

Date: April 23, 2008

To: Town of Queen Creek Budget Committee

From: Barbara Sena, Budget Manager

Through: John Kross, Town Manager

Subject: Minutes from Budget Committee meeting held March 3, 2008

1. The meeting was Called to Order - at 3:34 pm by Council Member Lisa Coletto-Cohen, Chair
 - i. Committee members present: Council Member Lisa Coletto-Cohen, Council Member Gordon Mortensen and Council Member Toni Valenzuela. Also attending: Town Manager John Kross, Assistant Town Manager Patrick Flynn, Budget Manager Barbara Sena, Budget Analyst Samantha McPike, Parks and Recreation Director Debra Gomez, Parks CIP Project Manager Troy White, Economic Development Director Doreen Cott, Information Technology Manager Lester Godsey, Budget Analyst Traci Polk, Deputy Town Manager Shane Dille, Public Works Director Don Noble, Budget Analyst Jennifer Todd, Public Works CIP Project Manager Terry Fawley, Public Safety Manager Joe LaFortune, and Council Candidate Jeff Brown.

2. Town Manager John Kross began the Capital Budget Expenditure Hold Backs discussion by showing a map of the town which indicated Drainage and Transportation and Waste Water Projects; the map identified the projects in RED as being held, in GREEN as funded and under construction, and PURPLE as being having been completed. Town Manager Kross said the Town was going to let \$27 million in bonds in FY 2008; however that will not occur. Town Manager Kross also said that the Town has holding \$23.5 million in capital projects this fiscal year. The worksheets in the committee member's packets identified the held projects by fund by project number and also identified any KRAs that were applicable.

Council Member Coletto-Cohen asked if the Town was re-rated with every bond issuance. Town Manager Kross replied that yes we do, however this new debt was already factored into our rating. Town Manager Kross said that the rating agencies are aware that Queen Creek is growing and needs infrastructure.

Council Member Mortensen asked if agencies review bond ratings on an annual basis. Town Manager Kross stated that yes bond rating agencies do; they receive a copy of our capital project budgets and reaffirm our rating by reviewing our fund balance, actions that the Town Manager, Council, etc have taken to address issues such as these holds. Council Member Mortensen stated that he appreciated the Town's pro-

active management. Council Member Mortensen also stated that he felt Queen Creek should do more public education regarding debt per capita, etc. Assistant Town Manager Flynn stated that town officials would be meeting with editorial boards, etc for education purposes. Town Manager Kross stated that the Town's debt is an investment such as the Library and the Loop Rd. These projects have generated approximately \$350 million in private investments – shopping malls, etc. Queen Creek had to build everything from scratch.

Town Manager Kross reviewed the holds in each fund; he noted that projects listed are completed or about to be completed.

Council Member Coletto-Cohen asked who determined the impact of the held projects. Town Manager Kross replied that is was a management decision with departmental input.

Council Member Coletto-Cohen asked how the map shown at the beginning of this meeting related to the map put forward two years ago containing a five year road plan. CIP Project Manager Fawley stated that the original map contained many traffic signals, intersections that have been completed; of the predominate roads identified; many will be completed within the current budget.

Council Member Mortensen asked the impact on Maricopa County if the Town pulls out of Rittenhouse. Assistant Town Manager Flynn replied that the design and Right of Way acquisitions are still on tract. Council Member Mortensen asked how far out is construction shifted? Town Manager Kross replied it would be more than five years without assistance from partners. Council Member Mortensen asked if the hospital was coming? Town Manager Kross replied yes in fiscal year 2013 or 2014 including the commercial center.

Council Candidate Brown and Council Member Valenzuela wanted to talk to TAC regarding installing a temporary signal at Hawes and Rittenhouse.

Council Member Mortensen stated that the funding process to the Queen Creek Marketplace must continue to expend; now there are single lanes into the shopping centers. Town Manager Kross replied that Rittenhouse, Ocotillo (east and west) are not held in the Town Center streets package. CIP Project Manager Fawley said that turning lane costs have been identified and the Combs/Rittenhouse/Riggs traffic signals would on at the end of the month. CIP Project Manager Fawley stated that intersections, not lane width, are the most critical. Town Manager Kross stated that Ocotillo and the rail road crossing are under discussion for widening not only the scalloped portion. Council Member Mortensen replied that the Town needs to be sensitive to the “funneling”. Town Manager Kross stated that the Town has a \$250 million need with a local capacity of \$115 million and no anticipated funds from Pinal County.

Council Member Mortensen asked regarding the \$10 million to do the study of Meridian Road. Town Manager Kross replied that ADOT and MAG have interpreted the law regarding repayment terms to be a five year repayment which is not logical. The law must now go to the Legislature to the wording changed for a longer repayment schedule.

