background:
At the Town Council Retreat in August 2013 there was a discussion on the Queen Creek Incubator. Staff was requested to present the program's mission and goals as well as the criteria used when entering into master agreements with new tenants and the metrics used to define the program's success.

To provide background on the program's evolution staff has outlined the process to date:

- December 16, 2009 - Town Council approved Resolution 817-09 authorizing the Economic Development Department to submit a grant application to the Arizona Department of Commerce (ADOC) to help fund a business incubator feasibility study.
- Staff applied and was awarded a \$10,000 matching grant from ADOC to conduct a feasibility study in the first quarter of 2010.
- Staff issued a Request for Services, with selection criteria determined with the assistance of the Incubator sub-committee comprised of members of the Economic Development Commission, for a consultant to conduct the feasibility study. Deane Foote Consulting was selected to perform the study.
- The consultant's analysis was completed in June 2010 and it was recommended for the Town to proceed with the planning of an office business incubator, convert

the former water company space (22713 S. Ellsworth) into an office business incubator and secure the Queen Creek Chamber of Commerce as an anchor tenant. Please note that staff did make an effort to sub-lease the space and/or terminate the lease early after the water company vacated the location but were unsuccessful in these attempts.

- Based on the consultant's recommendation staff began to proceed with plans for a business incubator. Staff conducted an incubator survey to all small and home based businesses in Queen Creek to determine their needs. Staff also toured several local business incubators and talked to numerous individuals throughout the Phoenix-Metro area to find best practices. Staff developed a two year pro-forma to determine the necessary pricing to make the incubator as "budget neutral" as possible.
- At the September 22, 2010 Economic Development Commission meeting staff presented the incubator study information and the Commission recommended to the Council that the staff move forward with finalizing the program budget, explore and apply for available grants and/or sponsorship opportunities, utilize funds from the Municipal Town Center fund if needed to support the program in the initial two year period and work to secure the Chamber of Commerce as an anchor tenant.
- At the November 17, 2010 the Town Council approved the Queen Creek Incubator Program to be implemented in the former water company location, securing the Chamber as an anchor tenant and partnering with My Brother's Office to work with staff to manage the day to day operations. Staff was directed to come back to the Council after the initial year of the program for evaluation and additional direction.
- February 2011 - QC Inc. celebrated its grand opening.
- On the November 2, 2011 staff provided an update on the incubator program and asked for Council's direction on the criteria for evaluating tenant applications. No changes were made to the criteria.
- On May 16, 2012 Council directed staff to continue the program as established and to evaluate new, potential locations including the Parks & Recreation building.
- On July 18, 2012 Council approved utilizing \$55,000 from the Town Center Municipal Fund for the improvements needed to transition the Queen Creek Incubator program to the vacant Parks & Recreation building.
- December 2012 – QC Inc. fully transitioned into the new location.
- August 2013 – At the Town Council retreat the incubator program was discussed and staff was directed to present an overview of the program and present options for Council consideration.

- January 22, 2014 – Staff presented an overview of the program to the Economic Development Commission, asked for feedback on improvements to the program, metrics to measure success and other potential incubator programs. The Commission recommended staying the course and evaluating a new strategic plan for the incubator program.

The program’s mission and goals were first established after the initial feasibility study indicated that an office style incubator would be successful in Queen Creek. The **Mission** of the program is to nurture the development of entrepreneurial companies, helping them grow during the start-up period, and for businesses ready to take the business to the next level.

The current **Goals** of the program are:

- assist individuals who want to start a new business
- help existing businesses to expand and grow
- increase the number of employees in the community
- create a collaborative work environment

The **Criteria** by which tenants applications for private office space are approved are:

- Company’s potential to increase the number of employees
- Company’s potential to increase sales and/or revenue
- Overall business plan (if a business plan is not complete or comprehensive, specialized training at QC Inc. will include the development of a business plan)
- Company’s potential to increase market share and their presence in Queen Creek

Since QC Inc’s inception in 2011 253 businesses have participated on some level, utilizing one or more of the program’s array of services (includes QC Inc. tenants as well as businesses that have participated in training sessions, meetings with SCORE and the Small Business Development Center). A full breakdown of tenants with master agreements as well as a breakdown of the number of training sessions and participants is included as Attachment A for your review.

In anticipation of this report staff solicited input from several of the current and past QC Inc. tenants and program participants. This information is provided for your review in Attachment B.

The program has been mostly “cost neutral” from revenue and out-of-pocket cost viewpoint (does not include fixed costs like depreciation, facility tenant improvements, etc.) Currently the budget to operate this program is \$55,000.

Over the past three years staff has attended several NBIA conferences, training and workshops to gain knowledge on the incubator industry. The foundation of QC Inc. and its evolution has taken into consideration the information obtained throughout life of the program including:

- Definition of an Incubator - incubator programs are a comprehensive business assistance program targeted to meet the needs of start-up and fledging

companies with the aim of helping them survive during their formative years and grow into sustainable firms that will create jobs and wealth in our communities. And while providing mentoring, consulting and training to these firms is critical to the definition of business incubation, most (but not all) incubators also provide space for young firms to collaborate and share equipment and services, as well as learn from each other, over the incubation period, which may run from one to five years.

Source: "Why Business Incubation Programs Succeed or Fail" NBIA White Paper Series

At the August Council retreat staff was directed to present options for the Council's consideration concerning the status of QC Inc. Staff has developed four options including a review of possible pros and cons associated with each option.

1. **Status Quo** – This option would allow QC Inc. to continue operating as it is today. Staff will continue to evolve the office style incubator and develop a new strategic plan to outline how the program will adapt with changing community conditions. This option was recommended by the Economic Development Commission at the January 22, 2014 meeting.

Pros

- Staffing and budget levels will remain consistent
- Chamber remains the anchor tenant as outlined in the current services agreement
- The "one stop shop" advantage to local small businesses remains intact

Cons

- Continued controversy and general public discussion about the program and its mission, goals and lack of clear criteria for leasing the facility.

2. **Discontinue QC Inc.** – This option would discontinue the program. Over the past 18 months the Town has experienced a significant increase in residential development as well as an increase in investor and developer interest in the community, which should result in additional office opportunities provided by the private sector. However, we are not yet seeing interest in speculative office space proposals as the overall regional market is still somewhat soft. Today, the town has an overall office vacancy rate of 24.9%, the majority of which are medical office not conducive with service-oriented office space. Given increase development activity in general and the impacts on town resources (staff time), the Town Manager's office would prefer the Council give ample consideration to this option so staff can concentrate its limited resources on the attraction, recruitment and retention aspects of our Economic Development program. Currently, about 17.5% of one staff member's time is attributed solely to this program. If this option is approved staff recommends a 6-month phasing out of the program to allow tenants to transition their operations to a new location. Additionally, we would recommend that during the phase-out period, staff work with existing tenants and the commercial brokerage community in an attempt to further the ease in transition to private sector office opportunities. We would also suggest that tenants, such as the Chamber and American Legion (two Town

partner agencies) be considered for either continued use of space at the existing facility or provided other options, which may result in a somewhat longer transition period for those two tenants and their operational needs.

Pros

- Allow staff to focus on other economic development initiatives such as business retention and implementation of the economic development strategic plan
- Free up space on municipal campus for other uses (i.e., new MCSO substation)
- Utilize Town Center funds for other opportunities

Cons

- Eliminate a small business tool for Queen Creek businesses including the “one stop shop”
- Affect on Chamber of Commerce Services Agreement
- Displace several tenants that have master agreements, and possible displacement of the Chamber of Commerce.
- Costs for tenant improvements if tenants or use is changed.

3. **Change focus of targeted business for Queen Creek’s Incubator Program –** This option would specify a targeted sector, i.e, high tech, kitchen, manufacturing or software development, for the incubator program. A new set of goals and objectives, including criteria for evaluating potential participants would need to be developed.

Pros

- A move from office oriented tenants to a more defined business or industry sector may provide clarity of the mission and alleviate subjectivity about criteria for new tenants
- Potential for higher paying jobs
- Potential partnership opportunities with other groups (restaurant, Communiversity, ASU Polytechnic)

Cons

- A new program focus may require different incubator space and improvements, elevating costs of the improvements for providing the space
- Staffing expenses for the program may increase due to the time needed to establish a new program
- Need to rebrand the incubator for the specific targeted sector resulting in additional costs and staff time
- A new feasibility study, leading to additional costs of a consultant, staffing and time, would need to be conducted to determine potential success of a new program and the targeted industry for Queen Creek.

4. **3rd Party Operator –** This option would give day to day control of the operations to a third party, possibly the Chamber of Commerce.

Pros

- Allow staff to focus on other economic development initiatives
- Full-time manager to handle all QC Inc. responsibilities
- Less government bureaucracy – the Town would only be in a landlord role not program manager role
- Develop specific and measurable goals to measure success

Cons

- Management fee
- Less Town control
- Change to the Chamber Services Agreement (assuming the Chamber has the capacity to accommodate this level of responsibility on their own)

Fiscal Impact:

True fiscal impacts for many of these options are unknown at this time. Changing the focus of the program to a different targeted sector may require different operating space that the Town may have to lease.

In the case of the 3rd party operator, staff would want to consider issuing a Request for Proposals (RFP) to determine the most appropriate 3rd party operator. Until this evaluation is complete, full cost data is not available. However, in some of our initial research of 3rd party operated incubators in Arizona programs cost approximately \$200,000 annually (inclusive of operating space).

Attachments:

- A.) A full breakdown of tenants and the number of training sessions and participants.
- B.) QC Inc. client/tenant input
- C.) Council Retreat Report (note pages 9-10 and 18 in regards to QC Inc.)

TENANTS

NAME	BUS NAME	TYPE	TYPE OF SERVICES	LICENSE	QC Inc. Tenancy
Adam Rieth	Adam C Rieth PLLC	Law Firm	Next level (office)	3493 In progress	4/12
Karen Berg	United Brokers Group	Realty	Expanded mbrship/uses Adams office when available	3446	6/11
Brian Jentzen	DAC	DAC	Next level (office)	No	2/11
Michael Carnes	Southeast Ledger	Southeast Ledger	Next level (office)	3060	7/12
Meghan Cassidy	Meghan Cassidy, LPC	Counseling	Next level (office)	3402	2/13
Pam Dean/Ed	Pathway Counseling	Counseling	Next level (office)	3387	2/13
Tom Carter Rita Cowdery	SolarWerks	Software Training	Next level (office)	360	2/13
Henry Jenkins	Micros & Business Solutions LLC	Software Training	Next level (office)	718	11/12
Dawson Alverson	Queen Creek Accounting	Accounting	Next level (office)	3459	2/13
Kimberlee Coleman	Economic Principals San Tan Mountain Property Mgmt	Realty Mgmt	Access & mail	3452	3/13
Steve Fisher	The Insurance Team	Insurance	Mail	3477	11/11
Scott Yee	Open Technology Development	Open Tech & Material Research	Mail	3488	4/11
Chris Benson	Estate Realty Mgmt	Realty	Access	3457 In progress	7/13
American Legion			Next level (office)	N/A	7/13
Larry Farris	Capital Group, LTD	Accounting	Next level (office)	Will be complete by 2/1	2/14

PAST TENANTS

NAME	BUS NAME	TYPE	TYPE OF SERVICES
Kim McCreary	At Home Solutions	Service	Next level
Scott Smith	Desert Winds Counseling	Counseling	Expanded Access Membership
Kimberly	Firehorse Solutions	Consulting	Expanded Access Membership
Mark Winsor	Mark Winsor, Attorney at Law	Attorney	Expanded Access Membership
Sandy Short	The Prospecting Group /Scrubs & More	Service/ wholesale	Next Level
Jeff Taylor	Champion Satellite	Sales	Front & Center (old facility offering)
Lucia Femi DanTaylor-Kip	Queen Creek Valley Taxi	Service	Access Membership
Scott Reeves	Sandigital	Consulting	Access Membership
Tori Shaw	Mary Kay Cosmetics	consulting	Access Membership
Marnee Nicholson	A Perfect Touch Services	Cleaning service	Mail Service
Lynn Freed			Access Membership

TRAINING/PARTICIPANTS

Training Attendance (estimated – tracking the first year was not as consistent as it has been since 7/12)	125-150
Small Business Development Center/SCORE clients	77
Walk-ins/phone calls (7/12 – current) All inquiries regarding QC Inc. as tracked by the office coordinator; excludes inquiries that are strictly Chamber related.	1450-1500

SMALL SAMPLING OF THE TYPE OF BUSINESSES QC INC IS ASSISTING

Handyman services-auto/truck maintenance shop–commercial graphics–
life coach – professional artist – engraving – wellness coach – fitness coach –
fashion designer – vitamins – yoga instructor – multi level marketing – daycare –
newspaper – health insurance – antique shop – online education – mobile service
–pools and spa – attorney – construction – mobile pressure washing – billing –
plastics technology

Queen Creek Counseling LLC

P.O. Box 1598, Queen Creek, AZ 85142
Ph: 480-258-2915 *F: 480-888-0231
E-mail: Pamela@tcsarizona.com



February 11, 2014

Kim Moyers
Economic Development Department
22350 S. Ellsworth Rd
Queen Creek, AZ 85142

Dear Kim,

I am writing to tell you how valuable the Queen Creek Incubator has been to my business. In December 2012 I was given notice of lease termination as of 1-31-13 and I was unable to locate built out, available office space within the Town limits. Some other tenants were forced to relocate to surrounding cities, but I did not want to do that since I live here, my children attend school here and this area is underserved. Thankfully you were able to accommodate my business and allow me the time to secure new office space in town.

As a counselor in a semi-rural area I draw business from all directions, and from as far away as Florence and Globe. The Incubator has allowed me to both remain in Queen Creek and avoid downsizing or renting offices in a haphazard way like I did when I first started my business. I truly appreciate the ability to maintain the high level of professionalism that I have worked so hard to attain.

Pamela Dean, MSW, LCSW

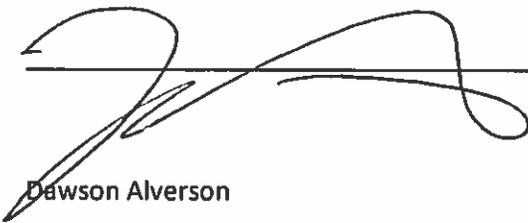
Queen Creek Counseling LLC

P.O. Box 1598

February 10th, 2014

Dear Town Council,

The incubator was a godsend last January when I lost my prior office due to the owner foreclosing. There is a real shortage of affordable office space in the QC area and the incubator provides a professional, attractive place at a price almost any small business can afford. I'll be taking my leave in a few months after the tax season, but I'm very thankful to the incubator and their wonderful staff for the time I've been able to spend here.



2/10/14

Dawson Alverson

Managing Partner

480-382-0801

Dawson@Queencreekaccounting.com



Queen Creek Accounting

22308 S. Ellsworth Rd.
Queen Creek, AZ 85142



Micros +Business Solutions, LLC
22308 S Ellsworth Rd
Queen Creek, AZ 85142
Tel: (480) 988-2503 Fax: (480) 406-6748

Web : www.Mobiztrng.com
Email: mbs@Mobiztrng.com

February 11, 2014

Ms. Kim Moyer
22350 S Ellsworth Road
Queen Creek, AZ 85142

Dear Kim,

This letter is a testimonial regarding the Queen Creek Incubator service and facilities.

I have been a member since November, 2012 and maintained an office through the year ended 2013. I continue to use the facilities, and location services.

I am a consultant-trainer in accounting, tax, and business software. I discovered the incubator program through visiting the local Chamber of Commerce.

I have found the services and location of the QC Incubator to be invaluable. First, it is a resource for my training classes, for meeting new clients, and associating with small business entrepreneurs. I have always found the facilities spotless, and reception services friendly and informative.

Further, as I am hearing impaired, QC Incubator provided for installation of my Captel Captioning Phone device. For the year 2014, I expect my client base to increase as a result of my association with the Queen Creek Incubator and execution of my business plan for the Queen Creek community.

In short, I feel as though I have a "friend in business" at the Queen Creek Incubator.

Respectfully,

A handwritten signature in black ink that reads "Henry W. Jenkins". The signature is written in a cursive, flowing style.

Henry W. Jenkins, MBA, CMA
Micros & Business Solutions, LLC



Kim Moyers <kim.moyers@queencreek.org>

Incubator Testimonial

1 message

Karen Berg <qckaren@gmail.com>
To: Kim Moyers <kim.moyers@queencreek.org>

Mon, Feb 10, 2014 at 8:15 AM

Hi Kim,

I just wanted to let you know, that as an Incubator member, I have thoroughly appreciated the opportunity provided. It has allowed me to keep business and clients in Queen Creek. My office prior was in Gilbert, and those business surrounding the office there benefitted from the traffic. The great majority of my buyers and sellers are in this area, and it is nice to be able to offer them a convenient place to meet me and my staff. Often we all have a meal at one of our local restaurants, and it is nice to show them some of our local fabulousness.

The Queen Creek Incubator is an amazing concept, and I have enjoyed participating.

All my best,

Karen

Karen Berg, Realtor, SFR

United Brokers Group

602-919-2375(cell)

888-215-0554(fax)

www.queencreekrealestatesite.com

The contents of this e-mail are private and confidential. To that end, if you believe you have received this e-mail in error please contact the sender, as it may be legally privileged.

Kim Moyers <kim.moyers@queencreek.org>

Americal Legion Post 129

1 message

Rick Wojtkun <biker4god2003@yahoo.com>

Tue, Feb 11, 2014 at 2:38 PM

Reply-To: Rick Wojtkun <biker4god2003@yahoo.com>To: "kim.moyers@queencreek.org" <kim.moyers@queencreek.org>

Our Post has grown over the past 8 months.

The opportunity that the Town Council has given us clearly has been a blessing. When we first took possession of our office in the Q.C. Inc, we had 6 attending members. Today we fill the room. [conference room]. We have taken the classes and instruction from S.C.O.R.E. and the SBA, were placed in contact with the SBA's non profit counselor, With the suggestions received from these two [2] valuable resources, we have been able to grow maturely as a Post. Although we do not have a building, yet, the possibilities are there. In July we appointed 2 new Officers, replacing the Vice Commander and the Financial Officer gave us the opportunity to move forward within the Legion. The former Vice Commander took a position within our Riders program, where he is a very valuable asset. The former Financial officer remained on our "E-Board" as a consultant. Some of the projects we were able to do from being within the INC, were, We were able to serve our First Responders. The Maricopa County Sheriff's department and our Firefighters from across the street were fed a hardy meal. we had our Local media, The Mayor, and other in attendance. Big Success.

In March of this year we will have another addition to our Post. Our Auxillary will be chartered and 12-15 ladies are interested in becoming part of this section of the American Legion. Some of their projects will be Community involvement, Homeless and of course our Veterans. Pam Wojtkun is presently working with Adam Robinson from Parks and Rec, on putting on a big promotion to help Queen Creek [small] businesses. The mom and pop businesses that are an intregal part of our community.

As the American Legion moves forward we are visiting the Queen Creek area high schools seeking boys and girls to attend Boy's State and Girls State. Programs that may or not be taught in our schools today which are governmental programs.

In October 2013 we had the opportunity to launch our Operation Wounded Warrior ride from behind the Incubator. Better that launching from a bar atmosphere. a total of 10 motorcycles and two [2] trucks left, Our Mayor Gail Barney and his granddaughter along with various police, fire and EMT's were on hand to see us off. In December we had a Christmas party hosted by the Legion at one of our officers home, this allowed us to have a "clean" non alcohol Christmas Party, We had so much fun, we did it again on New Years Eve. January we were asked to come to a Queen Creek event, We also have received as donations an 18 foot trailer fully wrapped for O.W.W., also a company from Tennessee built O.W.W., am guitar, for us to auction off or raffle off. It brings us to February, We as the Legion are looking to sponsor a children's athletic group. whether it be baseball, soccer, or whatever, Queen Creek American Legion Post 129 is growing and participating in community, and veterans programs.

As the Commander of this post, I feel welcomed as a veteran in my community, thru you. Thank you

in His service
Rick Wojtkun
biker4god2003@yahoo.com



SolarWerks

02-08-2014,

SolarWerks would like to thank the City of Queen Creek, specifically Kim Moyers and Jolynn Warner for the "Outstanding" support they have given us. Kim was instrumental at directing investors, start-up specialist and banks to us. These folks continue to assist our fledgling business to this day. Jolynn "the Queen Bee" of the Incubator coordinated many of the activities we needed to be successful. It's the big and little things that the QC Inc. continues to do for us. There has been nothing too hard or just plain "weird" that Kim and Jolynn has helped us through.

Much of our success can be directly attributed to the caring folks of Queen Creek and the QC Incubator. Because of them, it is our desire to stay and manufacture our products in Queen Creek.

Thank-you Again for your awesome assistance! Our Incubator is on the move and we are moving along with them!

Sincerely:

Thomas Carter III
CEO. President of SolarWerks



TOWN OF QUEEN CREEK

2013 Council Retreat

Francisco Grande Hotel & Golf Resort
Casa Grande, Arizona
August 16-17, 2013

Attendees:

Policy Makers

Gail Barney, Mayor
Dawn Oliphant, Vice Mayor
Craig Barnes, Council Member
Robin Benning, Council Member
Jeff Brown, Council Member
Julia Wheatley, Council Member
Jason Gad, Council Member

Staff

John Kross
Patrick Flynn
Doreen Cott
Tim Lynch

Facilitation and Summary: Lance Decker

INTRODUCTION AND BACKGROUND

The Town of Queen Creek Mayor and Council held their annual planning retreat on August 16 and 17, 2013 at the Francisco Grande Hotel in Casa Grande to discuss important issues germane to the Town's operation, management, and future. The following meeting summary represents the product of these discussions. Appendix A contains the working agenda for the meeting, and Appendix B is a summary of comments from pre-workshop interviews. Appendix C is a description of the discussion process that will be used to focus the topics.

MEETING OBJECTIVES

The objectives for the planning session:

- To discuss current issues affecting Queen Creek
- To identify the policy direction and priorities of policy makers
- To improve the Council's ability to work effectively as a team

OPENING EXERCISE

After an introduction to the meeting process model being used during the retreat, Lance asked participants to consider three questions as a starting point for discussions:

- What's changed in the past 12 months?
- What hopes and dreams do we share?
- What will make us a stronger team?

A spirited discussion followed, with the results being as follows:

1. What are some of the changes from the last 12 months?
 - Economy is better
 - Attention to infrastructure
 - Funding for non-profits
 - Development activity is up (so is the pressure from development)
 - Sales taxes are up
 - Community is at a strategic inflection point
2. What hopes and dreams do we share?
 - Sustainable community
 - Friendly atmosphere continues
 - Great community; that is, there is a resident happiness index (a metric)
 - Vibrant community
3. What will make the Council a stronger team?
 - Getting to know each other
 - Camaraderie

- Understanding individual dreams on an individual level
- Candid conversations – ability to speak on a professional level
- Council seems to have personal respect for each other
- Courtesy and respect for one another
- After a decision is made by the Council, there is solidarity of the Council (message to legislators for greater unity and the Council should be more visible amongst them)

PRE-MEETING INTERVIEWS

Prior to the August retreat, Town Council members were asked their opinions on various topics as part of telephone interviews. Below are the categories of topics that were identified as critical to the Council's discussions:

- Council Governance and Policy
- Staff and Council Support
- Fiscal Issues
- School Resource Officers
- The General Plan Amendments and 2015 Update
- Infrastructure Development and Improvements
- Horseshoe Park and Equestrian Center
- Incubator
- Housing Development
- Council Protocols
- Economic Development
- Annexation
- Signs
- Interaction with Non-profits

SUBSTANTIVE DISCUSSIONS

Horseshoe Park and Equestrian Centre (HPEC).

Prior to the retreat discussion the staff conducted research on the historical background of Horseshoe Park, what decisions prior Town councils had made concerning the Park, and other questions that were raised in the past by the Council. Staff presented this information, and then highlighted six possible alternatives the Council might consider in deciding the future of HPEC.

- Option 1: Status Quo
- Option 2: Close HPEC
- Option 3: Take HPEC to Next Level
- Option 4: Sell Facility
- Option 5: Third-Party Operator
- Option 6: Repurpose/Additional Purposing of the Facility

After lengthy discussions, the Council came to substantial agreement as follows:

Option 1: Status Quo: This option was generally not acceptable...something has to change.

Option 2: Close HPEC: This option was generally not acceptable; other options are better and the Town would still be saddled with the overall debt service.

Option 3: Take HPEC to the Next Level: This option was generally ranked 3rd among the alternatives. Action might include modifying by adding a temporary tent for a covered arena, and staff was asked to bring the Council more information on this option.

Option 4: Sell Facility: This option was generally not acceptable to the Council and didn't seem to be viable.

Option 5: Third-Party Operator: This option was generally ranked 1st among all the alternatives. Actions might include finding a company that would take the lead in cutting operating and management costs, expanding marketing and commercial opportunities for revenue, and still have a strong equestrian focus.

Option 6: Repurpose/Additional Purposing of the Facility: This option was generally ranked 2nd among all the alternatives. Actions might include changes to the services and programs being offered with non-equine events fostering new programs and activities. Staff was asked to provide more information on this option.

The objectives of any alternative for HPEC would be to continue as an economic development attraction and engine, make Queen Creek a destination point for regional events, reduce operating deficits, increase revenue, and increase use by appealing to a wider range of the Queen Creek population. The facility might include other recreational events or amenities like a pool/water park, yet not lose the equestrian community and heritage component. Other ideas/events mentioned by the Council for non-equine consideration included: monster truck, concerts, dances, a circus, and BMX.

Action Item:

Staff was asked to come back to Council with further investigation and exploration on the following three options – listed in order of preference.

1. Third-Party Operator
2. Repurpose/Additional Purposing of the Facility
3. Take HPEC to Next Level

Assessment of the HPEC discussion:

What did we do right? What worked?	What will we change the next time?
+ Communicated with each other + Shared perspectives; got better explanation of perspectives + Appreciated the staff work, history and financials + Civil to one another + Better understood each other's views	Δ Better adherence needed to 30-second soap box rule Δ Shorter answers by members are needed Δ Keep emotions in check

DISCUSSION OF THE CORPORATE STRATEGIC PLAN

The following portions of the Corporate Strategic Plan were presented by John Kross and discussed by the Mayor and Council.

KRA #3; Goal #2: Council Professional Development.

Consider joint meetings with similarly sized Towns to share common interests and learning opportunities.

<p>Action Items:</p> <ul style="list-style-type: none"> • Schedule joint meetings with Higley and Queen Creek Unified School Districts after January 2014. • Proceed with the joint meeting when a minimum of five Council Members can commit to attend. • Publish on the Council schedule, who is available to attend up to two additional meetings per year. • Staff to screen Council meeting requests more thoroughly; evaluating mission critical needs for members to be in attendance.
--

KRA#5, Goal 2: Financial Management/Internal Services and Sustainability; Continue progressive strategies to attract and retain high-performing staff.

The Council expressed their concern about losing qualified, valuable staff and suggested succession planning for key town positions including those vulnerable for loss. Bench strength needs to part of the planning process in critical departments. The Council asked the manager to consider how to retain qualified staff in a growing economy and assure Queen Creek continues to be competitive and avoid potential loss of talented staff.

<p>Action Item: Staff asked to develop a report on succession planning and key positions/people eligible for retirement within the next five years.</p>
--

KRA#6, Goal 1: Image/Identity; Implement strategies that incorporate the Town’s heritage and branding campaign, including attracting new and enhancing existing festivals, tourism, marketing, and strategic partnerships.

The Council discussed the possibly bringing back some community events. Community members are asking for more opportunities to get together as an entire community. This discussion may present itself during the budget development process next year.

Marketing the community more proactively to prospective residents, employers, such as professors at GCU was also discussed. Staff suggested amplifying our program, unleashing the talents of our staff and consensus of the Council was to take the program to the next level and bring back options for doing this at an upcoming Council meeting.

Action Item:

Staff was asked to develop a report and come back to the Council for direction on options for enhancing our community outreach and marketing program to the region, to encourage relocation, investment and general interest.

KRA#9, Goal 7: Public Safety; Update the Master Plan for Law Enforcement Services.

The Council discussed how, as Queen Creek grows; there may be a need for modern facilities for law enforcement. No specific action item was generated as a result, but staff was asked to determine how many calls service District 6 responds to that are outside of the Town limits.

DISCUSSION OF CRITICAL ISSUES

Council Governance and Protocols.

Several issues concerning governance and protocols were discussed.

1. The Council would like to support the Town in conducting policy outreach. It was suggested that staff might identify key policy issues the Council would promote in their interaction with the community and other elected officials. The staff might prepare talking points for the Council’s use, particularly as it relates to legislative issues of concern. These points would be simple summaries or two-line briefing statements providing information on the topic.

Action Item:

Item/issue of the week (or month) for Council in the Weekly Packet or Council Google Site. These issues may lead to talking points, which staff should develop.

2. Council discussed how the public might perceive them as they view the Council Meetings. Might there be ways to improve interaction while on the dais?

Action Item:

Engage Cary Pfeffer to attend and critique a couple of council meetings, evaluate individual member's verbal and non-verbal communication; Cary to provide a summary critique of each member for their continued professional development.

Stakeholders v. Special Interests.

During the working lunch the Mayor and Council discussed how to consider a stakeholder and whether all interested parties to an issue are truly stakeholders, versus those that may better be defined as a special interest. Council shared their perspectives. No follow-up or future action was directed at this time.

Agenda Management.

The Town Manager presented alternatives for adjusting the Council agendas to accommodate the 30+ policy/issue review items that need to be addressed over the next several months. Discussion included how to manage the Council committee reports to allow for more time for policy items.

Action Item:

The Council asked staff to bring them revisions to current practices that keep the two meetings per month starting at 5:30 p.m. A change would include allowing for the Regular Session to start at 5:30 p.m. along with Work-Study Session, and fitting in Executive Session, as needed either before or after the Regular Session agenda. Any public hearing items be identified and shown as a specific time on the agenda to alert the public adequately.

Council Committees.

The Council discussed the possibility of removing Council members from citizen advisory committees as a way to 1) allow more residents to serve, and 2) allow the committees' work to be done entirely by residents. Questions were raised about the role of staff and training. The general feeling of participants was to keep the status quo. No changes are anticipated.

Annexation Policy.

Staff provided a brief overview of the 2002 existing policy. Participants discussed the annexation consultant contract considered in January where the Council elected to not pursue the issue of further annexation evaluation and analysis. A discussion of how annexing the State Lands in the northern tier planning area of the community followed. Staff was asked to evaluate those next steps and update the Council on the plans to pursue a 208 Water Quality Plan amendment via CAG. Staff will be moving forward on the engineering study needed for that sewer territory evaluation this fiscal year.

Action Item:

Staff will review, analyze and determine the necessary logistics and steps to annex the State Lands located in the Town's northern planning area and bring a report back to the Council at an upcoming meeting.

General Plan Amendments Case Management Discussion.

Town Manager Kross introduced this topic as an outgrowth from last year's General Plan Amendments process. Council expressed concerns about the management of the cases during the last update process, and options for improved case management in the future was also discussed. No additional action was requested.

Open for Business: A discussion on the business of business and the perceptions of the Town.

An overview of the topic was presented by John Kross, including a staff report outlining issues and perceptions that members of the development community have about working in Queen Creek. Policy makers are asked to occasionally meet with developers and business owners. These meetings would be during initial discussions with these representatives to express and share the council member's vision and the vision of the Town to prospective investors. The common message is that the Town wants to raise the bar from a design perspective, and build lasting businesses and developments in general.

No further action required at this time.

Financing Growth of the Community: Fiscal Issues and the Budget.

A white paper was presented on the current status of the primary property tax revenues for the community. The primary property tax is dedicated to the entire public safety program but has seen a 37% decline in revenues due to the effects of the Great Recession and the devaluation of properties. The white paper suggested the Council consider moving to a floating rate and/or increasing the levy that would ultimately mitigate the amount of transfers from the General Fund to the Public Safety program. This change would allow the Council to manage that program based on a more stable revenue source such as property taxes, versus a less stable source, sales taxes.

Information was provided on the status and forecast for roads infrastructure. The Town Manager presented a 20-year chart aggregating all capital with operations and maintenance, while showing projected revenues over the same period. Significant gaps in the roads program are forecasted.

The parks development program was also identified as having changes to revenues based on a reduction of impact fees going into effect in August 2014. At that time, communities are not able to collect impact fees for any parks greater than 10-acres. Queen Creek has land banked for two larger community parks of 76 and 130 acres. An option for funding new parks through existing state law, via a district system, was presented. Council asked

the Manager to bring this issue back to Council for further discussion and analysis and add the parks district legislative changes to the Town's Legislative Agenda for next session.

Action Item:

Staff will bring a report to the Council on financing growth, with particular attention to public safety and roads options, including the property tax white paper findings at a future Council Work-Study session for further discussion. Council also requested staff to add the parks district to the Town's Legislative Agenda for future adoption by the Council this fall.

School Resources Officer (SRO).

The Town Manager presented the staff report/White Paper on the School Resource Officer program. The report identified trends nationally, regionally and locally. Options for Council's consideration were also provided. A spirited discussion followed and comments included:

- We need more data and crime statistics to show a cause or trends that warrant such a significant financial commitment by the Town.
- What changes in statistics (calls for service) occurred at Newell Barney Jr. High prior to and after the SRO left that school?
- The SRO is an issue of significant importance for the community.
- Public safety is the most important function government performs and the SRO is part of the public safety picture.
- For a small degree of resources v. the opportunity cost it is very reasonable.
- This is an issue of priorities.
- The SRO program is critical but it is unrealistic to expect full funding of the program community-wide.
- This program, while worthy, will still not prevent the deranged individual from doing harm.
- There is value in prevention, but proactive deterrence of the deranged shooter, not possible.
- We need direction from our law enforcement experts and should take their recommendations on placement and growth of the program before categorically jumping feet first in.

Action Item:

Schedule the SRO item for an upcoming Work-Study Session of the Council as discussion only. Invite MCSO/Capt. Brice and Queen Creek Schools Superintendent Tom Lindsey to be part of this meeting for input.

QC, Inc.

The Council discussed the current status and future of the QC, Inc. Incubator Program, and after a lengthy discussion, staff was asked to consider all the questions and comments, and schedule a more complete discussion at a future Work-Study session where program mission and goals can be developed along with criteria for evaluating success.

Action Item:

Council requested staff come back to them at a future Work-Study meeting with options on defining the mission/goal of the program and criteria for entering into leases at QC, Inc. Staff was directed to also provide the revenue and expenses financials for the program.

Interaction with Non-Profits: Policy Considerations.

Participants wrestled with the policy implications of funding non-profits from tax dollars. Key questions and comments that came from this discussion included:

- What is the role of local government in funding non-profits?
- Should there be a maximum dollar and/or percentage cap in place each year for consideration by the Council for funding (cash and in-kind) of non-profits?
- Might the Town establish a citizens committee to review non-profit proposals and make a recommendation for funding to the full Council?
- Could the Town's water/utility billing system be used to provide residents/customers with an independent option to directly fund non-profits of their choosing?

By the end of the discussion it appeared the Council agreed there may be some role in local government funding non-profits, but there was certainly no agreement on what that role might be, the conditions under which funding might occur, or the limits of funding.

Action Item:

Council requested staff develop a plan and process for Council discussion at a future Work-Study meeting (options only) for how to consider non-profit funding. Options to include a maximum aggregate dollar cap and possibly, a percentage cap, as appropriate.

PLANNING FOR ACTION

Action planning is a technique for creating concrete results from meetings. The first column describes the action or activity that must take place. Focus on deliverables like specific reports, outcomes from projects, decisions made, or actions completed.

The second column determines who, specifically by name, will make sure the action or deliverable gets done. They don't necessarily have to do the work themselves, but just need to be responsible for seeing it's done. Don't use titles, committees or "all of us" in this box... as a way of spreading responsibility. "When everyone is responsible... no one is responsible." When a person's name is in the box, they will feel personally responsible, and get the work done.

The third column is the delivery date. This should not be the date the activity will begin... or the date something will be in process. This should be the date when all work is completed, and the deliverable is submitted. This date should be when you can erase the action from the plan.

PLANNING FOR ACTION		
What needs to be done?	Who will do it?	By when will it be done?
Complete the draft meeting notes from the retreat and transmit to staff for further processing. Deliverable will be the report transmitted to John Kross, 9/15/13 via e-mail and uploaded to Council Google Site.	Lance Decker	8/26/13
HPEC. Provide a report to the Town Council highlighting the results of research as directed at the retreat; consider using a Third-Party Operator, taking the HPEC to the next level, repurposing/additional purposing the facility, or a hybrid of actions with recommendations.	Doreen Cott	12/4/13
Corporate Strategic Plan (KRA#3, G#2). Staff to prepare a memo to the Council that addresses the following: Develop system to assure improved council-to-council relationships with other cities and towns. Council members will attend or hold meetings over the next year. Have someone on staff coordinate the Council's calendar to support those meetings and interaction; set up a system to schedule council-to-council meetings. Each member will attend at least two meeting events annually. Staff to screen Council meeting requests more thoroughly; evaluating mission critical needs for members to be in attendance.	Tracy Corman	9/18/13
Corporate Strategic Plan (KRA#5, G2). Develop a report on succession planning for key positions within the Town's staff; retirements, positions vulnerable to loss, bench strength in critical departments, etc.	Bruce Gardner	11/20/13
Corporate Strategic Plan (KRA#6, G1). QC needs to elevate and enhance its image and knowledge of the community. Staff to develop options on a proposed marketing enhancement program and submit a report to Council.	Marnie Schubert	12/4/13
Council Governance and Protocols. Item/issue of the week (or month) for Council in the Weekly Packet or Council Google Site. These issues may lead to talking points, which staff should develop.	Tracy Corman	11/6/13
Corporate Strategic Plan (KRA#3, G1). Engage Cary Pfeffer to attend and critique a couple of Council meetings, evaluate individual member's verbal and non-verbal communication; Cary to provide a summary critique of each member for their continued professional development.	Cary Pfeffer	12/18/13

<p><u>Agenda Management.</u> Bring revisions to current practices that keep the two meetings per month starting at 5:30 p.m. A change would include allowing for the Regular Session to start at 5:30 p.m. along with Work-Study session, and fitting in Executive Session, as needed either before or after the Regular Session agenda. Any public hearing items be identified and shown as a specific time on the agenda to alert the public adequately.</p>	<p>Jennifer Robinson</p>	<p>1/15/14</p>
<p><u>Annexation Policy.</u> Staff will review, analyze and determine the necessary logistics and steps to annex the State Lands located in the Town’s northern planning area and bring a report back to the Council at an upcoming meeting.</p>	<p>Chris Anaradian</p>	<p>12/18/13</p>
<p><u>Financing Growth of the Community.</u> Bring a report to the Council on financing growth, with particular attention to public safety and roads options, including the property tax white paper findings at a future Council Work-Study session for further discussion. Council also requested staff to add the parks district to the Town’s Legislative Agenda for future adoption by the Council this fall.</p>	<p>Patrick Flynn</p>	<p>3/19/14</p>
<p><u>SRO.</u> Schedule the SRO item for an upcoming Work-Study session of the Council as a discussion-only item...no action anticipated. Invite MCSO/Capt. Brice and Queen Creek Schools Superintendent, Tom Lindsey to be part of this meeting for input.</p>	<p>John Kross</p>	<p>11/20/13</p>
<p><u>QC, Inc.</u> Staff to develop options on defining the mission/goal of the program and criteria for entering into leases at QC, Inc, and bring those options to the Council at a future meeting.</p>	<p>Doreen Cott</p>	<p>1/15/14</p>
<p><u>Interaction with Non-Profits.</u> Staff to develop a plan and process for Council discussion at a future Work-Study meeting (options only) for how to consider non-profit funding. Options to include a maximum aggregate dollar cap and possibly, a percentage cap, as appropriate.</p>	<p>Patrick Flynn</p>	<p>1/18/14</p>

APPENDIX A



TOWN OF QUEEN CREEK

2013 Council Retreat

Working Agenda

Francisco Grande Hotel & Golf Resort
Eagle's Nest Conference Room
Casa Grande, Arizona
August 16-17, 2013

POLICY DIRECTION AND PRIORITIES

Retreat Objectives:

- To discuss current issues affecting Queen Creek
- To identify the policy direction and priorities of policy makers
- To improve the Council's ability to work effectively as a team

Friday, August 16, 2013

- 8:00 a.m. Breakfast and Conversation (Eagle's Nest Conference Room)
- 9:00 a.m. Welcome and Opening Comments Gail Barney
Lance Decker
- Administrivia
 - Review of Retreat Agenda
 - Charter and Objectives for the Retreat
- 9:10 a.m. The 2013 Mayor/Council Team Mayor and Council
- What's changed in the past 12 months?
 - What hopes and dreams do we share?
 - What will make us a stronger team?
- 9:20 a.m. *Preparing for Discussions* Mayor and Council
- The Discussion Model: Question... Discussion... Concerns... Alternatives... Direction
 - What I learned in my pre-retreat interviews.
 - Reaction to the interview presentation?
- 9:30 a.m. Staff Reports on Horseshoe Park and Equestrian Center (HPEC) [TAB 2] John Kross
Staff
- 10:15 a.m. Break
- 10:30 a.m. Initial Questions by Policy Makers (no answers yet!) Mayor and Council
- 11:15 a.m. Initial Comments by Policy Makers Mayor and Council
- 11:30 a.m. Responses to Policy Maker Questions John Kross, Staff

12:00 p.m.	Lunch (Eagle’s Nest Conference Room)	All
12:45 p.m.	Discussion of HPEC and Options	Mayor and Council
2:30 p.m.	Break	
2:45 p.m.	What direction is most appropriate? What instructions will we give our staff? What actions will we take? What objectives do we want to achieve?	Mayor and Council
4:00 p.m.	Plus / Delta Evaluation of the Day	Mayor and Council
4:20 p.m.	Wrap-Up <ul style="list-style-type: none"> • Session Summary • Observer Comments • Meeting Evaluation & Closing Remarks 	Mayor and Council
4:30 p.m.	Recess until Dinner (6:00 pm)	
6:00 p.m.	Dinner and Conversation (Eagle’s Nest Conference Room)	Mayor and Council
6:30 p.m.	Final wrap-up regarding HPEC	Mayor and Council
7:15 p.m.	Saturday’s Agenda: What’s planned? What should be changed?	Mayor and Council
7:30 p.m.	Recess until 8:00 am, Saturday	

Saturday, August 17, 2013

7:30 a.m.	Breakfast and Conversation	
8:00 am.	Reflections from Friday Evening	Mayor and Council
8:10 am.	Discussion Topics <ul style="list-style-type: none"> • The Corporate Strategic Plan [TAB 3] • Council governance • Agenda Management (i.e., making time for future policy items). [TAB 4] • Council committees / Council representation [TAB 5] 	Mayor and Council
9:15 am.	Break	
9:30 am.	Discussion Topics (continued) <ul style="list-style-type: none"> • Economic Development and Land Use considerations <ul style="list-style-type: none"> ○ Annexation Policy [TAB 6] ○ Discussion on how the Council wants General Plan Amendments cases to be managed, information provided (a follow-up from annual evaluation). ○ What does “Open for Business” Mean? A discussion of the business of business, perceptions of Town and strategies for the future. [TAB 7] • Financing the growth of the community; fiscal issues and the budget <ul style="list-style-type: none"> ○ How do we pay for growth in core programs and infrastructure? (e.g. public safety; critical employment infrastructure in northern tier of planning area?) [TAB 8] ○ How do we pay for growth in non-essential, but valued amenities like new parks? 	Mayor and Council

- Legislation needed for consideration of funding for parks (e.g., Districts)

Lunch (Eagle's Nest Conference Room)

Discussion Topics (continued)

Mayor and Council

- School Resource Officers: Town / School relationships [TAB 9]
- QC, Inc.
- Interaction with nonprofits: consideration of a policy? [TAB 10]

2:00 p.m. Break

2:15 p.m. Planning for Action

Mayor and Council

- Discussion on deliverables, expectations for reporting progress on items from the annual Council retreat
- Who does what by when?
- Discussion/overview of Resources for Council (Google Sites). [TAB 11]
- Future Council retreat dates? (January instead of August?)