Town Manager Kross state that the retention basin at Cloud and Sossaman is expensive to construct and to pipe water to the Sonoqui Wash; the preliminary estimate from Dibble is \$ 6 million so the Town needs to re-think whether or not this is a high priority project.

Council Member Coletto-Cohen asked which project in the Drainage and Transportation fund is D0004? CIP Project Manager Fawley said that it is piping to convey 200 CFM of water from Cloud to the retention basin. Town Manager Kross stated that some of this may be mitigated by the construction of Fire Station #2. Public Works Director Noble said that he is meeting this week with QCUSD regarding the school site north to Cloud.

In the Waste Water fund, Town Manager Kross stated that most of the savings is in the projected savings in the Greenfield Plant. CIP Project Manager Fawley said that the lift station does not need replacing; the Town is putting the sewer in now before Vaquero Estates begins constructing.

Council Member Mortensen asked regarding the GP amendment in regards to the 1100 acres north of the rail road tracks – what needs to be done regarding this proposed development? Town Manager Kross replied that this project is slipping forward and Queen Creek does not need to do anything now.

Council Member Mortensen asked regarding increased activity south of town – if we shut down, does that hurt Queen Creek’s future development? Town Manager Kross replied that Vestar (Gateway) is not moving forward right now; we could use a payback agreement with a developer if someone wanted to move forward sooner.

Council Member Coletto-Cohen asked is the Town was meeting with developers regarding the impact of holding projects and Town Manager Kross said yes.

Town Manager Kross stated that savings in the Parks fund was due in part to a savings through a partnership with Pecans, etc. In addition, HPEC owner’s contract was cancelled and the contingency amount reduced. Council Member Coletto-Cohen asked if staff was OK with the decrease in the contingency? Parks CIP Manager White replied yes. Council Member Mortensen asked if additional budget could be held. Town Manager Kross replied that we could not hold more without impacting other areas. Parks and Recreation Director Gomez stated that if the arenas, etc were held, revenue would be decreased. Assistant Town Manager Flynn said that the Town will still need to let \$2.8 million in bonds to cover construction of HPEC.

Town Manager Kross stated that the majority of the hold amount in the Town Buildings fund was in the municipal wireless project and the Public Works Yard; he said that the Town was looking at a scaled down project in the Yard and using the temporary buildings longer. Council Member Colotto-Cohen asked what had been spent in the Solid Waste study? Public Works Director Noble said it was for consultants and that their final study recommendations would be brought to Council next week; there were some dollars remaining for temporary items. Council Member Mortensen asked how far would we be set back regarding the wireless project with this hold? IT Director Godsey said that the Town is proceeding with the Fiber to the Home feasibility study; the Town is trying to lay the fiber conduit infrastructure as we do roads. Director Godsey also said that with these holds, we cannot do the municipal Wi-Fi. Council Member Mortensen stated that especially in the north part of town we should always include the fiber conduit; otherwise we have lost our competitive edge.

Town Manager Kross stated that the hold amount in the Public Safety fund was for construction of the substation; there are some dollars remaining for renovations of the existing station.

Town Manager Kross said that the Library fund hold amount was for public art only; there was nothing additional available. Council Member Coletto-Cohen said that meant we were cutting out art in a very public place where people would be congregating. Town Manager Kross stated that we were ready to go to Council with the artist's contract. Council Member Mortensen asked if the hold amount of \$116,000 was just for Library art? Town Manager Kross said yes, we set aside 1% of each project's budget for public art. Council Member Mortensen made a motion to leave art for the Library in the budget and not be held. Seconded by Council Member Coletto-Cohen. Vote 3-0 to not take the art amount as a hold.

Council Member Mortensen made a motion to accept the capital holds as amended. Seconded by Council Member Valenzuela. Vote: 3-0. These holds will go to full Council on the April 2nd meeting.

3. Town Manager Kross distributed a memo to the Committee containing the history and existing practice of Council's Continuing Education Policy. Discussion followed regarding reporting on travel/training to other Council Members, a time limit in which to report on the travel, format of the report.

Council Member Mortensen made a motion to direct Town Manager John Kross to write a resolution that would be the Town's policy stating that (1) within thirty days of completion of travel at the Town's expense, Council members, committee members would report to Council, Boards on the travel/ training attended, no minimum amount of training required, and training must be directly related to local government.(2) if a Council or committee member cancels the travel or cannot attend, the person must pay back the cost to the

Town with certain exceptions. No staff member would be able to use this travel in the Council/committee member's place unless it is directly related to their job. This travel would still be charged to the individual Council member's travel budget. (3) college classes would be allowed at the annual allocation amount

Draft policy would go to entire Council for possible approval at the first meeting in April, 2008.

Motion made by Council Member Mortensen, seconded by Toni Valenzuela. Vote 3-0

4. Announcements – none

5. Motion made to adjourn at 5:20 pm by Council Member Coletto-Cohen, second Council Member Mortensen. Vote 3-0