3:30 p.m. Wrap-Up

Mayor and Council

- Session Summary
- Observer Comments
- Meeting Evaluation & Closing Remarks

4:00 p.m. Adjourn

General Reference Material

- 2012 Retreat Summary Report [TAB 12]
- Town of Queen Creek – 2012 Organizational Accomplishments [TAB 12]
- Economic Development Strategic Plan 2012-2015 [TAB 12]
- 2012 Citizen Survey – Conclusions & Recommendations [TAB 12]
- Economic Impact Analysis (HPEC, Barney Family Sports Complex, Olive Mill, Schnepf Farms) [TAB 12]
- Biographical Information for Lance Decker, LL Decker & Associates, Inc. [TAB 12]

Notes Form [TAB 13]

APPENDIX B

TOWN OF QUEEN CREEK 2013 MAYOR & COUNCIL RETREAT ISSUE SUMMARY

The following is a summary of topics, questions and issues obtained from interviews with the Mayor and City Council members prior to the August 16, 2013 Council Planning Retreat.

Council Governance and Policy

- We're doing okay but need to make good policy for the Town's future. Not just what's good right now, but what's good for our kids and our grandkids.
- Making decisions from the "heart" or because your conscience drives you to do so is no substitute for analysis of the issues and doing what's best for the entire community. Philosophy is only one part of the decision-making process.
- There's a lot at stake in being an elected official, and every one of us needs to take the job seriously.
- I'm trying to get more involved in legislative policy. I have a few good connections within the legislature and could help move the Town's agenda

Staff and Council Support

- The staff is very good about keeping the Council informed, but the Council members must be willing to read the info, ask questions in advance of the meeting, and be prepared to make a decision that is supportive of the community.
- We've got John and the staff to help guide the Town, and the decisions we make today can and will make a difference in our future.
- Staff could prepare the "Reader's Digest" version of their reports and if a Council member wants more info they could go to John or Patrick.
- Criticism that we don't get enough information about issues is just a smoke screen for not doing homework in advance of the decision. John and the staff will give you enough information to make your eyeballs roll to the back of your head if you want it.
- Ongoing transparency of the Town with constituents; staff does a great job of serving residents; they normally ahead of the curve even before I get a question.

Fiscal Issues

- We need to get through the next budget cycle in a positive way.
- I'd like to see us invest some money in the future and catch up with some capital items that we've put off since the recession began.
- The Council needs to give more respect to the Budget Committee that supports the Council. Council should read the reports and do more homework on questions about the budget before the Council meeting to approve it.
- Strategic investments. The budget is important. We're ready to start taking action to benefit from the recovery, but at the same time not fall back into practices of the past that we don't want to repeat. It's a great time to refocus on long-term strategic impact.

- Capital improvements are needed. Purchases of land that might be acquired as an investment.
- Investments in future items that are priced well or positioned to advance our strategic direction.
- How would adding rooftops affect QC?

School Resource Officers

- Partnerships with the schools are good. Resource officers at the high school are probably a good idea, but why does QC bear the burden? Many students who attend don't even live within the town. What benefits come to the Town from these officers?
- Is there really a problem? The school district that owns the issues should figure out how to cover the cost. Why should we feel obligated to pay for the officers?
- The school district override didn't go through so the district is having to make some cuts.
- School/Town relationships and cooperation is on the uptick with a new superintendent and John meeting monthly. We need good communication with the District.
- I'm not sure how to handle the request that the Town pay for the school resource officer for the schools.
- Public safety issues revolve around school resource officers.

The General Plan Amendments and 2015 Update

- General Plan amendments are going to be asking to increase densities.
- Council isn't aligned on how to consider General Plan amendments. What's the policy? Are we making QC a bedroom community? Do the impact fees cover the real costs of development?
- What's the benefit of increased density verses a change in basic character of QC? It's a big picture item for the Council.
- Cultural identity is a question.
- What's the vision of QC? Growth? Increased density? Retaining jobs and employment areas?
- Are we willing to change to a bedroom community? Do we embrace a new vision or stick to a historical view? And, how should be set policy on these matters?
- Landowners want to change employment areas to housing. This has created a stir within the Council, which is divided over the issue.
- My concern is that if we reduce the land available for jobs we won't be making good long-term policy.
- General Plan and land use issues. This year it's going to be tough with 6 General Plan amendments almost didn't even get approved to even consider.
- None of us are excited about what's being presented, but it's a democratic process that the Town needs to go through to let people have their day to present their case.

Infrastructure Development and Improvements

- Development needs to pay for itself.
- I'm tired of people who want more service, better schools, faster response, more parks, but don't see how taxes are the way these things are paid for. Want more service? Better service? They cost money, and that means taxes and fees.

- Bike lanes, trails and open spaces need our attention. Connectivity between different paths and a map showing how to use these trails would be helpful.

Horseshoe Park and Equestrian Center

- HPEC is like a house that was built too big. Now that we're into the deal, we can't just sell it, or put it in mothballs.
- HPEC needs to be resolved, and if not full agreement, then we must agree to disagree. But when we walk away from the table on Friday night we need to have agreement on how to proceed. I'm really looking forward to the Friday discussion of HPEC.
- This is a new park and will require patience while it's being developed.
- I don't even want to be in the room when we discuss HPEC. We've discussed it and discussed it, and I thought we had the issue put to bed.
- We probably need to rip the park (HPEC) apart before we put it back together. Maybe Doreen should be part of the discussion, but not Tim. The Park is his baby and there are things that need to be said that may offend Tim. He's put his heart into making it work.
- HPEC is on the agenda. We need to come to consensus or if not put some metrics into the mix so that we'll know what we're doing on this issue.
- With HPEC the topics I'd like to address include 1) a list of CIP, 2) equipment purchases, 3) multiple year maintenance schedules with costs.
- I love the park but probably wouldn't have voted for it had I been on the Council when it was approved.
- We can't just close it up because it's like having a house that's underwater. If we sell it, we still have to pay the gap between what we owe and what we've sold it for.

Incubator

- The Queen Creek Incubator is an issue. Because of the process we went through to consider support for non-profits, I felt backed into a corner to vote to approve the American Legion proposal. An alternative went through the Budget Committee and didn't get full discussion.
- I didn't think the mission of the Incubator was to solve the American Legion problem, but to support business development and bring new jobs to QC.
- I know that staff was trying to be helpful by offering the Incubator as an alternative to the Legion, but it set a bad precedent.
- Is the Incubator viable? Is it currently successful? <Example: At Home Solutions company.>
- Over half of the Incubator was dedicated to At Home Solutions, but the company didn't generate any tax revenue, and brought in nothing for the town.
- What is the mission of the Incubator? What are the specific goals and objectives? What metrics are we using to gauge success?

Housing Development

- CFD's are ways to levy taxes on future property owners to pay for today's development. The CFD keeps the price lower for the current buyer, and shifts the tax burden to the future.
- Developers are now proposing QC set up community facilities districts (CFD's) to pay

for roads, parks, water and sewer, and other amenities.

- In 5 or 10 years when the people who live here want to know why they're paying more taxes than their friends across town, it will be future Councils that have to explain how CFD's work.
- In the end, the Town gets to levy the tax and wear the black hat.
- Community Facilities Districts are ways to avoid paying impact fees up front, and shifting them to the future. This is a problem and no one seems to recognize how it really works.

Council Protocols

- We must put our best foot forward for QC as elected officials. How we look...how we speak...how we behave while in the public eye are all important.
- We have unique personalities serving on this Council.
- I'd like us to remember that when we communicate with the public it's often not so much the message but rather the way we deliver the message that makes the difference in public reaction.
- We're doing some 360-degree evaluations with Council members.
- I sense that individual personal philosophies may get in the way of our communication.
- Election season is approaching and political posturing might negatively affect a productive Council team engagement. The best long-term interests of the Town should be our only objective.
- When we discuss tough issues and set a direction on an item, we need to pursue it as a group. Specific, detailed action items that will get something done. Not just agree to study it.
- Need to have a discussion about being accountable to each other for Council decisions. If we, as a group, decide to take some action...even if we don't fully agree with the direction, we must support the decision and not undermine the decision with the public.
- It's hard to explain to our constituents why the Council doesn't decide the way they want on an issue. Can we help Council members find ways to promote constituent understanding when a vote doesn't go their way?
- When considering competitive grants, everyone competing must follow the same rules. We need to discuss time lines and fairness as a component of the competition.
- The budget cycle, Council cohesion, rules/policies should be discussed, agreed to, clearly understood, and then followed.
- How can we make the Council stronger as a cohesive group?
- Are there ways to help Council members who feel they're on the outside of decisions?
- Part of the problem is managing community expectations. How does staff contribute to that? How does the Council manage expectations?
- I look forward to these retreats because they give us the opportunity to talk with each other and to hear what's really on our minds. It's easy to obscure true feelings when it's just one-on-one, but in the group...you'll get called out if your statements don't line up.

Economic Development

- We have a huge neighbor (San Tan) that is not incorporated, thus no restrictions or standards for developing businesses. If we don't embrace an "open for business"

standard, we'll be jumped over for business development.

- I want to see the movie theater we discussed in the past get built, and a hotel constructed within the Town limits of QC
- Residential permits are skyrocketing.
- We have some opportunities and pitfalls: Everyone on Council will say that QC is "open for business" but we're seeing policies that don't appear to support this statement.
- What does "open for business" mean? More staff working on attracting business? How about incentives? What else might the Town do to attract business?
- Back to square-one with the 20 acres. We got a proposal for a theater, but didn't work out. Then we got two theaters; one is a Harkin's.
- The issue of picking "winners" and "losers" in making policy. Non-profits? Private businesses?

Annexation

- Annexation is an issue. It was on my mind last year but we didn't get any action on it. Annexation has the same issues as those we face in the general plan... what about the public cost of annexation? How do we address the addition of existing property without development fees?

Signs

- Signage is still hot.
- Sign ordinances are lightning rods around here. Things are heating up. Council has discussed this issue over the past 6 years.
- Signage issues are created some controversy. There's a spectrum that we need to consider, so what are the ends of the spectrum, and where could we all agree to live on this continuum?
- Signs and signage; how is QC "open for business" when we aren't allowing for bigger signs?

Interaction with Nonprofits

- Funding of the QC Chamber of Commerce is an issue, but may be premature to discuss at this time.
- Balanced funding of non-profit groups.

APPENDIX C

THE ISSUE DEVELOPMENT PROCESS

A standard part of the LL DECKER & ASSOCIATES facilitation model is the Issue Development Process. Participants are asked to follow this five-step process in developing answers to key questions. I've found that this discussion process assures all have a voice ... and no one dominates the conversation, so I insist that participants learn and use this technique as part of the retreat.

Driving Question - One person with a good understanding of the topic is asked to describe, in two minutes or less, "everything we need to know" about the subject. During this first step, the speaker introduces us to the issue, illustrates why this issue needs attention, gives the group an initial starting position for discussion, and provides an initial direction for resolution.

Discussion - Participants are asked, "Who has a different position than the one just suggested?" With that, others who may hold opinions about the topic can provide alternative points of view as to what is "at issue" and the kinds of actions that might advance the organization or resolve the controversy. At this point no debate occurs... just presentation of opinions about the topic and direction that might be appropriate. Participants are also asked to keep their comments to 30 seconds or less... termed a "thirty-second soapbox."

Questions and Concerns - When all participants have had an opportunity to describe the issues in their own terms, then a second round of discussion can occur that focuses on questions and concerns. Having listened to the differing opinions surrounding the topic or issues, participants are encouraged to raise questions and identify any concerns they may have about the recommendations presented by others. Again, debate is not an appropriate format at this point. Participants simply state their questions about what has been said, and listen to the answers. The intention is to direct questions and concerns toward the issue...not at each other.

Alternatives - Once all participants have had an opportunity to speak, the group is challenged to summarize what they heard and propose any alternatives that have not yet been suggested. Hopefully, through this process, new ideas and different possible solutions may have come to light that can overcome concerns and help the group reach a better recommendation. Again, individual debate...pro/con... is not appropriate. Simply state the preferred alternative and the benefits generated by that alternative. It is unnecessary to disparage the recommendations or suggestions of others.

Possible Actions - NOW, IT'S TIME TO DEBATE! When stating why one alternative is better than another, avoid comments that would be overly contentious, personally directed or unnecessarily provocative. Personal attacks directed toward the wisdom of another participant's suggestion are not productive to the decision, extend/delay decisions, and are discouraged. The group is challenged to mix and match features of the various recommendations; by doing so they may find better ways to resolve the issues and improve the relative position of all interests.

Summary - Keep in mind the fundamental questions, 1) "What actions will we agree to collectively take... or decisions might we collectively make... to resolve the controversy or

address the topic?” and 2) “What direction and actions will the immediate group and other stakeholder interests collectively support?”

Using this Issue Development Process, the group generated information, recommendations and direction. As with all retreats, no final decisions were reached during the meeting; tentative suggestions by the group are subject to reconsideration and additional discussions, considerations and actions at a later time.



Requesting Department:
Town Manager's Office,
Workforce & Technology
Department

TAB L

TO: HONORABLE MAYOR AND TOWN COUNCIL

THROUGH: JOHN KROSS, TOWN MANAGER

FROM: BRUCE GARDNER, WORKFORCE & TECHNOLOGY DIRECTOR

**RE: DISCUSSION AND POSSIBLE ACTION ON CLASSIFICATION
AND COMPENSATION STUDY RESULTS**

DATE: February 19, 2014

Staff Recommendation: Approval of recommended changes as described in this report.

Relevant Council Goal(s)

KRA-5, Goal 2 – Continue progressive strategies to attract and retain high-performing staff.

KRA-5, Goal 3 – Complete a comprehensive review of the Town's classification and compensation system. Develop a new staffing model for future growth.

Proposed Motion:

Approval of recommended changes to job descriptions, including reassignments, title changes, reclassifications, and/or creation of new job descriptions and new salary structure as referenced in attachment "A" of the staff report; implement increases based on the cost to maintain the same relative position in the proposed range; and, implement pay adjustments to Sworn Fire staff based on their respective years of service in their current position to eliminate compression.

Discussion:

The evolution of the Town's classification and compensation system began in the 1990s when, after contracting with Public Sector Consultants, new job descriptions were established and the beginnings of the Town's classification and compensation structure was developed. During the 80s and 90s, compensation

in the government sector was based on consistent increases that comprised of annual Cost of Living Adjustment (COLAs) (anywhere from 2-4%) and step increases, usually 5%. New employees were hired at the minimum of the range and over a period of six to eight years, the employee would move through the range based on performance until he/she reached the maximum. Around the year 2000, municipalities in Arizona began to change how increases were given due to the economic slump as a consequence of the .Com bubble and 9/11. No longer were COLAs automatically awarded, in some cases step increases were decreased or not given at all. As the economy slowly recovered, municipalities began to utilize other compensable practices of identifying market and economic indicators (such as the consumer price index and/or all inclusive compensation studies of comparable organizations) in order to provide conservative but competitive compensation structure. Many organizations then began to eliminate extra compensation, such as longevity pay (bonuses provided to staff based on tenure, sick leave payouts at retirement, and providing retiree health insurance to name a few (Note: Queen Creek has never had longevity pay or retiree health insurance as a benefit). In addition, municipalities began to utilize pay-for-performance and merit measures where an increase is directly tied to the employee's performance evaluation for the year rather than the step increases automatically granted in the past.

The hyper growth in the early to mid 2000s made it necessary for the Town to undertake a comprehensive compensation and classification study. The study, which was completed by Fox Lawson and Associates (FLA) in 2005, was built for an organization that should have reached 500 employees within a 10-year timeframe (2016) and included several layers of supervision to accommodate an increasing level of complexity in delivering public service.

As the Great Recession took hold, and growth became stagnated, our organization was restructured and the Town was never able to fully benefit from the new system. Since the implementation, there have been new and significant services added to the Town, most notably the Water Utility and Fire/EMS. To effectively manage the added services, a corresponding number of new employees were hired. The Great Recession caused the Town to drastically reduce its workforce and collapse several departments including Public Works, Transportation, Communications and Marketing, and Parks and Recreation. The reduction in force had a significant impact on the organization and the remaining employees. The Town Manager deemed it necessary to flatten the organization and to eliminate several levels of supervision. As a result, responsibilities were re-distributed and absorbed by the remaining employees thereby increasing work load and enlarging range of duties and responsibilities.

Owing to the fact we are now a completely different organization, the current classification system no longer serves our needs. It does not meet the current realities of the economy, the Town's new business model and the Town's goal of maintaining the organization's competitiveness for a quality workforce; hence, a

re-evaluation of our salary and compensation strategy. Because of their prior work on the current system and the performance management system, plus the fact they recently conducted studies with the Town of Gilbert and City of Tolleson, Fox Lawson and Associates (FLA) was chosen to complete the study. Evaluating the current and future needs of the organization in regards to classifications, FLA was able to utilize their proprietary job evaluation system to judge the relative importance of our positions in a consistent, fair, and legal process. Additionally, Town staff remains very familiar with the FLA job evaluation system eliminating any learning curve if recommendations are approved and implemented. This past year, the Town of Gilbert, City of Scottsdale, City of Tolleson, Town of Marana and City of Phoenix have completed similar studies as this request. The City of Apache Junction and Town of Buckeye are currently exploring a similar project as well.

Results of the Study

In the January 15th packet, the Town Council was provided a comprehensive report with corresponding findings of the study. Additionally, Bruce Lawson, Principal at FLA, provided an in-depth review of the findings during the meeting. The classification and compensation study final results will work in conjunction with the Town's current performance management process, which remains an effective tool of identifying optimal employee performance. In review of the results of the study, implementation of the recommended options would assist in several goals:

- Provide the Town a template to ensure that salary ranges are based on the importance and value of each classification to the organization and our marketplace;
- Assist in attracting a high-performing workforce by offering salaries that are competitive in the market and be used as a recruitment tool to fill positions as efficiently as possible;
- Improve employee retention through offering competitive actual salaries based on current market conditions and at the appropriate job rates, align the employee's job structure with critical needs to be performed (job enlargement), and motivate employees to develop desired skills and by rewarding performance; moving employees to market based adjustments ensures that the Town of Queen Creek does not become a training ground for other agencies; and,
- Create a flexible compensation and classification plan which changes with the Town's dynamic needs due to internal and external forces without having to completely and immediately redesign the plan to meet those needs.

Study Findings and Staff Recommendations

1. After a review of over 100 position description questionnaires (PDQs), 72% of the PDQs were consistent with the current job descriptions. Approximately 30 of the PDQs, or remaining 28%, need to be evaluated further for reassignment, reclassification, or creation of a new job description altogether. Human Resources have been working on these changes for finalization.

Recommendation: approve all recommended changes to job descriptions, including reassignments, title changes, reclassifications, and/or creation of new job descriptions.

2. A new pay structure is recommended that includes an approximate overall 7% increase to the salary range structure. Attachment A lists all of the recommended job titles by each respective new salary range. The effective date for this and all other changes, would be next fiscal year.

Recommendation: approve the new salary range structure Attachment A.

3. The majority of actual salaries of current Town staff were found to be potentially misaligned (10-15%) with the defined labor market. It is not surprising that employees have not moved through their respective range due to the restrictions of the economy which limited growth and resulted in reduced salary increments. In 2008 and 2009, the merit program was cut in half and the following three years, no merit was provided until the program was restored this fiscal year. Additionally, during these five years, Town employees had their workweek hours reduced and a commensurate cut in salary by 6.25%. This is not to say that other organizations did not take similar measures; however, no other organization was required to take as deep of cuts for the same period of time in both salary and staff across the board as Queen Creek which placed the Town behind the market. The recommendation is to move employees that have an increase in range to move proportionate in the new range.

Recommendation: implement increases based on the cost to maintain the same relative position in the proposed range. For example, if Employee A is at the minimum salary of the current range, Employee A moves to the proposed minimum salary of the new range. If Employee B is at the midpoint of the current range, Employee B moves to the proposed midpoint to maintain relative position. If Employee C is 15% above the midpoint of the current range, Employee C moves to 15% above the proposed midpoint to maintain relative position.

4. Compression was identified in the Fire Department. The salaries of firefighters, engineers and captains hired and/or promoted during this five year period are compressed against more tenured fire employees due to limited salary increments.

Recommendation: implement pay adjustments to Sworn Fire staff based on their respective years of service in their current position to eliminate compression.

5. Current pay-for-performance (merit pay) policies were found to be consistent with the market.

No recommended changes necessary.

6. Benefit and leave provisions were found to be consistent with the market.

No recommended changes necessary.

Fiscal Impact:

To implement all of the staff recommendations, it would be an annualized cost of \$1,050,000, which includes approximately 22% for retirement, social security and other fringe costs. The average increase of these recommendations would be 7.3%, which is consistent with the recommended overall increase in salary range structure.

Alternatives:

Alternative A is to provide an increase to employees whose rates of pay fall below the midpoint of the proposed salary range in an effort to bring them closer to, but not exceed the midpoint of the new pay range. No increases would be implemented to employees whose rates of pay are at or above the proposed range midpoint. Additionally, any new employee hired since January 1, 2013 will not receive an increase unless they fall below the minimum of the new range. This alternative would cost approximately \$720,000, inclusive of retirement, social security and fringes. The average increase of this recommendation would be 5.6%. This alternative also includes approval of the other recommendations, including the Fire Department's staff compression recommendations.

Alternative B is to spread the cost of either of the recommendations over a two-year period; however, as indicated within the Fox Lawson and Associates report, any spreading of cost will place the Town immediately behind the second year. If this alternative is selected, then it is recommended that 70% of the cost be implemented the first year and 30% of year two. For the staff recommendation, year one costs would be \$735,000 and for year two \$315,000. For Alternative A, year one costs would be \$504,000 and for year two \$216,000.

Attachments:

- A. Job Title and Salary Range Table
- B. Executive Summary of the Fox Lawson Study

Attachment A
Job Title and Salary Range Table
Effective July 1, 2014

**Town of Queen Creek
Job Title and Salary Range Table**

JOB TITLE	Range Code	Minimum	Midpoint	Maximum
ADMINISTRATIVE & TECHNICAL				
ADMINISTRATIVE ASSISTANT	A12	\$28,198	\$33,390	\$39,537
MAINTENANCE & OPERATIONS ASSIS	A12	\$28,194	\$33,390	\$39,537
CUSTOMER SERVICE REP	B21	\$35,269	\$42,322	\$49,376
DEVELOPMENT SERVICES COORDINATOR	B21	\$35,269	\$42,322	\$49,376
MAINTENANCE & OPERATIONS TECH	B21	\$35,269	\$42,322	\$49,376
FINANCIAL SERVICES SPECIALIST	B22	\$37,750	\$45,300	\$52,850
PARK RANGER	B22	\$37,750	\$45,300	\$52,850
PERMIT TECHNICIAN	B22	\$37,750	\$45,300	\$52,850
PLANNING ASSISTANT	B22	\$37,750	\$45,300	\$52,850
SR. ADMINISTRATIVE ASSISTANT	B22	\$37,750	\$45,300	\$52,850
SR. MAINTENANCE & OPER. TECH	B22	\$37,750	\$45,300	\$52,850
UTILITY SERVICES TECHNICIAN	B22	\$37,750	\$45,300	\$52,850
CUSTOMER SERVICE COORDINATOR	B23	\$40,231	\$48,277	\$56,323
EXECUTIVE ADMIN ASSISTANT	B23	\$40,231	\$48,277	\$56,323
FACILITY SERVICES SPECIALIST	B23	\$40,231	\$48,277	\$56,323
HUMAN RESOURCES TECHNICIAN	B23	\$40,231	\$48,277	\$56,323
MAINTENANCE & OPER SPECIALIST	B23	\$40,231	\$48,277	\$56,323
MECHANIC	B23	\$40,231	\$48,277	\$56,323
TOWN CLERK ASSISTANT	B23	\$40,231	\$48,277	\$56,323
UTILITY LOCATOR	B23	\$40,231	\$48,277	\$56,323
ECON DEVELOPMENT RESEARCH ASST	B24	\$42,712	\$51,254	\$59,797
ENGINEERING TECHNICIAN	B24	\$42,712	\$51,254	\$59,797
FIRE SERVICES SPECIALIST	B24	\$42,712	\$51,254	\$59,797
INSPECTOR	B24	\$42,712	\$51,254	\$59,797
MAINT & OPS CREW LEADER	B24	\$42,712	\$51,254	\$59,797
PURCHASING ASSOCIATE	B24	\$42,712	\$51,254	\$59,797
SR. FACILITY SVCS SPECIALIST	B24	\$42,712	\$51,254	\$59,797
SR. UTILITY SERVICES TECHNICIAN	B24	\$42,712	\$51,254	\$59,797
TRAFFIC SIGNAL TECHNICIAN	B24	\$42,712	\$51,254	\$59,797
SENIOR INSPECTOR	B25	\$45,193	\$54,232	\$63,270
UTILITY SERVICES COORDINATOR	B25	\$45,193	\$54,232	\$63,270
NEIGHBORHOOD PRESERVATION SUPVR	B32	\$45,193	\$54,232	\$63,270
RECREATION COORDINATOR	B32	\$45,193	\$54,232	\$63,270
PROFESSIONAL & SUPERVISORY				
ACCOUNTANT	C41	\$59,157	\$72,468	\$85,778
DIGITAL MEDIA SPECIALIST	C41	\$59,157	\$72,468	\$85,778
FACILITY SERVICES SUPERVISOR	C41	\$59,157	\$72,468	\$85,778
FIELD OPERATIONS SUPERVISOR	C41	\$59,157	\$72,468	\$85,778
MAINTENANCE & OPER SUPERVISOR	C41	\$59,157	\$72,468	\$85,778
MARKETING SPECIALIST	C41	\$59,157	\$72,468	\$85,778
MGMT ASST I	C41	\$59,157	\$72,468	\$85,778
PLANS EXAMINER	C41	\$59,157	\$72,468	\$85,778
PROJECT MANAGER	C41	\$59,157	\$72,468	\$85,778
WATER CONS SPEC/CUST SUPP SPEC	C41	\$59,157	\$72,468	\$85,778
WATER SERVICES SUPERVISOR	C41	\$59,157	\$72,468	\$85,778

**Town of Queen Creek
Job Title and Salary Range Table**

JOB TITLE	Range Code	Minimum	Midpoint	Maximum
APP & DESKTOP SUPPORT ANALYST	C42	\$62,196	\$76,190	\$90,184
MGMT ASST II	C42	\$62,196	\$76,190	\$90,184
NETWORK & SECURITY ANALYST	C42	\$62,196	\$76,190	\$90,184
PLANNER	C42	\$62,196	\$76,190	\$90,184
SR. TRAFFIC ENGINEERING ANALYST	C42	\$62,196	\$76,190	\$90,184
BUSINESS SYSTEMS & IT TRNG ANALYST	C43	\$65,234	\$79,911	\$94,589
ECON DEVELOPMENT COORDINATOR	C43	\$65,234	\$79,911	\$94,589
ENGINEER	C43	\$65,234	\$79,911	\$94,589
ENVIRONMENTAL PROGRAMS SPVR	C43	\$65,234	\$79,911	\$94,589
GIS COORDINATOR	C43	\$65,234	\$79,911	\$94,589
SPECIAL PROJECTS MANAGER	C43	\$65,234	\$79,911	\$94,589
SR. DEV/IT PROJ MGR	C43	\$65,234	\$79,911	\$94,589
SR. FINANCIAL SERV. ANALYST	C43	\$65,234	\$79,911	\$94,589
SR. HUMAN RESOURCES ANALYST	C43	\$65,234	\$79,911	\$94,589
SR. MANAGEMENT ASSISTANT	C43	\$65,234	\$79,911	\$94,589
SR. PROJECT MANAGER	C43	\$65,234	\$79,911	\$94,589
UTIL CUSTOMER SERVICE SUPVSR	C43	\$65,234	\$79,911	\$94,589
UTILITIES SERVICES SUPERVISOR	C43	\$65,234	\$79,911	\$94,589
ASSISTANT TO THE TOWN MANAGER	C44	\$68,272	\$83,633	\$98,994
EMER MANAGEMENT COORDINATOR	C44	\$68,272	\$83,633	\$98,994
ACCOUNTING ADMINISTRATOR	C51	\$68,272	\$83,633	\$98,994
FIELD OPS SUPERINTENDENT	C51	\$68,272	\$83,633	\$98,994
FLEET SERVICES SUPERINTENDENT	C51	\$68,272	\$83,633	\$98,994
PARKS SUPERINTENDENT	C51	\$68,272	\$83,633	\$98,994
PRINCIPAL PLANNER	C51	\$68,272	\$83,633	\$98,994
RECREATION SUPERINTENDENT	C51	\$68,272	\$83,633	\$98,994
STREETS SUPERINTENDENT	C51	\$68,272	\$83,633	\$98,994
BLDG OFFICIAL	D61	\$82,293	\$102,866	\$123,440
CHIEF MARKETING OFFICER/PIO	D61	\$82,293	\$102,866	\$123,440
HPEC GENERAL MANAGER	D61	\$82,293	\$102,866	\$123,440
PLANNING ADMINISTRATOR	D61	\$82,293	\$102,866	\$123,440
TECHNOLOGY SUPERVISOR	D61	\$82,293	\$102,866	\$123,440
TRAFFIC ENGINEER	D61	\$82,293	\$102,866	\$123,440
BUDGET ADMINISTRATOR	D62	\$86,259	\$107,824	\$129,388
PUBLIC WORKS DIVISION MANAGER	D63	\$90,225	\$112,781	\$135,337
TOWN ENGINEER	D63	\$90,225	\$112,781	\$135,337
EXECUTIVE				
TOWN CLERK	D62	\$86,259	\$107,824	\$129,388
WORKFORCE & TECHNOLOGY DIRECTOR	E81	\$104,031	\$132,640	\$161,248
ECONOMIC DEVELOPMENT DIRECTOR	E81	\$104,031	\$132,640	\$161,248
DEVELOPMENT SERVICES DIRECTOR	E81	\$104,031	\$132,640	\$161,248
UTILITIES DIRECTOR	E82	\$109,233	\$139,272	\$169,311
FIRE CHIEF	E83	\$114,694	\$146,235	\$177,776
ASSISTANT TOWN MANAGER	E91	\$118,113	\$153,547	\$188,981

**Town of Queen Creek
Job Title and Salary Range Table**

JOB TITLE	Range Code	Minimum	Midpoint	Maximum
FIRE				
FIREFIGHTER	F22	\$46,456	\$56,140	\$65,823
FIRE ENGINEER	F23	\$64,736	\$71,857	\$78,978
FIRE CAPTAIN	F41	\$72,828	\$80,839	\$88,850
FIRE BATTALION CHIEF	F51	\$83,242	\$101,139	\$119,036
DEPUTY FIRE CHIEF	F71	\$90,225	\$112,781	\$135,337
PART-TIME HOURLY				
RECREATION WORKER	Z00	\$8.1963	\$9.1007	\$10.0050
RECREATION AIDE	Z02	\$9.7436	\$10.8152	\$11.8868
OFFICE AIDE	Z03	\$11.0000	\$11.6088	\$12.2176
RECREATION ASSISTANT	Z05	\$12.5759	\$13.9635	\$15.3468
RECREATION TECHNICIAN	B21	\$16.9563	\$20.3471	\$23.7385
FINANCIAL SERVICES SPECIALIST	B22	\$18.1490	\$21.7790	\$25.4087
NEIGHBORHOOD PRESERVATION SPEC	B22	\$18.1490	\$21.7790	\$25.4087
PARK RANGER	B22	\$18.1490	\$21.7790	\$25.4087
COMMUNITY OUTREACH COORD	B23	\$19.3418	\$23.2101	\$27.0784
RECREATION SPECIALIST	B24	\$20.5346	\$24.6413	\$28.7486

Attachment B
Fox Lawson & Associates Study
Executive Summary

Compensation Philosophy Statement

The Town of Queen Creek believes that its employees are critical in achieving the Town's mission, goals and objectives. To be successful, the Town must employ and retain qualified and productive people.

In order to be a high performing organization, The Town will attract and retain employees who are customer focused and team players. The Town will attract and retain employees who demonstrate initiative, while also accepting responsibility and accountability for their work performance.

To support, encourage and reward employees, the Town will use a classification and compensation system and operate that system in an open, fair and equitable fashion.

The Town will operate the classification and compensation system with emphasis on recognizing and rewarding employees for their success and continuing professional development. The Town will offer appropriate developmental and advancement opportunities to retain the most qualified and productive employees.

Compensation Strategy

The Town will provide a competitive compensation package for all employees. By competitive we mean that base pay on average across all positions will align with the 60th percentile of market data, as per the Council directive established in 2005.

The compensation system will reflect both internal equity and external parity within the various labor markets in which the Town competes. Ongoing indexing of the external market incorporates the concept of "cost of living (COLA)" diminishing the need for separate adjustments. The system will also reward employees who perform at above-standard levels within their respective job class.

Compensation levels should reflect the multiple labor markets (both public sector and private sector) in which the Town competes. The value of compensation offered to Town employees shall be consistent with that offered by employers with whom the Town must compete within both the public and the private sectors.

Job Analysis

FLA collected and reviewed the existing job descriptions and employees completed Position Description Questionnaires (PDQs) to describe the work they are currently performing. From all of this information, FLA performed an audit of existing job classification documentation against classification assignments. Recommendations for DBM changes and employee placement into designated classifications have been provided under separate cover and in the comprehensive final report.

Benchmarking Analysis

Salary Survey Detail

FLA utilized results from custom surveys recently performed for the Town of Gilbert and the City of Tolleson and the Town distributed surveys to 3 additional organizations. The survey results represent data from the following 17 organizations:

- City of Apache Junction
- City of Avondale
- City of Buckeye
- City of Casa Grande
- City of Chandler
- City of Goodyear
- City of Maricopa

City of Mesa
City of Peoria
City of Phoenix*
City of Scottsdale
City of Surprise
City of Tempe
Maricopa County*
Town of Gilbert
Town of Marana
Town of Oro Valley

*Salary data used for non-management positions only

The following 17 published survey data sources were utilized to make comparisons with the private sector:

ERI
Hay Local Area Pay
Mercer Finance, Accounting & Legal
Mercer Human Resources
Mercer Information Technology
Mercer Metro Benchmark
Mercer Metro Benchmark
Mercer Metro Benchmark - South Central
Radford US Benchmark
Towers Watson CSR Accounting & Finance
Towers Watson CSR Engineering, Design & Drafting
Towers Watson CSR Human Resources
Towers Watson CSR Info Technology & e-Commerce
Towers Watson CSR Office and Business Support
Towers Watson CSR Supervisory & Middle Management
Towers Watson CSR Tech Supp & Prod
Towers Watson CSR Technical Support & Production

Custom survey results were combined with published survey data, where applicable, to calculate current average market rates.

Summary of Salary Data Comparisons

The following guidelines were used to determine the competitive nature of current compensation:

- +/-5% = Highly Competitive
- +/-10% = Competitive
- +/-10 – 15%= Possible misalignment with market
- >15%= Significant misalignment with market

Overall, current midpoints were found to be competitive with the 60th percentile of actual salaries within the defined labor market for all classifications combined. However, current Town actual salaries were found to be potentially misaligned with the 60th percentile of the defined labor market actual salaries for all classifications combined.

Summary of Sworn Fire Pay

Compression has occurred in the past 5 years in the Sworn Fire ranks. Pay compression is defined as pay differentials that are too small to be considered equitable.

In an effort to address compression within this group, it is recommended that the Town implement pay adjustments to Sworn Fire staff based on their respective years of service in their current position.

Pay structures were developed to account for the Town's sworn fire personnel participation in Social Security, which is not common among comparator organizations.

Summary of Benefit Data Comparisons Recommendations

The Town's benefit programs, from an aggregate perspective, are competitive with the comparator market. No changes are recommended to the benefits provided by the Town at this time.

Recommendations

Salary Administration

Consider adoption of the proposed pay range that incorporates graduated range spreads. It is recommended to bring each employee to at least the minimum of their new salary range in order to be competitive with the market.

Salary Structure Review/Updates

- Annual Updates
 - Review annually, using a labor market index, to reflect necessary increases in the minimum and maximum rates appropriate for each job.
- Long-Term Updates
 - Conduct a market salary survey every 2 to 3 years to reevaluate the overall structure to ensure the salary levels are consistent with the marketplace.



Fox Lawson & Associates
a Division of Gallagher Benefit Services, Inc.
Compensation and Human Resources Specialists

Classification & Compensation Study Executive Summary January 2014



Gallagher Benefit Services, Inc.
t h i n k i n g a h e a d

Table of Contents

- Study Background
- Town Compensation Philosophy
- Summary of Class Specification Review
- Survey Methodology
- Summary of Salary Data Comparisons
- Salary Data Recommendations
- Implementation Options
- Pay Practices & Benefits
- Pay Practice & Benefits Recommendations
- Administrative Recommendations

Study Background

- Fox Lawson & Associates (FLA) was engaged to perform a review of job classification, compensation and benefits for the Town of Queen Creek and make recommendations regarding:
 - Current state of compensation and benefits;
 - Market competitiveness of specific employee benchmarks;
 - Benefits and costs associated with recommendations;
 - Implementation and transition options; and,
 - Pay practices, policies and overall compensation program.
- The major consideration of the Town is to establish market comparisons to the current level of compensation paid to all Town job classifications.
- The following items were provided by the Town to facilitate the study:
 - Organization materials;
 - Current job descriptions; and
 - Current compensation and pay structure information for employees.

Study Background

- Compensation and classification objectives were identified and include:
 - Compensation levels reflective of multiple and varied labor markets covering Town jobs, including both public and private sector information, with pay grade midpoints reflective of the 60th percentile of the relevant labor markets (consistent with Council policy adopted in 2005; this policy is subject to Council directive):
 - All positions compared to other public and private sector organizations in the Phoenix metropolitan area;
 - Compensation will be viewed from a total compensation perspective, including base pay, employee benefits and applicable variable compensation.
 - Development of a pay structure where the midpoint is reflective of the defined labor market rates of pay.
 - Classifications and evaluated ratings will be reviewed to ensure jobs are appropriately placed in correct broad classifications and consequently appropriately placed in the salary structure based on DBM ratings and market data results.

Town Compensation Philosophy

- Broad job classifications will be maintained to facilitate simplification and flexibility.
- Internal equity job evaluation approach (DB^{TMM}) consistent with broad class concept.
- A total compensation approach, including benefits, will be taken into consideration.
- Market parity will be assessed at the market 60th percentile (consistent with Council policy adopted in 2005).
 - For classes and jobs that are most commonly found in the public sector, the labor market will include the various government entities within the Phoenix metropolitan area that the Town competes with for talent. Private sector compensation will also be considered for those jobs that are not exclusively found in the public sector (e.g. HR, IT, etc.).

Summary of Class Specification Review

- **Approach** – Employee PDQs were reviewed in combination with current class specifications.
- **Findings**
 - 72% of the PDQs reflect duties consistent with the current class specifications.
 - Minor updates to class specs recommended based on 40 of the PDQs.
 - No change in class specifications are required based on 35 PDQs.
 - Although the work is appropriately classified, there are more significant changes recommended associated with 6 of the PDQs.
 - In the case of 4 PDQs, information provided was not clear and for 2 of the PDQs, there does not appear an appropriate corresponding class specifications.
 - Review of 24 PDQs suggest further examination for possible position reassignment, class specification amendment, and/or new class specifications.
 - Further class consolidation may be appropriate for administrative support and leadership classes.

Summary of Classification Review

The DBM review resulted in the following recommended changes to existing DBM ratings:

Job Class Desc	Current Rating	Proposed DBM
Budget Administrator	D71	D63
Department Director (Fire)	F71	E83
Digital Media Specialist	C40	C41
Executive Admin Assistant	B24	B23
Facility Services Coordinator	B32	B25
Facility Services Specialist	B24	B23
Field Operations Supervisor	C40	C41
Fire Battalion Chief	F44	F51
Human Resources Technician	B24	B23
Mechanic	B24	B23
Mgmt Asst I	C40	C41
Neighborhood Preservation Coor	B24	B23
Purchasing Associate	B24	B23
Recreation Specialist (Pt)	B24	B23
Senior Inspector	B33	B25
Sr Utility Services Technician	B30	B24
Town Engineer	D62	D63
Utility Services Coordinator	B32	B25
Water Cons Spec/Cust Supp Spec	C40	C41

Survey Methodology – Benchmark Jobs

Bench ID	Benchmark
1	Accountant
2	Financial Services Specialist
3	Senior Administrative Assistant
4	Inspector
5	Town Clerk
7	Assistant Town Manager
8	Engineer
9	Fire Battalion Chief
10	Sr Facilities Services Specialist
11	Division Manager
12	Accounting Administrator
13	Fire Captain
14	Fire Engineer
15	Firefighter
16	Maintenance & Operations Assis
17	Maintenance & Oper Specialist
18	Human Resources Technician
19	Sr. Human Resources Analyst
20	Human Resources Director
21	Administrative Assistant

Bench ID	Benchmark
22	Park Ranger
23	Recreation Superintendent
24	Permit Technician
25	Planner
26	Plans Examiner
27	Recreation Coordinator^
28	Maintenance & Operations Tech
29	App & Desktop Support Analyst
30	Town Engineer
31	Engineering Technician
32	Traffic Signal Technician
33	Util Customer Service Supvsr
34	Utility Services Coordinator
35	Fire Battalion Chief
36	Field Ops Superintendent
37	Mechanic
38	Fire Chief
39	Development Services Director
40	Economic Development Director
41	Utilities Director

^The Town had no incumbents at the time of the analysis.

Survey Methodology

- FLA utilized results from custom surveys recently performed for the Town of Gilbert and the City of Tolleson.
- The Town distributed the survey to 3 additional municipal organizations that were not included in the above referenced surveys: Oro Valley, Apache Junction and Maricopa.
- The custom surveys utilized collected salary and benefits data;
- Questions in the survey were posed in a fashion that were standard and easy for participants to answer, as well as being easy to quantify and analyze.
- The survey results represent data from 17 organizations detailed on the following page.

Survey Methodology

Comparator Organizations
City of Apache Junction
City of Avondale
City of Buckeye
City of Casa Grande
City of Chandler
City of Goodyear
City of Maricopa
City of Mesa
City of Peoria
City of Phoenix*
City of Scottsdale
City of Surprise
City of Tempe
Maricopa County*
Town of Gilbert
Town of Marana
Town of Oro Valley

*Management level positions from these 2 organizations was not included in the analysis; only individual contributor positions were analyzed from these 2 organizations.

Survey Methodology

	Comparator Market Average	Comparator Market Median	Comparator Market Low	Comparator Market High	Town of Queen Creek
Customers Served	139,737	81,000	36,756	452,084	30,000
Annual Operating Budget	\$117,132,599	\$84,713,028	\$41,523,710	\$346,300,000	\$44,500,000
Number of FT Employees	517	395	193	1,558	184
Number of Job Classifications	183	155	85	336	100

*Excludes City of Phoenix and Maricopa County

Survey Methodology

- FLA compiled the data collected from survey participants.
- FLA work directly with the Town to clarify and validate appropriate benchmark matches.
- Benchmark job matches reflect at least 70% of the duties as outlined in the benchmark summaries and as evaluated by comparator organizations.
 - If there are any questions in job matching, we reference job descriptions, organizational charts and other information to verify that the match is valid.
- All data have been adjusted to January 1, 2014 and reflect an annual basis.
- FLA follows the U.S. Department of Justice and Federal Trade Commission guidelines that state 5 job matches should exist per job in order to conduct statistical analyses or for drawing conclusions.

Survey Methodology

- The following 17 published survey data sources were utilized to make comparisons with the private sector:

Published Survey Sources
ERI
Hay Local Area Pay
Mercer Finance, Accounting & Legal
Mercer Human Resources
Mercer Information Technology
Mercer Metro Benchmark
Mercer Metro Benchmark
Mercer Metro Benchmark - South Central
Radford US Benchmark
Towers Watson CSR Accounting & Finance
Towers Watson CSR Engineering, Design & Drafting
Towers Watson CSR Human Resources
Towers Watson CSR Info Technology & e-Commerce
Towers Watson CSR Office and Business Support
Towers Watson CSR Supervisory & Middle Management
Towers Watson CSR Tech Supp & Prod
Towers Watson CSR Technical Support & Production

Survey Methodology: Geographic Differentials

- Applying geographic differentials is a sound compensation practice in an effort to arrive at a more precise figure for use in analyzing and setting pay.
- Just as data are trended forward to be effective for a current point in time, data should be adjusted to reflect cost of labor differences between geographic areas.
- Geographic adjustment factors were applied to data collection results and are shown below:

Comparison Locations	Factor Adjustment
US	98%
South Central	103%
Arizona	102%

Base Cities: Tolleson, AZ and Gilbert, AZ

Survey Methodology

- FLA performed several reviews of the data to identify any extreme data and to ensure validity and reliability of the data.
- Through a statistical analysis, any salary figures that were considered extreme in relation to all other salary figures were excluded.
- Various statistics were calculated (25th, 50th, 60th, 75th, low, and high) in analyzing the data.
- Once the survey analysis and report was completed, it was submitted internally through our firm's quality control process for review before it was submitted to the Town.
- The following guidelines are used when determining the competitive nature of current compensation:
 - +/-5% = Highly Competitive
 - +/-10% = Competitive
 - +/-10-15% = Possible misalignment with market
 - >15% = Significant misalignment with market

Summary of Salary Data Comparisons

On an overall basis of all jobs combined, the amount that the Town is above or below the market (public and private sectors) is shown in the tables below.

- The 60th percentile of market data was used as the comparison point with the midpoint of the current pay ranges for classes (consistent with Council policy adopted in 2005), as this is where the Town identified its targeted pay:

NON-SWORN (Excludes Fire)

Aggregate Comparison	Range Comparisons			Actual Salary Comparison	Town Range MidPoint to Mkt Actual Salary Comparison
	Range Minimum	Range Midpoint	Range Maximum		
Public Sector	-4.5%	-5.1%	-6.4%	-16.6%	-10.9%
Combined Sector*	-4.1%	-4.7%	-6.4%	-13.6%	-7.5%

*Combined sector metrics includes private sector data collected for 39% of benchmark positions.

- The 60th percentile of market range maximum data was used as the comparison point with the maximum of the current pay ranges for sworn fire classes:

SWORN FIRE*

Aggregate Comparison	Range Comparisons			Actual Salary Comparison	Town Range MidPoint to Mkt Actual Salary Comparison
	Range Minimum	Range Midpoint	Range Maximum		
Public Sector	0.0%	2.1%	1.8%	-12.8%	-2.6%

*Data reflective of existing Queen Creek ranges and salaries; data does not reflect the Fire Department's participation in Social Security. Social Security participation (unlike comparator agencies) will be accounted for in the proposed salary structure development.

Summary of Salary Data Comparisons

- **KEY MEASURES:** Overall, current midpoints of all positions, excluding sworn fire, are competitive, lagging the 60th percentile of the combined public and private sector market (consistent with Council policy adopted in 2005) by 7.5%, from an aggregate perspective of all classes combined .
- Current non-sworn actual rates of pay compared to combined sector (public and private) market actual rates of pay are slightly misaligned, lagging the market by 13.6%.
- Overall, current non-sworn salary ranges are competitive, lagging the defined labor market by 4.7% (combined sector) compared to the current midpoint for all classifications combined.
- Individual comparisons vary.
- Longevity, performance and hiring conditions may explain some differences in actual salary.

Summary of Salary Data Comparisons

- **KEY MEASURES:** Overall, current salary range maximums for Sworn Fire are highly competitive, leading the 60th percentile of the comparator market (consistent with Council policy adopted in 2005) by 1.8%*, from an aggregate perspective of all classes combined.
- Current salary ranges minimums for Sworn Fire are at market*.
- Current sworn salary range midpoints for Sworn Fire are highly competitive, leading the market by 2.1%*.
- Individual comparisons vary.
- Longevity, performance and hiring conditions may explain some differences in actual salary.

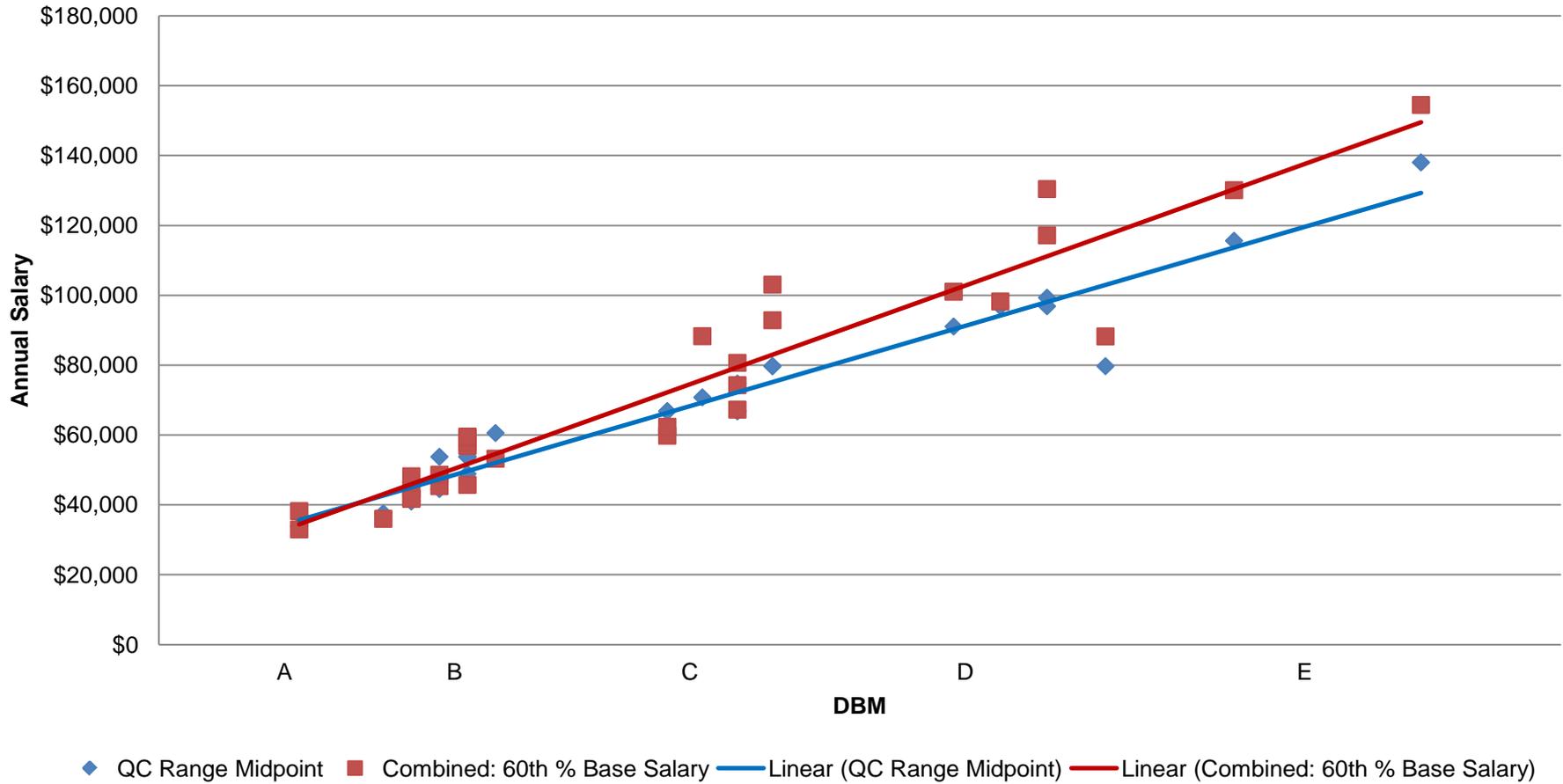
*Data reflective of existing Queen Creek ranges and salaries; data does not reflect the Fire Department's participation in Social Security. Social Security participation (unlike comparator agencies) will be accounted for in the proposed salary structure development.

Summary of Salary Data Comparisons

- Graphical representations of the Town’s actual salaries and salary ranges compared to market are shown on the following pages and reflect how the Town’s data compare to the market utilizing a statistical procedure called regression analysis.
- Regression analysis was utilized to blend market data with internal equity.
 - Regression trend line is used as an anchor for salary ranges and represents the “best fit” taking into account market parity and internal equity.

Summary of Salary Data Comparisons

**Town of Queen Creek
Range MidPoints vs Market Actual Salaries**



Summary of Salary Data Comparisons

The following tables summarize current range midpoints against the public, private and combined market sectors:

Bench ID	Benchmark	QC Range Midpoint	Public: 60th % Base Salary	% Diff	Private: 60th % Base Salary	% Diff	Combined: 60th % Base Salary	% Diff
1	Accountant	\$66,817	\$59,832	10.5%	\$55,889	16.4%	\$59,398	11.1%
2	Financial Services Specialist	\$41,066	\$43,202	-5.2%	\$37,085	9.7%	\$41,891	-2.0%
3	Senior Administrative Assistant	\$41,066	\$44,131	-7.5%	\$45,341	-10.4%	\$44,468	-8.3%
4	Inspector	\$56,060	\$56,959	-1.6%	n/a	n/a	\$56,842	-1.4%
5	Town Clerk	\$96,857	\$98,228	-1.4%	n/a	n/a	\$98,228	-1.4%
7	Assistant Town Manager	\$138,046	\$154,500	-11.9%	n/a	n/a	\$154,500	-11.9%
8	Engineer	\$70,783	\$90,827	-28.3%	\$73,408	-3.7%	\$88,297	-24.7%
10	Sr Facilities Services Specialist	\$53,766	\$54,916	-2.1%	\$57,714	-7.3%	\$57,816	-7.5%
11	Division Manager	\$91,069	\$123,261	-35.3%	\$84,736	7.0%	\$101,032	-10.9%
12	Accounting Administrator	\$79,715	\$108,873	-36.6%	\$82,295	-3.2%	\$88,234	-10.7%
16	Maintenance & Operations Assis	\$33,866	\$34,621	-2.2%	\$28,488	15.9%	\$32,961	2.7%
17	Maintenance & Oper Specialist	\$44,535	\$45,609	-2.4%	\$41,235	7.4%	\$45,357	-1.8%
18	Human Resources Technician	\$48,884	\$51,479	-5.3%	\$37,894	22.5%	\$45,720	6.5%
19	Sr. Human Resources Analyst	\$74,748	\$75,204	-0.6%	\$62,062	17.0%	\$67,263	10.0%
20	Human Resources Director	\$115,620	\$132,419	-14.5%	\$93,930	18.8%	\$130,104	-12.5%

Summary of Salary Data Comparisons

Bench ID	Benchmark	QC Range Midpoint	Public: 60th		Private: 60th		Combined: 60th	
			% Base Salary	% Diff	% Base Salary	% Diff	% Base Salary	% Diff
21	Administrative Assistant	\$33,866	\$36,434	-7.6%	\$38,241	-12.9%	\$38,224	-12.9%
22	Park Ranger	\$41,066	\$48,186	-17.3%	n/a	n/a	\$48,186	-17.3%
23	Recreation Superintendent	\$79,715	\$103,057	-29.3%	n/a	n/a	\$103,057	-29.3%
24	Permit Technician	\$41,066	\$41,708	-1.6%	n/a	n/a	\$41,708	-1.6%
25	Planner	\$66,817	\$74,265	-11.1%	n/a	n/a	\$74,265	-11.1%
26	Plans Examiner	\$66,817	\$59,810	10.5%	n/a	n/a	\$59,810	10.5%
27	Recreation Coordinator	\$56,845	\$58,261	-2.5%	n/a	n/a	\$58,261	-2.5%
28	Maintenance & Operations Tech	\$37,598	\$36,017	4.2%	n/a	n/a	\$36,017	4.2%
29	App & Desktop Support Analyst	\$66,817	\$84,839	-27.0%	\$70,336	-5.3%	\$80,658	-20.7%
30	Town Engineer	\$96,857	\$132,984	-37.3%	n/a	n/a	\$130,419	-34.7%
31	Engineering Technician	\$53,766	\$59,091	-9.9%	n/a	n/a	\$59,091	-9.9%
32	Traffic Signal Technician	\$53,766	\$57,325	-6.6%	n/a	n/a	\$59,557	-10.8%
33	Util Customer Service Supvsr	\$66,817	\$66,771	0.1%	\$54,770	18.0%	\$62,361	6.7%
34	Utility Services Coordinator	\$60,572	\$53,222	12.1%	n/a	n/a	\$53,222	12.1%
36	Field Ops Superintendent	\$79,715	\$92,859	-16.5%	n/a	n/a	\$92,859	-16.5%
37	Mechanic	\$53,766	\$49,190	8.5%	\$46,086	14.3%	\$48,646	9.5%
38	Fire Chief	n/a	\$150,075	n/a	n/a	n/a	\$150,075	n/a
39	Development Services Director	n/a	\$143,554	n/a	n/a	n/a	\$143,554	n/a
40	Economic Development Director	n/a	\$138,645	n/a	n/a	n/a	\$138,645	n/a
41	Utilities Director	n/a	\$134,282	n/a	n/a	n/a	\$134,282	n/a

Summary of Salary Data Comparisons

The following table summarizes current actual salaries for Department Directors against the actual salaries of the comparator market:

Bench ID	Benchmark	QC Base Salary	Combined: 60th % Base Salary	% Diff
39	Development Services Director	\$120,253	\$143,554	-19.4%
40	Economic Development Director	\$108,584	\$138,645	-27.7%
38	Fire Chief	\$116,000	\$150,075	-29.4%
20	Human Resources Director	\$108,710	\$130,104	-19.7%
41	Utilities Director	\$113,891	\$134,282	-17.9%

Summary of Salary Data Comparisons

Seven (7) individual jobs' range midpoints are significantly misaligned with the market, as detailed below:

Benchmark	QC Range Midpoint	Combined: 60th % Base Salary	% Diff
Town Engineer	\$96,857	\$130,419	-34.7%
Recreation Superintendent	\$79,715	\$103,057	-29.3%
Engineer	\$70,783	\$88,297	-24.7%
App & Desktop Support Analyst	\$66,817	\$80,658	-20.7%
Park Ranger	\$41,066	\$48,186	-17.3%
Field Ops Superintendent	\$79,715	\$92,859	-16.5%

Salary Data Recommendations

- The proposed non-sworn pay structure, which takes into consideration internal alignment and external market data, maintains the existing width of the pay ranges from 35% (entry level non-exempt) to 64% (management).
- Proposed range mid-points for the non-sworn pay structures were developed based on the **median actual rates** of pay in the market.
- The proposed Sworn Fire pay structure range spreads also maintain existing range spreads of 22% to 42%.
- Proposed sworn pay ranges were developed based on the median salary **range maximum** of comparator organizations.

Salary Data Recommendations

Proposed Pay Structure (Non-Sworn) Using Existing Range Spreads:

DBM	Range Min	Range Mid	Range Max	Spread
A11	\$23,694	\$28,433	\$33,172	40%
A12	\$28,194	\$33,390	\$39,537	40%
A13	\$32,636	\$38,348	\$44,059	35%
B21	\$36,019	\$42,322	\$48,626	35%
B22	\$38,553	\$45,300	\$52,047	35%
B23	\$41,087	\$48,277	\$55,467	35%
B24/B31	\$43,621	\$51,254	\$58,888	35%
B25/B32	\$46,155	\$54,232	\$62,309	35%
C41	\$59,891	\$72,468	\$85,045	42%
C42	\$62,967	\$76,190	\$89,412	42%
C43	\$66,042	\$79,911	\$93,780	42%
C44/C51	\$69,118	\$83,633	\$98,148	42%
D61	\$85,014	\$102,866	\$120,719	42%
D62	\$86,605	\$107,824	\$129,042	49%
D63	\$90,225	\$112,781	\$135,337	50%
D64/D71	\$95,573	\$118,989	\$142,404	49%
E81	\$103,625	\$132,640	\$161,655	56%
E82	\$111,417	\$139,272	\$167,126	50%
E83	\$117,458	\$146,235	\$175,012	49%
E84/E91	\$116,323	\$153,547	\$190,770	64%

Proposed Pay Structure (Non-Sworn) Using Proposed Graduated Range Spreads:

DBM	Range Min	Range Mid	Range Max	Spread
A11	\$24,198	\$28,433	\$32,668	35%
A12	\$28,194	\$33,390	\$39,537	35%
A13	\$32,636	\$38,348	\$44,059	35%
B21	\$35,269	\$42,322	\$49,376	40%
B22	\$37,750	\$45,300	\$52,850	40%
B23	\$40,231	\$48,277	\$56,323	40%
B24/C51	\$42,712	\$51,254	\$59,797	40%
B25/C52	\$45,193	\$54,232	\$63,270	40%
C41	\$59,157	\$72,468	\$85,778	45%
C42	\$62,196	\$76,190	\$90,184	45%
C43	\$65,234	\$79,911	\$94,589	45%
C44/C51	\$68,272	\$83,633	\$98,994	45%
D61	\$82,293	\$102,866	\$123,440	50%
D62	\$86,259	\$107,824	\$129,388	50%
D63	\$90,225	\$112,781	\$135,337	50%
D64/D71	\$95,191	\$118,989	\$142,786	50%
E81	\$104,031	\$132,640	\$161,248	55%
E82	\$109,233	\$139,272	\$169,311	55%
E83	\$114,694	\$146,235	\$177,776	55%
E84/E91	\$118,113	\$153,547	\$188,981	60%

Salary Data Recommendations

Proposed Sworn Fire Pay Structure*

	DBM	MIN	MID	MAX	Spread
Firefighter	F22	\$46,456	\$56,169	\$65,881	42%
Fire Engineer	F23	\$64,736	\$71,857	\$78,978	22%
Fire Captain	F41	\$72,828	\$80,839	\$88,850	22%
Battalion Chief	F51	\$83,242	\$101,139	\$119,036	43%

* Range data calculated based on 60th percentile market data + 6.2% to account for Sworn Fire's participation in Social Security (unlike comparator market)

Salary Data Recommendations

- The approximate costs associated with the proposed pay structure that ***maintains current spreads*** is represented in the table below:

	Annual Payroll	Bring-To-Minimum Cost	Cost to Maintain Relative Position in Proposed Range
Full-Time	\$8,868,160	\$133,130	\$662,981
% of Payroll:		1.5%	7.5%

*Costs are reflective of base salaries only and do not include associated benefits costs (ie, legally required benefit payments and related items) or overtime expenditures.

**At the 50th Percentile, BTM costs would be 0.8% of payroll (\$67,682) and Cost to Maintain Relative Position would be 4.7% of payroll (\$416,744).

***BTM represents lowest implementation cost and Cost to Maintain Relative Position represents highest cost.

- The approximate costs associated with the proposed pay structure that ***incorporates graduated spreads*** is represented in the table below:

	Annual Payroll	Bring-To-Minimum Cost	Cost to Maintain Relative Position in Proposed Range
Full-Time	\$8,868,160	\$70,152	\$615,107
% of Payroll:		0.8%	6.9%

*Costs are reflective of base salaries only and do not include associated benefits costs (ie, legally required benefit payments and related items) or overtime expenditures.

**At the 50th Percentile, BTM costs would be 0.6% of payroll (\$50,656) and Cost to Maintain Relative Position would be 4.7% of payroll (\$418,661).

Salary Data Recommendations: Fire Compression

- Compression has occurred in the past 5 years in the Sworn Fire ranks. Pay compression is defined as pay differentials that are too small to be considered equitable.
- In an effort to address compression within this group, it is recommended that the Town implement pay adjustments to Sworn Fire staff based on their respective years of service in their current position.
 - When determining the appropriate amount of salary adjustment, the following items should be considered, in addition to time in position:
 - Performance
 - Budgetary Constraints
 - Overall tenure within the Sworn Fire ranks

Implementation Options

- There are multiple implementation options available to the Town, including (assumes all employees whose current rate of pay is below the proposed minimum are brought to the minimum of the proposed pay range):
 - *Provide increases, subject to budgetary constraints, to employees whose rates of pay fall below the midpoint (job rate) of the proposed salary range in an effort to bring them closer to, but not exceed, the midpoint (job rate) of the pay range. No increases would be implemented to employee's whose rates of pay are at or above the proposed range midpoint (job rate)*;*
 - Provide for a flat percentage increase for employees currently within the range based on current position within the range (ie, X% for those employees in the first quartile; Y% for those employees in the second quartile, etc.);
 - Implement based on a percentage of the 'Cost to Maintain Relative Position in Proposed Range' (ie, implement at 75%);
 - Implement utilizing a multi-year approach, not to exceed 2 years (ie, 70% year 1 and 30% year 2).
- Other implementation options are available and are all dependent upon budgetary constraints.

*Recommended implementation option

Summary of Pay Practices & Benefit Data Comparisons

- Customized data collection forms were created for the Town of Gilbert and City of Tolleson surveys to collect benefits information in conjunction with the salary survey.
- FLA utilized the data collected, where consistent between both surveys, to make comparisons against the Town's benefit offerings.
- FLA reviewed and entered the data collected from participants in the aforementioned surveys.
- FLA followed-up directly with the participants to clarify and validate questionable information reported.

Pay Practice & Benefit Recommendations

- From an aggregate perspective, the Town's benefit program offerings are on par with the comparator market.
- Based on a review of pay practices and benefits data from comparator organizations, no changes are recommended.

Administrative Recommendations

- Salary Structure Review/Updates
 - Annual Updates
 - In order to reflect necessary increases in the minimum and maximum rates appropriate for each job, the salary structure should be reviewed annually. FLA can provide the Town with the average percentage increase for employee salaries and salary structures on an annual basis, or the Town may use a labor market index.
 - It is recommended that the respective starting rates and maximums be increased by a **percentage** that reflects the market trends and the Town's hiring experience. The use of a dollar amount increase would compress the structure over time.
 - Long-Term Updates
 - The Town should reevaluate its overall structure at regular intervals (e.g., 2 to 3 years depending upon market movements) to ensure that its salary levels are consistent with the marketplace.
 - This would involve conducting a market salary study, such as was conducted here, every 2 to 3 years (depending on the economy) to make sure that the Town's pay scales and employee salaries remain competitive.



Requesting Department:

Town Manager

TAB M

TO: HONORABLE MAYOR AND TOWN COUNCIL

FROM: JOHN KROSS, TOWN MANAGER
JOE LAFORTUNE, EMERGENCY MGNT COORDINATOR

RE: DISCUSSION OF FALSE ALARM ORDINANCE

DATE: FEBRUARY 19, 2014

Proposed Motion:

No motion required at this time.

KRA #9: PUBLIC SAFETY (FIRE, EMERGENCY SERVICES AND POLICE / SHERIFF)

Discussion:

Many communities across the country struggle with responding police resources to false alarms triggered by private security systems. The Town of Queen Creek has not been exempt from this situation. MCSO captures Calls for Service (CFS) data under several alarm categories including False Burglar Alarm, Audible Burglar Alarm, Silent Burglar Alarm, Panic Alarm, False Panic Alarm, and Silent Panic Alarm.

In 2012, MCSO responded to 897 False Alarms in the Town and 99.23% were classified as false. These statistics do not distinguish between residential and commercial properties.

To address this issue, many jurisdictions have implemented a False Alarm Reduction Program. The program includes the adoption of a false alarm ordinance and the development of a process to track permit applications, permit fees, permit renewals, violations of the ordinance, and fines for violations. Many programs also include an educational component where a citizen can attend an alarm awareness to become better educated on the most common causes of false alarms and how to prevent them. A waiver is typically provided to the citizen after attending the course for use towards a false alarm violation.

The program would also have to contain a dispute resolution process. The program will encounter permit holders that claim the system did not activate.

Staff will have to work with MCSO to resolve these situations based upon the report generated by MCSO.

Ordinance:

The goal of the false alarm ordinance is to reduce the number of repetitive false alarms. A secondary goal is to educate the owners/users of these alarm systems so they may take responsibility for their systems and ensure future compliance.

The alarm owner/user would be required to obtain a permit from the Town for the alarm system. The permit allows the Town to develop a record so that the number of false alarms for an individual location can be tracked, warning and assessment letters can be issued, collections made, and prevention tips provided.

If a property has a false alarm incident and they are not permitted, they are typically assessed the false alarm fee with no free activations and then required to obtain a permit within 30 days.

Permit/Application Fees

	Initial Fee	Renewal Fee	Notes
Apache Junction	\$10	Free	If within in 30 days
Casa Grande	\$10	\$10	
Gilbert	\$10	\$10	Additional \$25 if over 30 days
Mesa	\$10	\$10	
Tempe	\$10	\$10	
Glendale	Free	Free	
Avondale	\$25	\$25	

The false alarm ordinance will allow for a fixed number of false alarms without a fee assessed over a 365 day period. When the number of false alarms exceeds the allowed number, an assessment letter will be generated and sent to the permitted alarm user. The table below identifies the fees assessed by several jurisdictions in the region.

False Alarm Assessments

	1st	2nd	3rd	4th	5th	6th	7th	8th	9th
Apache Junction	Free	Free	Free	Free	\$84.21	\$84.21	\$84.21	\$84.21	\$84.21
Casa Grande	Free	Free	\$50	\$50	\$50	\$100	\$100	\$100	\$150
Gilbert	Free	Free	\$50	\$100	\$150	\$200	\$250	\$300	\$350
Mesa	\$50	\$100	\$150	\$200	\$250	\$300	\$400	\$400	\$400
Tempe	Free	Free	\$50	\$100	\$150	\$200	\$250	\$300	\$350
Glendale	Free	\$85	\$150	\$200	\$250	\$300	\$400	\$400	\$400
Avondale	Free	Free	\$150	\$200	\$250	\$250	\$250	\$250	\$250

Violations of the ordinance may result in the revocation of the permit. Failure to pay assessed fees is a violation of the ordinance. Some municipalities may charge the individual with a Class 1 Misdemeanor.

Software Options:

Staff has contacted surrounding jurisdictions to obtain information on methods to track permits and violations.

Digital Design Group:

The False Alarm Data Management System is utilized by the Apache Junction Police Department. Staff has received an online demonstration and it appears to be a reliable, easy to use, and affordable software system.

- Allows staff to view all of the information on a permit from a single page.
- Generates renewal letters and calculate expiration dates based upon payment history.
- Calculates false alarm fees from the fee structure the Town creates through the false alarm ordinance and then generates an invoice from billable false alarms.
- Generates reports on locations with the highest number of false alarms, companies with the highest rates of false alarms, and the cause of false alarms if known.

The total cost of the False Alarm Data Management System, including software cost, initial on-site training, and annual support cost is \$7,200.

CryWolf:

CryWolf is a software false alarm management tool used by a number of municipalities in the valley. CryWolf has several options to their software: Town Operated, Outsourced, or On-Demand.

Town Operated means that the Town would purchase the software, receive training, and run the program on our own.

Outsourcing allows the Town to contract with CryWolf to administer the alarm reduction program.

- CryWolf will collect payments through a bank lockbox and via a web-based interface.
- Letters will be generated using Town letterhead.
- User support will be through CSRs in CryWolf's processing center.
- Revenue is shared between the Town and CryWolf. CryWolf's operational costs are covered and then any remaining funds are distributed to the Town. Between 60 and 70 jurisdictions utilize this option.

On-Demand is a fully web-based alarm registration, tracking, and billing software. It was developed for smaller agencies to utilize. Can provide an additional level of service where CryWolf CSRs respond to citizen correspondence and generate invoices.

Staff is researching costs due to the new additions of the Outsourcing and On-Demand options.

Timetable:

March 2014

- Draft False Alarm Ordinance.

May 2014

- Town Council possible adoption of ordinance.

June and July 2014

- Outreach to citizens and business
 - Develop FAQs
 - Develop website page
 - Develop handout for MCSO to distribute at false alarm calls and to HOAs
- RFP for software or outsourcing solution
 - Digital Designs
 - CryWolf

August 2014

- Develop all forms necessary for the program
 - Permit Application
 - Appeal Form
 - Program policies and procedures

September 2014

- Meet with alarm providers, possibly through the AZ Alarm Association, to discuss the Town's ordinance and to obtain assistance with outreach to alarm owners/users.
- Gather permit data through online registration and paper applications.

December 2014

- Enforce ordinance.

January 2015

- Determine if the Town will offer an education class to waive one false alarm after the initial "free" false alarm.

Fiscal Impact:

This staff report is for informational purposes only at this time.

Alternative:

There is no alternative proposed at this time.

Attachments:

None



Requesting Department:
Town Manager's Office,
Workforce & Technology
Department

TAB N

TO: HONORABLE MAYOR AND TOWN COUNCIL

THROUGH: JOHN KROSS, TOWN MANAGER

FROM: BRUCE GARDNER, WORKFORCE & TECHNOLOGY DIRECTOR

**RE: PRESENTATION AND FINAL REPORT OF THE SERVICE
DELIVERY OPTIMIZATION STUDY**

DATE: February 19, 2014

Item for Discussion:

Workstudy presentation on the final report of the Service Delivery Optimization study performed by Patrick Ibarra, Partner for the Mejorando Group.

Relevant Council Goal(s)

KRA-5, Goal 2 – Continue progressive strategies to attract and retain high-performing staff.

KRA-5, Goal 3 – Complete a comprehensive review of the Town's classification and compensation system. Develop a new staffing model for future growth.

Discussion:

In July 2013, the Town Manager contracted with Patrick Ibarra, Partner for the Mejorando Group, to conduct a service delivery optimization study to align resources and services, recommend efficiency improvements and enhance productivity, identify workplace culture, and customer service practices for the Town. The service delivery optimization study is a companion study to the succession planning study presented in November 2013 and the classification and compensation study presented in January 2014. The main goals for the service delivery optimization study are to assess:

- Organizational effectiveness to ensure that the structure of the Town is positioned to operate efficiently and effectively regarding staffing levels, span of control, project management, etc.

- Effectiveness and performance of the Town from a service delivery perspective in items such as use of technology, business processes, outsourcing, and public/private partnerships.

The Mejorando Group was selected to conduct this unique study due to the company's prior consulting and facilitation efforts and knowledge of Town of Queen Creek practices; evaluation and organizational assessment experience of other municipal governments; experience in identifying levels of service and ideal staffing allocations; and, forward-thinking, outside the box ideas to address organizational change.

The scope of work involved review of several materials and services, including administrative rules and regulations, department procedures and work plans, software systems utilized, training provided, demographic information, and contracted services to name a few. Additionally, on-site meetings and group interviews were held with focus groups. One-on-one interviews were conducted with key stakeholders from the staff to identify strengths and opportunities for improvement in each department and division. A comprehensive review of comparator organizations was also completed in order to provide perspective on programs and staffing levels. Several meetings were conducted with the Town Manager and Workforce & Technology Director for project progress and review. Presentations of draft recommendations were provided to the Town Manager and Department Managers prior to finalization. The final report was provided to the Town Manager on February 10th and Patrick Ibarra will be presenting highlights of the findings and recommendations to the Town Council during Workstudy during the February 19th meeting.

The final report identifies 47 recommendations in several areas of the organization such as Administration, Management Services, Human Resources, Information Technology, Fire, Public Works, Development Services, Recreation Services, and Utilities. The Workforce & Technology Director has been assigned to work with the Department Directors for each area in identifying timelines for implementing the majority of these recommendations over the next year. In some cases, additional review, analysis, and procurement of resources may be needed prior to moving forward with a particular recommendation. The Town Manager and staff will provide the Town Council updates through future Council Meetings and/or through a monthly weekly packet item of implementation progress.

Attachments:

- A. Service Delivery Optimization Final Report, dated February 10, 2014

Attachment A
Service Delivery Optimization Final Report
February 10, 2014



mejorando group

FINAL REPORT

February 10, 2014

Town of Queen Creek



Town of
Queen Creek

preserving the past . . . embracing the future

Service Delivery Optimization

Submitted By:

Patrick Ibarra
The Mejorando Group
7409 North 84th Avenue
Glendale, AZ 85305
925-518-0187

www.gettingbetterallthetime.com



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February 10, 2014

John Kross
Town Manager
Town of Queen Creek
22350 South Ellsworth Road
Queen Creek, AZ 85142

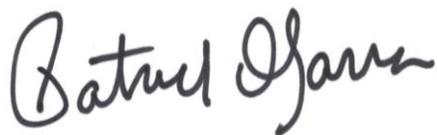
Dear John:

The Mejorando Group is pleased to offer our expertise to the Town of Queen Creek as a partner engaged to increase efficiencies through a service delivery optimization study of all departments.

The intent of this endeavor was not to reenact the “wash, rinse, repeat” approach that governments often do and which is the equivalent of replicating past solutions to address today’s issues. Quite the contrary, today’s challenges are truly unique and systemic thereby affording the organization’s leaders the opportunity to implement dramatic changes to areas that otherwise would be off limits. Consequently, our recommendations are both practical as well as imaginative. We are confident these recommendations will play a pivotal role in helping the organization’s leaders make targeted, prudent decisions affecting the community, the organization and its workforce in the delivery of high quality services and programs.

If you have any questions or need more information, please contact me at 925-518-0187.

Sincerely,



Patrick Ibarra
Co-Founder and Partner

STATEMENT OF WORK

The current economic and social environment is pushing governments to make transformational change. Governments are at a crossroads. To meet rising expectations with shrinking resources, they need to make a choice: cut services, increase the tax burden or pursue a more value-oriented agenda that will put them on the path to higher performance. Leading governments like the Town of Queen Creek have chosen the third option – finding innovative ways to create greater public-sector value from their resource by delivering improved outcomes more cost efficiently.

As a result of reduced resources (119 positions eliminated since 2008), increased demands, emphasis on continuous improvement in productivity and general government industry trends towards service optimization, the Mejorando Group consulting team recognizes this assessment is unlike a traditional organizational review. We realize the new reality, referred to as the “new normal” is prompting governments nationwide, the Town of Queen Creek in particular, to pivot and determine what type of business it will choose to be in; the types of services it will provide and who, city staff or others, will be providing it. We are accustomed to consulting/working in this “space” as it were, and have a proven track record of partnering with government leaders to effectively navigate the ambiguity and uncertainty which can derail positive change, and instead design and implement swift and effective strategies and tactics to fully leverage the new opportunities.

To assist in addressing this challenging environment, the Town of Queen Creek requested our assistance to work with it in **performing a service delivery optimization study of all Town departments**. The central focus of the analysis was to evaluate the organization and management structure to include the type and level of services delivered, staffing allocation, operations/services and programs and so forth. The primary purpose of this study is to provide Town leaders with recommendations to improve efficiency and increase cost-effectiveness enabling it to execute its goals.

A. Project Scope

Based on our knowledge of Town of Queen Creek, Mejorando Group consultants focused on the following:

Assessment Scope

- Service delivery and performance
- Organizational structure
- Organizational strategy
- Staffing levels
- Outsourced services
- Performance Measures

The purpose of this analysis was to assess:

- Organizational effectiveness to ensure that the structure is positioned to operate efficiently and effectively regarding such items as staffing levels, span of control, etc.
- Effectiveness and performance of the Town from a service delivery perspective. Variables include strategy (organizational and management), use of technology, business processes, outsourcing, and public/private partnerships.

The Mejorando Group has a unique combination of organizational skills and forward-thinking ideas to address organizational change. We partner with our clients to help them “get better all the time” by dramatically increasing their effectiveness, efficiency, productivity, and responsiveness. The Mejorando Group consulting team understands that each recommendation developed must be practical and capable of being implemented. As such, our analysis does not focus exclusively on quantitative analysis but also considers factors such as the strengths of the current situation, external constraints to change, and the time and financial resources required to implement recommendations. ***We believe our value to the Town of Queen Creek on this project is our ability to develop recommendations that can be implemented and produce measurable improvements.***

B. WORK PLAN

The Work Plan was built around six phases:

1. Project Launch
2. Collect Information on Current Practices
3. Perform Analysis
4. Develop Recommendations
5. Prepare Report
6. Implementation – Change Management

1. Project Launch

In this initial project phase, we coordinated our work plan with the Town Manager’s Office to help all participants gain an understanding of the desired project outcomes and tasks. We coordinated scheduling for stakeholder interviews and procurement of relevant resources.

2. Collect Information on Current Practices

In this phase we captured how work is currently being performed by evaluating staffing levels, service delivery, work volumes, performance standards and

requirements. We sought to document the “As Is” current practices environment by collecting and analyzing relevant data.

- **Stakeholder Interviews:** Interviews were conducted with internal stakeholders to obtain perspectives about strengths and opportunities for improvement with respect to operations, services and programs. Focus group meetings with three groups of employees were also conducted. This research helped provide a more in-depth understanding of the issues affecting operations.
- **Review of Key Resources:** Reviews of relevant sources are essential to enhance the Project Team’s comprehension of the Project circumstances and understanding of matters discussed during interviews.
- **Comparable Town/City Review:** A review of comparable towns/cities provides insight about staffing levels, organization-wide and within particular departments and functions.

3. Perform Analysis

Current practices were captured and assessed through these tasks:

- Reviewed the information obtained through interviews, document reviews, site visits, and comparative data gathering.
- Analyzed information gathered, identified and extrapolated trends.
- Reviewed information obtained about comparable jurisdictions.
- Evaluated existing staffing levels, organizational structure, service delivery and outcomes against generally accepted practices and principles of high performing organizations.

4. Develop Recommendations

Following the evaluation of the existing organizational structure, services, processes, and practices, major themes were identified and specific findings that are either symptoms or causes which impact current service levels. The focus was to develop recommendations which optimize people, processes and financial resources that best align with efficient local government service delivery and meet community needs.

5. Prepare Report

The project report provides a detailed plan identifying recommendations to be implemented. The key to effective action is to determine where the leverage points are. Leverage points are those few factors that will have a major impact on the entire system of operation.

6. Provide Implementation Assistance

After the acceptance of the report, we are available to collaborate with staff to provide clarity about particular aspects of our recommendations and address any issues that may arise. This “extra mile” we can provide increases the likelihood that the recommendations will be implemented and successful outcomes realized.

PROJECT RESEARCH

These phases of project work focused on identifying, collecting and analysis of relevant information obtained through: 1) Stakeholder interviews; 2) Review of Relevant Resources; 3) Research of Comparable Cities and 4) The Future of Local Government.

STAKEHOLDER INTERVIEWS

Interviews with stakeholders were conducted to obtain perspectives about strengths and opportunities for improvement with respect to operations, services and programs. This research helped provide a more in-depth understanding of the issues affecting operations. Feedback from stakeholder interviews is incorporated into Project Analysis and Recommendations.

STAKEHOLDERS

1. Town Manager, John Kross
2. Patrick Flynn, Assistant Town Manager/Chief Financial Officer
3. Chris Anaradin, Director of Development Services
4. Mike Black, Technology Supervisor
5. Captain Randy Brice, Maricopa County Sheriff’s Office
6. Doreen Cott, Economic Development Director
7. Bruce Gardner, Director of Workforce and Technology
8. Paul Gardner, Director of Utilities
9. Ron Knight, Interim Fire Chief
10. Samantha McPike, Budget Administrator
11. Adam Robinson, Recreation Superintendent
12. Marnie Schubert, Chief Marketing and Public Information Officer
13. Jennifer Robinson, Town Clerk

Group meetings were held with a three groups of Town employees. Eliciting their input was valuable in calibrating other input obtained from other sources about similar topics.

REVIEW OF RELEVANT RESOURCES

An extensive set of relevant documents were reviewed to enhance our comprehension of circumstances and understanding of matters discussed during interviews. The list of documents provided included:

1. Administrative Rules and Regulations
2. Classification Plan with linkage to compensation plans
3. Classification Studies
4. Inventory of software systems utilized
5. List of comparable cities for benchmarking purposes
6. List of contracted services
7. List of positions/jobs eliminated since 2006-07
8. Performance Appraisal (blank form)
9. Performance Measures
10. Process flowcharts for Town services and programs
11. Town Accomplishments 2012
12. Training provided since 2011
13. Urban Land Institute Report
14. Workforce demographics for all employees by department

The review of the aforementioned information helped establish a baseline understanding and relatively objective view of Town operations.

COMPARABLE TOWNS/CITIES RESEARCH

The Town Manager identified five comparable cities to review as part of the project analysis. These cities include the Arizona cities of:

1. Apache Junction
2. Casa Grande
3. Marana
4. Maricopa
5. Oro Valley

A review of comparable communities provides insight of how other governments are structuring their departments, services and staff; often there are useful “best practices” that can be gleaned from these peer reviews and utilized in framing recommendations.

Clearly, not all five cities selected are exactly the same as Queen Creek with regards to services, programs, staffing and workloads. However, the benefit of capturing data is for comparative purposes and to better understand the current deployment of staffing resources in similar size communities and organizations.

In reviewing the municipalities the following information is provided as a glimpse of how Queen Creek compares to other similar sized cities. All of the comparable cities operate their own Police Departments, and since Queen Creek contracts for these services, the number of employees for Police Departments was removed, to provide a more accurate comparison:

Table A-1 - City sorted highest to lowest by Population

City	Population (est.)	Square Miles	Number of Full-Time Employees
Casa Grande	48,571	109	303
Maricopa	43,482	48	148*
Oro Valley	41,011	35	200
Apache Junction	35,840	35	219**
Marana	34,961	122	213
Queen Creek	31,000	28	185

No standard exists within local government about the appropriate number of employees. Variables are rather arbitrary in that the size of a government workforce depends on its location – metropolitan vs. non-metropolitan/rural and community needs. Important to recognize about this data is that compared to Queen Creek, Maricopa does not provide water services and Apache Junction receives fire services through a district. These two departments – Water and Fire – typically have a rather large number of employees providing services.

FUTURE OF LOCAL GOVERNMENT

A new dawn is upon government, and local government is experiencing an unprecedented transformation about its role as a credible community builder. Blended from a number of sources, the following information is provided as an outline, a narrative of sorts, that describes the shifting terrain local government in general, and the Town of Queen Creek, is experiencing. Many of our recommendations are consistent with this “new way of doing the public’s business” and we believe, (re) position Queen Creek as a pivotal partner in building a stronger, more vibrant community.

Big economic, technological and social mega-forces threaten the viability of local governments across the nation. The question “What’s the future of local government?” is not just a topic of academic interest but a critical business issue for public agencies. If a local government can create a vision or “story” about its future, it can help shape that future. Without a vision, a public agency will be reactive and forced to change, one crisis after another.

The traditional direct service model of local government is now seriously threatened. It is not just the budget, staffing and service cutbacks crippling local governments. A whole series of forces calls into question the traditional model, including:

- Escalating demands and mission creep. Over time, citizens have increased their demands on local government to respond to a whole variety of issues. Consequently, local governments have become full-service organizations that attempt to be all things to all people. To exacerbate matters, local government leaders have a heroic urge to respond to any new community problem or demand with a public service.
- Mandates without money. Local agencies have increasingly been mandated by state and federal governments to provide new services or enforce new regulations without sufficient funding, thus siphoning money from other more basic services.
- Static structures. The organizational structures, systems, processes and rules of local government are oriented toward a static world. Rigid job classifications, civil service and hiring rules and purchasing and contracting systems are not aligned with a dynamic and disruptive world. For instance, a public agency cannot compete with a private corporation that can hire a soon-to-graduate student on the spot at a university career fair.
- Accelerating technology. Technology is changing all service delivery. As just one example, a number of local governments have launched smart phone applications so that residents can report potholes, graffiti, sidewalk damage, and other service needs. Several years ago, whoever would have guessed that public officials would be tweeting constituents about community issues?
- Out-of-whack tax system. The tax system funding local governments is often based on the old industrial economy. Local agencies generally receive tax revenue when a tangible good is sold. However, our economy is now service and knowledge-based. The provision of services or the creation of knowledge does not generate tax revenue to fund local government programs. While there seems to be little political will for modernization, the tax system needs to be better aligned with the new economy if local governments are to perform their historic role.
- Citizen mistrust. As the closest unit of government to the people, local governments in the past could rely on people's special allegiance. Now, local agencies are just another institution, just another service provider. Declining confidence in all levels of government, including local government, is based on a convergence of forces, including anti-government media, anti-government politicians who run against city hall, an inability to effectively address the big issues confounding communities, and periodic scandals. Citizen mistrust is reflected in ballot-box initiatives and tax and fee restrictions, as well as the public's seeming unwillingness to work with local officials in making tough choices. To make matters worse, citizens do not understand how

services are funded, thus creating a fundamental disconnect between the impacts of ballot-box budgeting and the continuing demands for services.

The Emerging Model

After decades of responding to new community, business and union demands, we have entered an era of “take-aways.” As local government leaders are forced to downsize services and staffing, restrain pay and roll-back benefits, shutter buildings, and eliminate grants to non-profits and subsidies to businesses, we will need to engage in difficult conversations focused on redefining the expectations, roles and systems of local government. **As a result of the Town’s leadership, Queen Creek has been on the leading-edge of anticipating the impacts of the emerging model and implementing a pro-active approach to both mitigate potential negative effects as well as leverage new opportunities.**

Given this new era, we believe that there are at least eight elements to an emerging model for viable local governments.

1. **More disciplined government, focused on its “core” businesses.** In the midst of accelerating and discontinuous change, most private, public and non-profit organizations are struggling to define “core” businesses. What is core and non-core for a local government depends on the community. To identify the core, local government leaders obviously need to have courageous conversations involving elected officials, management, labor unions, and business and community groups. Once the core is defined (no easy task), then elected officials and top management need to be focused on the core businesses and not get distracted. Over the last few years, as part of the budget process, the Town has been actively focused on identifying its core business – types and levels of service – to ensure community needs are being met.
2. **Demonstrating value.** As just another service provider, local government agencies will be required to deliver and demonstrate value. Local agencies operate in a competitive marketplace. Taxpayers/consumers are asking in increasingly strident voices if they are receiving value for their tax dollars. Reducing its cost structure, streamlining, performance measures and other accountability efforts are key initiatives as local government improves its value proposition.

The Town remains vigilant in its efforts to link budgetary resources with the quality of life components (i.e. services, facilities, programs and capital investments) reflecting community expectations.

3. **Integration of technology into all service delivery.** Obviously, technology will become an integral part of all service delivery. Technology has already transformed many library services. Surveillance cameras are transforming

police work. New building technologies call into question fire suppression services.

4. **Constantly morphing organizations and systems requiring ever-learning employees.** Local government agencies need to jettison rigid personnel systems and practices, as well as ossified purchasing and contracting processes. Constantly morphing organizational structures and practices will require flexible and ever-learning employees who will take on new challenges about which they know little, do some research, respond, make mistakes, and fix up their responses as they go along. The model of loyal, compliant civil servants needs to evolve more to knowledge workers who are self-motivated, change-proficient and adaptable. In this kind of dynamic environment, technical know-how quickly becomes obsolete. Learn-how becomes as important as know-how.
5. **Shared services.** Given the cost structure of local government, shared services (collaborative service delivery) will become a more prevalent approach for providing services to the public. Shared service approaches include:
 - a. Self-service
 - b. Contracting out
 - c. Regionalizing services
 - d. Leveraging assets
 - e. Partnering to co-produce the service

The Town has experimented with the shared service model and will continue based on potential economies of scale.

6. **Nongovernmental solutions.** Typically, local government is at the center of any problem-solving. People look to local government to solve all problems. This government-centric approach is no longer viable given constrained resources. Given the continuing limitations of public agencies, local government must put the issue (e.g., economic vitality, affordable housing, gangs, education achievement) in the center and become just one partner among many. With an issue-centric approach, local government leaders can better resist the heroic urge to take on every new challenge.

The Town has been active in exploring nongovernmental solutions to ensuring community needs are met. In particular, the extensive use of third-party resources in providing recreation programming services.

7. **Authentic civic engagement.** To address any significant challenge, local agency representatives need to cross boundaries. Local government is now just another player. To exert leadership in such a situation and address tough issues, local government officials must start conversations with other players,

- convene stakeholders, facilitate problem-solving, integrate the interests of other parties, and mobilize action. Only through this kind of authentic engagement can local governments turn stakeholders into partners. The Town has been extremely active in the targeted use of its various social media channels to engage the community.
8. **Change in Workforce.** Even for the most sophisticated agency, all of the above elements in the emerging model portend significant transformation of the local government workforce, especially moving away from traditional risk-adverse, seniority-based systems.
 9. **New Compensation Approach.** Governments at all levels are making significant adjustments to their approach to employee compensation including serious reforms to pension systems. Increasingly, governments are adopting a two-tier system which places employees hired after a particular date into a system where pay increases are lower and the amount of employee contributions to the pension plan is higher.

Promoting the Emerging Model

To promote the new model of local government in an era of take-aways appointed and elected officials need to engage in courageous conversations about limitations, expectations, and the “what” and “how” of government. While modernizing and reforming contracting, purchasing and civil service systems are absolutely essential elements of the emerging model, local governments will still be held to high standards. Citizens and their elected representatives will continue to require fairness, equity, accountability and transparency—key ethical values that are the hallmark of the public sector, especially local government. These changes will first require conversations with all parties in order to surface issues and obstacles and then ultimately political courage by local government leaders.

CURRENT PRACTICES

Based on an analysis of the information gathered, several areas are identified which relate to the scope of services. As a reminder, the scope of work was not designed to be an exhaustive, in-depth examination of each department’s operation. Instead it was intended to explore those areas where resources – people, time, money and technology – can be better aligned to ensure quality outcomes are achieved.

The focus of the analysis was to identify variance from what are considered generally accepted practices of efficient and effective government. The nature of a service delivery review is to actively search for those variances and while it may seem to the casual observer the intent is to look for “things wrong” it’s not; instead the focus is to assess the current conditions and state of affairs defined as current practices.

The 'best management practices' assessment included comparisons to industry standards developed by professional organizations, such as the International City/County Management Association, American Planning Association, American Public Works Association, Government Finance Officers Association, etc. Additionally, the project team also utilized the Mejorando Group's library of best practices developed by our firm while conducting scores of management studies throughout the Country.

KEY THEMES FROM OUR ASSESSMENT

From our interviews with staff and our analysis of the services provided, there were several key themes that emerged that shaped the approach taken in developing alternatives and recommendations. Key issues facing the Town of Queen Creek include the following:

- **Prior Cuts Made in the Organization Were Too Deep for Current Service Expectations:** Over the last five years, the Town has made significant cuts (a staggering 119 positions were eliminated), and contracted out the provision of many services to appropriately address financial pressures. However, the net result of these actions is an existing staffing complement that is insufficient to provide quality services at a level in alignment with current expectations.
 - These cuts, while addressing the financial needs of the Town at the time, were not done in a manner that comprehensively addressed the long-term needs of the Town.
 - The extensive use of contracted services requires a Town workforce that is appropriately staffed to manage these contracts and staff with a different complement of skill-sets (advanced project management, contract negotiation and administration) than were historically required. Managing these contracts require additional staff at the management level that can effectively manage these contracts, ensure compliance by contractors, and resolve service delivery issues with contract staff.
- **Existing Workloads and Expectations Exceed Staff Capacity:** Current service expectations are at a level that exceeds the capacity of existing staff to complete work in a quality and timely fashion. The ability of staff to deliver on the strategic initiatives is dependent on the implementation of the resources recommended in this report.
- **Strategic Plan Initiatives Add an Additional Workload that is not Appropriately Resourced:** In addition to the routine daily work activities, the Town has prioritized a set of strategic initiatives derived from its strategic planning process that add an entirely new workload—that the organization, as currently structured and staffed, is not capable of completing.

- The number of large projects contained within this strategic plan, in addition to other large and complex projects facing the Town of Queen Creek, requires significant investment of time from Town Staff to manage these efforts. Existing staff will not be able to accomplish all of the prioritized strategic initiatives without the addition of the additional resources outlined within this report.
- Future efforts on developing strategic plans and initiatives should include a phase that specifically outlines the resource requirements needed to implement the initiative prior to prioritization and eventual adoption. For an organization the size of Queen Creek, it is important that desires for improvement and proactive efforts be linked to specific resources to ensure the organization's ability to execute the plan. As noted, the current initiatives exceed the capacity of the organization to complete the activities.
- **There Is Limited Depth or Backup for Existing Staff:** Virtually all positions within the Town's current organizational structure are single incumbent positions that have limited back-up support from other staff. When these staff members are absent, non-critical work does not get accomplished until they return.

These key themes and observations were considered when developing our recommendations for the Town regarding service delivery improvements.

The following list of Current Practices categorized by Town Department, constitute the equivalent of a composite of the entire organization.

- **Administration**

1. As a result of the large number of job eliminations – 119 - over the last 5 years, various roles/jobs have been transferred to remaining staff. In the Town Manger's Office, the role of Assistant Town Manager has been handled by the Chief Financial Officer/Finance Director. Growth has returned to Queen Creek and with it, a commensurate increase in the volume and complexity of the workload; especially as it relates to the roles of the Town Manager and CFO. The concern here is the level of capacity between staffing resources and the amount of work.
2. Town staff members have aggressively pursued strategic initiatives relating to addressing structural budget challenges including diversifying revenue sources and strengthening local control.
3. The existing Strategic Plan has significant potential, though it was not mentioned while interviewing stakeholders as a tool available to align Town services and programs with community needs.

4. Various processes are used to determine essential services and programs for the Town. Currently, there are a number of these processes in place, with some at cross-purposes. There are the ICMA Performance Measurement consortium, Priority-Based Budgeting, Comprehensive Strategic Plan, and Core Services devices being used.
5. A number of Town services are being provided via contracting with third-party providers. These include refuse collection, law enforcement, custodial services, legal services, and various development related services, to name a few.
6. Annual Work Plans are prepared by Department Directors to accompany budget requests.

- **Management Services**

7. Existing Capital Improvement Plan (CIP) does not include a segment on equipment and fleet replacement. There does not appear to be a replacement policy for equipment and fleet, as well.
8. Formal full-cost recovery goals are not in place for town functions to guide the setting of specific fees and charges for services.
9. The Town utilizes an outside firm to complete utility rate analysis studies.
10. On-line bill paying for a variety of Town services is available.
11. Joint purchasing arrangements are utilized for the purchase of commodities.
12. While federal and state grants are pursued and obtained, no regular report is provided on status of grant applications, monies received, link to projects, etc.
13. The CFO presents quarterly updates to the governing body on the status of the Town's financial condition.
14. The Town's Economic Development strategy is reflective of a current approach to actively pursuing investment in Queen Creek.
15. Typically, municipal economic development activities are focused on job creation and expansion of the existing tax base, and not as much on tourist-related activities. It appears the Town's Economic Development staff members spend an inordinate amount of time promoting the Horseshoe Park and Equestrian Centre (HPEC) which is primarily a tourist/visitor related asset.

16. The Town contracts with the Chamber of Commerce for certain economic development activities.

- **Human Resources/Workforce**

17. The Town is embarking on an updated compensation and classification study.

18. Job announcements to promote openings are the same language as job descriptions.

19. Profiles of employees on the Town's web site communicate a powerful message to prospective candidates about the value of serving as a Town employee

20. Training for policy compliance (i.e. preventing sexual harassment) has been held consistently the last several years.

21. An automated approach to completing timely and accurate performance reviews was introduced in 2012.

22. A formal Workforce/Succession Planning effort was presented on November 20 to the Town Council for their consideration.

- **Information Technology**

23. The annual list of accomplishments for this Division is an inventory of activities without any accompanying narrative about benefits realized, departments involved, etc.

24. Regarding the application of technology, every department relies on a variety of software programs to assist with the delivery of services and programs. However, there is no overall approach embraced by the Town as a means to identify the role of technology and commit financial and other resources to ensure its optimal use.

25. Coordination of technology-based purchases for Town departments is decentralized.

- **Fire**

26. The position of Fire Marshall is vacant and services are provided by a temporary structure.

- **Public Works**

27. Preventive maintenance guidelines for infrastructure are utilized.

28. No presence of a formal Fleet Replacement Policy.

29. A computerized Work Order System is used for Facilities Maintenance services but not for Street Maintenance activities.

- **Development Services**

30. Additional staffing has recently been added to provide improved service.

31. An aggressive plan is underway to make significant changes to operations and processes all intended to ensure timely and accurate services are provided.

- **Recreation Services**

32. Town staff members are responsible for evaluating and recommending any increases for user fees associated with recreation programs and park facilities.

33. There is an extensive use of seasonal and part-time staff along with volunteers.

- **Utilities**

34. The recent acquisition of H2O Water Company is creating a significant investment of time and effort to ensure a timely and effective integration.

RECOMMENDATIONS

Government is indeed in business – in the business of public service. The goal is to improve your ability to manage a perplexing paradox – how to stay focused on today’s business while building tomorrow’s. The current fiscal situation provides the opportunity for leaders to fortify their workforce and their collective ability to foster a change-capable culture within the workplace. This resiliency is crucial to navigating the uncharted territory local government finds itself in.

The effort by Mayor Barney, members of City Council, Town Manager John Kross and Town employees to sustain the high-quality community Queen Creek is, despite significant budget reductions has been nothing short of extraordinary. Now as the economy improves and with it, healthier budgets ensue, the time is to pivot the organization forward, in particular directions.

A series of cohesive recommendations are provided which are both practical and progressive and which significantly impact the performance of the Town organization. We operate from an entrepreneurial mind-set to identify opportunities where Queen Creek can optimize several moving parts - people, money and time. A combination of targeted financial actions and improved efficiencies together creates a cumulative effect of providing even higher-quality government services and programs with fewer resources.

BACKGROUND

Local government organizational structures are often unplanned, occurring as a result of actions taken in response to specific events, rather than in a comprehensive well-coordinated manner. This results in an overall system that can be duplicative, fragmented, inefficient, and difficult to alter once in place. They develop over time in response to a variety of programmatic, financial and other constraints facing the organization. The Town of Queen Creek is no exception, and several issues in the last decade have impacted the organizational structure and approach to service delivery.

These include:

- Extensive staff reductions over the last five years due to financial pressures;
- Increased contractual service provision (and the resulting need for greater contract development and oversight skill sets); and
- Incremental changes in organizational structure and staffing allocations based, at times and in part, upon strengths of specific individuals rather than the overall planned needs of the organization long term.

When considering reorganizations that occur throughout the public sector, it is typical that incremental changes in organizational structure and organization, with no overall strategy, are often detrimental to the organization's overall performance and are best addressed in a comprehensive manner.

A number of organizational trends should be considered.

There are a number of trends apparent in public sector organizations that should be considered in evaluating alternative forms of organization. These trends reflect a move away from organizations and systems that are:

- Centralized or decentralized as a matter of “principle” – rather focus should be on the specific services provided and the efficiency of service provision;
- Hierarchical;
- Rule-driven;
- Process-oriented; and
- Reactive.

The public sector is moving toward organizations and systems that are characterized by the elements presented below. **The Town of Queen Creek has taken a targeted approach at blending many of these components to reflect staffing resources available and ensure timely and effective delivery of services and program.**

- **Centralized and responsive.** Public sector organizations are designing service delivery methods, especially internal support services, based upon a centralized approach that focuses on the most efficient and effective provision of the internal service without regard to perceptions of authority, control, silos, or historical practice. Going hand in hand with this is the provision of highly responsive, economical and efficient services governed by technical experts. This approach allows other departments to focus on their “core business” rather than administrative functions.
- **Decentralized and flexible.** Progressive local government organizations are designing their structure, systems and processes to provide a varied response to different situations, therefore making their selves more flexible and open to change. Greater autonomy and initiative are encouraged with required centralization utilized only where internal control is needed, it fosters greater efficiency, or cost savings.
- **Flatter organizations.** Progressive organizations are also reducing the number of layers of managers and supervisors resulting in fewer levels of organization and oversight, and enabling line workers to make more decisions. The flatter

organization results from the need for quicker decisions and changes lessening the need for the command and control functions previously performed by middle managers. These organizations also typically have highly developed supervisory training programs and high levels of accountability for individuals selected for supervisory / managerial positions.

- **Mission and results-driven organizations.** Public-sector organizations are encouraging long-term thinking through the development of strategic plans, the definition of goals, translation of these goals into desired objectives, and the use of performance measures to make more informed decisions on program priorities and resource allocations.
- **Competitive organizations.** Under pressure from the economy, reduction in revenue sources, and devolution of service from the state and federal level, local governments throughout the nation are restructuring their services to be more cost efficient and effective.
- **Anticipatory organizations.** Instead of dealing with crises as they occur, local governments are focusing on how to prevent them through such efforts as development of plans for preventive maintenance of a community's infrastructure, the development of strategic plans, adoption of performance measures, complaint tracking, etc.
- **Customer centric organizations.** Constituents are increasingly looking over the shoulder of local government and requiring justification for the actions of elected and appointed officials. There is increasing conflict within communities regarding the funding priorities of local government. This requires local entities to increasingly spend more time considering how to reach residents and be more proactive in getting their constituents involved.

These trends need to be considered in the evaluation of the Town of Queen Creek's organizational services and structure and the development of alternatives.

The rationale for the recommendations is to help the organization attain its next level towards improving the delivery of public services. Enhancing the effectiveness and efficiency of government is not simply about adding or subtracting employees as a method to improve government efficiency. The operation of local government is not arithmetic, but more like algebra. In other words, reducing the number of government employees does not lessen its purpose. For example, the following are not equally reduced simply by shrinking the Town's workforce - enforcement of the zoning code, number of lane miles which require maintenance, the crime rate, size of the recreation center, etc. Moreover, the Town's role is as the primary enabler of the quality of life in Queen Creek. Obviously, the scope of that role is the focus of the governing body in their continued efforts to create a strong community.

In order to deliver more value-added services, additional staffing resources must be considered. However, it is beyond simply hiring more Full-Time Equivalents (FTE), but considering a larger contingent workforce comprised of temporary employees, contracting for services, shared services, and volunteer. As the organization has experienced the departure of an incredibly large number of employees, the response has been “bend but don’t break.” Now with a high rate of growth returning and with it, increasing revenues, there is a desire to build on those basics of good government. The primary component to elevate the role of Town government are the capabilities of the workforce members – whether internal or otherwise – to ensure the delivery of services and programs. As resources are optimized, the organization’s performance will accelerate and the community will move forward to reach a new plateau.

The recommendations proposed are based on an analysis and experience of what works in other jurisdictions, what are considered generally accepted practices of efficient local government, and the unique culture that reflects Queen Creek. They are not intended to reflect a “peanut butter” approach which is defined as expanding one recommendation to fit all departments. Instead, these recommendations are targeted and highly focused and when implemented, cost-savings will be realized and productivity levels increased.

Our recommendations are targeted and should serve as the catalyst for the Town Manager and the governing body to continue efforts and (re)-examine all services and programs to closely scrutinize what is being delivered, can it be discontinued or modified, how can technology be better leveraged, what are other jurisdictions doing, etc.

The increase in uncertainty can derail policy makers and leaders from making decisions. The key is that while ambiguity exists, expecting a guarantee that each decision when implemented will succeed is unrealistic. The challenge is not to permit the ambiguity to stall leaders from executing smart, focused decisions towards organizational improvement.

- **Administration**

1. Expand the capacity of the Town Manager's Office to provide administrative support for the Town Manager, oversee complex projects and contracts, and handle implementation of strategic initiatives. The cities of Apache Junction, Casa Grande and Maricopa have Assistant City Managers that are not directly responsible for oversight/coordination of a city department, such as is in Queen Creek. Consider re-establishing a Finance Director position, which would free up the existing Assistant Town Manager to possibly take on another department and/or assist with succession planning within the Finance Department.

2. Continue to pursue strategic initiatives relating to addressing structural budget challenges including diversifying revenue sources and strengthening local control.
3. Revisit processes used to determine essential services and programs for the Town and decide on most effective mix. Currently, there are a number of processes in place, with some at cross-purposes. There are the ICMA Performance Measurement consortium, Priority-Based Budgeting, Comprehensive Strategic Plan, and Core Services devices being used.

Based on interviews conducted, the ICMA Performance Measurement is trending towards an administrative process, instead of a managerial tool, which is what it's designed to do.

4. Continue the practice of contracting for the provision of Town services. While outsourcing does not always translate to lower costs and improved service, it remains a viable option when factoring in the ebb and flow of Town budgets.
5. Engage the community in a broad-based strategic planning process. The current Strategic Plan is being highly-leveraged, however with the rapid growth, fluctuating citizen demands/expectations, the transformational role government is experiencing, and the ebb and flow of Town revenue sources, enlisting the citizenry in a meaningful, deliberative process to determine the future of Queen Creek will prove extremely beneficial. Moreover, it will enable the Town organization to strengthen its role as a credible community builder.
6. Annual Work Plans prepared by Department Directors should include a prioritized set of goals and objectives.
7. Establish a quarterly schedule for each Department Director to provide both quantitative and qualitative updates about service levels, workload outputs, emerging trends, etc. Most departments currently generate an annual report so the adoption of a more frequent, and more complete report, should not be problematic. These reports once reviewed should be shared with the governing body. Apprising Town Administration and elected officials about department service levels, criminal activities, building permits issued, etc. is fundamental to effective local government.
8. Explore with other government jurisdictions including other cities and Maricopa County the provision of shared services. Increasingly cities, counties and school districts are exploring arrangements to create a shared services approach for the provision of Procurement/Purchasing, Information Technology, and Human Resources.

9. Continue to seek increased law enforcement services through the existing contract with Maricopa County Sheriff's Office (MCSO). Quarterly reports provided by MCSO should be revised to reflect more than a "data dump" and include sufficient narrative to outline trends and level of services.

- **Management Services**

City	Number of Finance Staff
Casa Grande	10
Marana	10
Maricopa	9
Oro Valley	7
Queen Creek	7
Apache Junction	6

10. As the volume of work expands, especially the complexity of issues and rising demands, consider adding additional staffing resources to the Finance Department. The responsibilities in Finance are broad ranging from accounting to budgeting. With a healthier budget now in place, and for the foreseeable future, there will be increasing opportunities to partner with Town Administration and members of the governing body on exploring financing options for capital improvements, leveraging existing funds, and identifying alternative funding sources. Consequently, the time and effort of the CFO will continue to be invested on non-routine matters that are more complex.

Explore options than adding a Full-time employee to provide Finance services would be to contract with a private firm or partner with another jurisdiction in sharing an employee are viable options.

11. Collaborate with Town Manager in presenting to Town Council a revised Capital Improvement Plan (CIP). While \$350,000 is allocated in the current budget year for equipment, new and replaced, that amount to "catch up" from delaying capital purchases over the last few years must be increased. Besides equipment replacement, targeting capital investment for infrastructure-related projects must coincide with the rapid growth underway as a means to (re) invest in the community.

A capital improvements program is a blueprint for planning a community's capital expenditures and is one of the most important responsibilities of local government officials. It coordinates community planning, financial capacity and physical development.

A capital improvements program is composed of two parts -- a capital budget and a capital program. The capital budget is the upcoming year's spending plan for capital items (tangible assets or projects that cost at least \$10,000 and have a useful life of at least five years). The capital program is a plan for

capital expenditures that extends five years beyond the capital budget. Development of a CIP that will insure sound fiscal and capital planning requires effective leadership and the involvement and cooperation of all municipal departments.

A complete, properly developed CIP has the following benefits:

- Facilitates coordination between capital needs and the operating budgets.
 - Enhances the community's credit rating, control of its tax rate, and avoids sudden changes in its debt service requirements.
 - Identifies the most economical means of financing capital projects.
 - Increases opportunities for obtaining federal and state aid.
 - Relates public facilities to other public and private development and redevelopment policies and plans.
 - Focuses attention on community objectives and fiscal capacity.
 - Keeps the public informed about future needs and projects.
 - Coordinates the activities of neighboring and overlapping units of local government to reduce duplication.
 - Encourages careful project planning and design to avoid costly mistakes and help a community reach desired goals.
12. Revise the Fleet Replacement Policy. The existing policy was last updated in 2006. Deliberations should include agreeing to a mileage and/or hours policy along with establishing a reasonable budget level to make significant strides in replacing vehicles and equipment, especially those which require repairs where the expense of the repairs is higher than its value.
13. Modify the cost recovery policy to establish more aggressive goals for town functions to guide the setting of specific fees and charges for services. Fees and charges should be reviewed annually. All cost recovery goals should be reviewed at least every three years by the City Council.
14. Ensure the potential for the recently adopted software for on-line bill paying for development related fees (i.e. building permits) is realized.
15. Continue to explore joint purchasing arrangements and/or utilize cooperative purchasing schedules to maximize budgetary dollars allocated for such acquisitions.
16. Adopt either a cost allocation plan or an internal service fund to ensure enterprise funds are paying their appropriate share of all support services – Town Administration, Fleet Maintenance, Finance, Human Resources, Information Technology, insurance, building maintenance, etc. Enterprise funds should be self-sustaining and this includes paying their fair share.

17. Capture and provide quarterly updates reporting the status of federal and state grants being pursued. Keep existing Grant Committee intact as an overseer of grant requests.
18. Continue the practice of the CFO presenting quarterly updates to the governing body on the status of the Town's financial condition.
19. Refresh the Town's Economic Development strategy to include a stronger emphasis on leveraging community assets such as the Phoenix-Mesa Gateway Airport.
20. Re-assign the Economic Development function to ensure it receives the requisite support necessary essential for its success.

- **Human Resources/Workforce**

City	Number of HR Staff
Marana	5
Oro Valley	5
Apache Junction	4
Queen Creek	4
Casa Grande	3
Maricopa	3

21. Consider adding additional staffing resources to Human Resources. The responsibilities in HR are extensive including recruitment and selection, policy administration, compliance training, safety/risk management, benefits administration, disciplinary matters, performance review/management and so forth. With a more stable budget there will be an increasing number of recruitments creating a larger Town workforce, which translates to additional workload in many of the HR-related areas mentioned above. Moreover, as will be noted in other recommendations below, there are a number of areas that relate to attracting, retaining and developing the Town's workforce that require immediate attention.

Options other than simply adding Full-time employees to provide HR services should be explored. Contracting with a private firm or partnering with another jurisdiction in sharing an employee are viable options.

22. The Town of Queen Creek is already embarking on an updated compensation and classification study. While this will update the existing structures which are proprietary to Fox Lawson, consideration could be given to alternative pay structures.

Alternate Considerations:

- Step pay schedules. Front line customer facing occupations most often have a limited period of time where an employee reaches their full knowledge and functionality, and are well suited to a step pay progression. Annual steps can be achieved through measured performance. Steps can be adjusted through cost of living measures or market measures. When the top step is reached employees can either receive only the step adjustment, or a one-time payment for measured performance. One time payments lessen budget impact. Providing there are a limited number of steps, a reasonable distance between steps and all hiring is done at the beginning step, these schedules also remove pay compression issues.
- Skill based pay. In those occupations where achieving increased levels of skills allows for an increased range of responsibilities that can be regularly performed, pay schedules are well suited for a skill based pay program. Certification of skill attainment and market competitive values for each skill attained are keys to program success. Skill based pay programs also remove pay compression issues.

Other recommendations include:

- Alleviating compression is an important step in updating any compensation program. Consideration of equity adjustments based on years of service is one method that can be applied over a period of years.
- Evaluation of the compensable factors used to place positions in grades is appropriate. Do the factors provide sufficient points for supervisory skills? If cross training is a key strategy for the Town, do the compensable factors adequately provide points for the additional skills required to perform multiple functions.
- Creation of a total compensation policy. How much of a contribution toward benefits is reasonable for an hourly employee? When surveying for wages, it is equally important to evaluate benefit design and cost as well.
- Continue the annual communication update to employees about their respective total compensation package.

23. Implement the recommendations for a formal succession planning effort that was presented at the November 20 meeting of the Town Council. These recommendations include adoption of a Learning and Development Program

- that includes a heavy concentration on the provision of supervisory, managerial, and leadership training opportunities.
24. With hiring on the rise, the recruitment message contained in Town materials needs to be updated. Job postings should include an expanded description of the many positive features associated with working for the Town especially about the work environment. These messages also help demonstrate a more diverse workplace and can aid in recruiting a more diverse workforce.
 25. Continue the core set of training courses that all employees are required to attend every three to five years. These courses include topics such as:
 - i. Preventing Sexual Harassment
 - ii. Diversity
 - iii. Workplace Violence
 - iv. Customer Service

The Town should seek to utilize the training already available to it from its participation in various organizations and associations.

26. Implement a program on reviewing position descriptions and duties performed for each position at least once every five years to maintain descriptions in a current status following completion of the compensation and classification study.
27. Using the template of the Annual Report, provide at least quarterly updates to communicate to the Town Manager and governing body – service levels and project updates associated with Recruitment, Selection and Orientation; Classification and Compensation Administration; Benefits Administration; Compliance with State and Federal Laws and Regulations; Risk Management; Human Resources Planning and Organizational Development; Performance Management; Organizational Communication and Employee Outreach and Recognition; and Special On-Going Projects. Providing regular updates about service levels is essential to ensure key decision makers are well informed.

- **Information Technology**

City	Number of IT Staff
Marana	13
Casa Grande	9
Oro Valley	7
Queen Creek	6
Apache Junction	4
Maricopa	4

28. Consider adding additional staffing resources to Information Technology services. The responsibilities in IT continue to expand as a result of the convergence of a number of technology trends, increasing use of technology as a device to deliver improved services and programs, and growing workforce.

Options other than simply adding Full-time employees to provide IT services should be explored. Contracting with a private firm or partnering with another jurisdiction in sharing an employee are viable options.

29. Service levels for Information Technology should be immediately reviewed. The information provided in the Department's annual report does not allow for an effective analysis of either where staff time is spent or results obtained; the current list appears to be an inventory of all activities within an given year without any narrative describing priority, impact, departments involved, etc. Currently Information Technology services are one of the fastest-growing services being contracted out by government agencies though we are not recommending that option for the Town of Queen Creek until a more in-depth review is completed of IT services and staffing levels.

30. Engage a technology-based consultant to create a Town-wide Technology Master Plan. Similar to other types of plans guiding land use, construction of facilities, acquisition of equipment and related budgetary matters, a Technology Master Plan serves to coalesce decision making about the role, use and timing of technology as an enabling tool to provide services. A unified approach will not remove discretion by department directors to utilize technology as he/she deems appropriate but will increase the likelihood that technology as it relates to the delivery of Town programs and services are being optimized.

31. Continue utilizing Cloud Technology as a support mechanism in lieu of purchasing additional servers.

32. Establish a Governance Committee comprised of a select group of Town employees – department directors and others - to consider the acquisition of new technology solutions, including significant upgrades to existing systems.

- **Fire**

33. The Labor-Management Committee recently established by Interim Chief Knight can prove to be beneficial. Sufficient time and effort should continue to be invested to ensure the success of this newly formed Committee.

34. As a means to provide services via a Fire Marshall, consider partnering with an adjacent jurisdiction to share a resource.

- **Public Works**

35. The cities of Apache Junction and Casa Grande are structured so Public Works is a stand-alone department and its Director reports directly to the City Manager. Whereas the other cities – Marana, Maricopa and Oro Valley – each have Public Works a division within a larger department, such as Development Services.

Understandably the intent for Development Services to absorb Public Works made sense considering the severe budget cuts the Town was experiencing the last several years. However, the current structure of Development Services is so large and diverse that it does not allow for an opportunity to look at relationship between tasks, workflow, responsibility and authority.

With the current trend of growth most likely to continue, if not accelerate, consideration should be given to adding an Assistant Director position reporting directly to the Director of Development Services. The creation of such a position will provide for increased collaboration with Public Works to ensure service levels are maintained and infrastructure improvements completed.

Dependent upon the rate of growth within the community and the workload increase for Development Services along with the addition of the Assistant Direction position, monitoring should continue of the Public Works function to determine if it should once again at some point in the next few years, return to existing as a stand-alone department, with its Manager reporting directly to the Town Manager.

36. Confer with Town Administration on a cost-effective annual Street Maintenance Program including funding level and role of the PCI as an indicator to determine which streets are included in the maintenance program.
37. Utilize APWA Certification process as a means to evaluate practices, services and programs. While not recommending the actual adoption of accreditation, there is much to be gained in the pursuit of using the APWA standards as a gauge for improvement.
38. Review and update, as necessary, the on-going preventive maintenance guidelines for infrastructure under control. This will provide the ability to more accurately define annual expenditures necessary for maintenance of existing infrastructure, for inclusion in the annual capital budget. The preventive maintenance recommendations within the new Corporate Strategic Plan have been implemented.
39. Collaborate with Town Administration, Chief Financial Officer and other department directors in creation of a 5-Year Capital Improvement Plan

consisting primarily of a replacement schedule for fleet and equipment. Update the Fleet Replacement Policy. Deliberations should include agreeing to a mileage and/or hours policy along with establishing a reasonable budget level to make significant strides in replacing vehicles and equipment, especially those which require repairs where the expense of the repairs is higher than its value.

40. Purchase and install a computerized Work Order System for Street Maintenance services. Presently, the IT Department is partnering with Public Works to identify a Work Order System.

41. Collaborate with Chief Financial Officer to develop a cost allocation plan or internal service fund for Fleet Maintenance services.

- **Development Services**

City	Number of DS Staff
Marana	47
Queen Creek	24
Apache Junction	13
Casa Grande	19
Maricopa	19

42. Unlike other Town Departments, the addition of staffing to Development Services has certain caveats attached. Traditional economic cycles create a “boom-bust” approach especially as it relates to land development and with it the need for prompt, accurate and effective Development Services provided by local governments, Queen Creek, in particular.

While additional staff members were added in the last year to handle the increasing workload within Development Services, it is recommended options other than hiring full-time staff to assist with development activity. Options include contracting for the service with a firm, or even sharing services or purchasing services from another jurisdiction. The intent is to provide the service should demand require it, but not simply hire a full-time person for the provision of these services. Consider development related services to be classified as a contingent service depending on the economic cycle and staff the service accordingly.

The Town has been very efficient with the use of tax dollars while ensuring high-quality service delivery, in utilizing a shared service approach that includes:

- Elimination of full-time custodial staff to a contract for service arrangement.

- Contracted with Queen Creek Unified School District to share their fueling station for Town vehicles.
- Utilize Town of Gilbert Fleet Services for maintenance of specialized Town Fire vehicles.

Whether or not to add full-time staff or consider other options should include factors other than cost-benefit in the short term. It can appear a better return on the investment and improved quality control by hiring staff members, however as history has proven, the pace of growth can decline quickly creating excess capacity of Town staff. The Department did budget monies for on-call staff services for the past few years and that recent positions which have been added to the Town workforce was based on a long-term cost-benefit analysis.

43. Partnering with the Town Manager, prioritize the seventy-one objectives that are included in the 2013-14 budget. This number of objectives is unusually high and without an agreed upon set of priorities, there is a risk that time and attention will be applied against less significant activities. Continuous monitoring of the objectives should continue throughout the balance of the budget year, including making the necessary modifications based on development trends occurring in the community.

- **Recreation Services**

44. Enlist the services of an outside firm to conduct a comprehensive review of fees associated with recreation programs and park facilities. This should include at a minimum a comparison with other providers in the area including other cities, non-profits and private businesses. While the level of subsidy may continue to be a contentious topic, the Town Manager and governing body members will benefit from an outside assessment of user fees so as to provide the opportunity to move the discussion forward about what are considered appropriate levels of fees, subsidy, etc.

45. Remain vigilant in use of seasonal and part-time staff and hours, along with volunteers, to ensure efficiencies are realized.

46. Expand advertising program at public facilities as a revenue source.

- **Utilities**

47. The successful integration of H2O Water Company is the most significant challenge for the Utilities Department. Incorporating new employees into the Queen Creek “way of doing business” can prove difficult consequently, concentrating on the people issues is essential. There are a number of other moving parts – plant operations, customer service, infrastructure maintenance – to name a few involved in this expanded operation. Regular progress

updates should be provided by the Utilities Director to the Town Manager and Mayor and Council.

Conclusion

New and different decisions are being made on what cities, counties and states can pay for what they do. Citizens have to start making choices. People have high expectations, and it's very expensive to do everything - clean streets, safe drinking water, public protection, quality social services, and so on. A budget isn't just a plan to spend money. It's an expression of values. A city government budget states the values of a community.

Experts predict in the short term following recovery, the revenue-expenditure equilibrium will be at a "new normal," and many citizens may find that "new normal" unacceptable. The challenge facing the Town of Queen Creek is to determine where this equilibrium can be achieved and what will citizens adjust to, and accept, as a new normal for service delivery based on what revenues are available and how they are allocated.