



TO: HONORABLE MAYOR AND TOWN COUNCIL

**FROM: COUNCIL BUDGET COMMITTEE
JOHN KROSS, TOWN MANAGER
SCOTT MCCARTY, FINANCE DIRECTOR**

**RE: CONSIDERATION AND POSSIBLE ACTION ON THE TOWN'S
FY 2019/20 TENTATIVE BUDGET OF \$452.7M. IN ADDITION,
SET THE PUBLIC HEARING FOR MAY 15, 2019 FOR BOTH THE
FINAL BUDGET AND THE TRUTH IN TAXATION PER
REQUIREMENTS UNDER ARIZONA STATE STATUTES**

DATE: MAY 1, 2019

Council Budget Committee Recommendation:

The Town Council Budget Committee approved the Town Manager's FY 2019/20 Recommended Budget of \$452.7 million.

Budget Committee Approval:

The Town Council Budget Committee considered the Town Manager's FY 2019/20 Recommended Budget on April 4, 2019, hearing from the Town Manager, Finance Director, department heads and other staff. By a vote of 2-1, the Budget Committee approved the Town Manager's Recommended Budget of \$452.7 million. The FY2019/20 Budget is now presented for full Council consideration.

Note: Since the Budget Committee recommendation, members of the Town Council have contacted the Town Manager requesting alternatives to the Fire Resource and Skills Center Building. Options for that building are being reviewed and the implications to the Fire Impact Fees need to be evaluated for each option. This information will be sent out separately once complete.

Proposed Motion:

Motion to approve the Town's FY 2019/20 Tentative Budget at \$452.7 million and set the public hearing for both the FY 2019/20 Final Budget as well as the Truth in Taxation requirement for primary property taxes under Arizona State statutes. Such hearings to occur on May 15, 2019 at 7 p.m. in the Town Council Chambers.

Relevant Council Goals:



Effective Government



Superior Infrastructure - Capital Improvement Program



Discussion:

The budget is one of the most significant policy documents considered by the Town Council. The FY 2019/20 Tentative Budget is balanced and allocates resources consistent with the needs of a growing community. It was developed in accordance with the Council's strategic priorities identified in the Corporate Strategic Plan. Queen Creek is the fastest growing community in Arizona since 2010. The FY 2019/20 budget allocates resources to best meet the needs of our growing community.

The Tentative Budget totals \$452.7 million. Consistent with the needs of our growing community and the Council's priorities, the budget includes increases for new streets, public safety facilities and vehicles, as well as water and wastewater infrastructure and the possible acquisition of water rights.

The Capital Improvements (CIP) budget totals \$239.9 million and comprises 53% of the budget. It is an increase of \$61 million over the prior year adopted budget. This increase is mostly attributed to new roads, which total approximately \$122 million in the FY 2019/20 Tentative Budget. This is a part of the ongoing 10-year roads program, and includes \$18 million for roadways outside of Town boundaries.

GUIDING PRINCIPLES AND KEY ISSUES

The following guiding principles and key issues shaped the FY 2019/20 budget:

- Prioritization of Resources. The Tentative Budget uses the corporate strategic plan to prioritize its allocation of resources. Guidance to the organization is found within our strategic priorities adopted by the Town Council as follows:
 - Effective Government
 - Safe Community
 - Secure Future
 - Superior Infrastructure
 - Quality Lifestyle
- The Economy. The national and State of Arizona's economies remain strong and will result in increased revenues.
- Population Growth and Commercial Investment. The Town has seen significant residential and commercial growth in the last several years, inclusive of annexations. We expect that growth to continue. Developing plans to deal with an increasing residential and business population is critical to ensure both operational and infrastructure needs are met.
- Maintain a Balanced Five-Year Operating Budget. The five-year plan remains balanced, reflecting increased revenues and expenses based on population growth and new commercial development.

BUDGET HIGHLIGHTS

Following are the highlights of the FY 2019/20 Budget.

- Unfunded Pension Liability. As compared to other more mature communities, we believe Queen Creek has a unique opportunity to address this outstanding liability now, when our options for doing so are greatest. As a result, the Town has a policy to fund its unfunded pension liabilities. The FY 2019/20 Budget allocates resources to continue to reduce these liabilities. The Town's net unfunded pension liabilities total about \$10 million, \$37 million in liabilities less \$27 million in reserves.
- Central Arizona Groundwater Replenishment District Credits. The Town Council revised its policy to more aggressively allocate these credits. This acceleration is possible because of the acquisition of 175,000 acre feet of groundwater extinguishment credits. This acceleration will save property owners an aggregate of \$1 million in FY 19-20 as compared to 2017, before the credit use policy was initiated.
- Acquisition of Water Rights. Ensuring the Town has adequate water resources is a top priority of the Town Council. As a result, \$50 million is included in the FY 2019/20 Budget for the potential acquisition of water rights.
- Water and Wastewater Reserves. Operating reserves and repair and replacement reserves will be increased to improve cash liquidity and rate stability.
- Wastewater Rate Reduction. Based on a rate review, rates will be modified to generate 10% less revenue.
- Comprehensive Capital Improvement Plan (CIP). As a growing community, the need for new infrastructure for transportation, water, and wastewater is a priority. Resources are budgeted to build such infrastructure, as well as continue planning for future infrastructure needs. Contingency allocations have been included to ensure we have the authority to meet the dynamic environment's infrastructure needs. The FY 2019/20 Budget acknowledges the critical nexus infrastructure plays in increasing opportunities for private sector investment within the community.
- Maintain Quality of Streets. Resources have been increased for routine maintenance and repair as a result of new streets being added to the system. A robust pavement management program continues to be funded.
- Additional Staffing. Based on 5-year staffing plans submitted by each department, the FY 2019/20 Budget includes resources for an additional 8.0 FTEs, which represents a 3% increase in staffing. All of these positions are needed to maintain existing service levels. These staffing increases are strategic and tied directly to the needs of the growing community. None of the staffing increases represents new programs or services. Positions are being added to street maintenance, fleet, engineering, water system maintenance, and fire prevention.
- Employee Compensation. Resources have been allocated to fund employee merit and market increases consistent with the 2014 Town Council adopted compensation plan and the fire step program.
- Healthcare Costs. The Town has a very active wellness program, which is a positive factor in addressing healthcare costs for both the Town and our employees. The FY 2019/20 Budget includes a 4% increase in major medical premiums on the employer side. When taken into context over a five year cycle, the increase in premiums is recommended to be absorbed

by the organization; therefore, there is no change in individual employee premiums.

TENTATIVE BUDGET

The purpose of the Tentative Budget is to establish the maximum budget, or budget ceiling, for the next fiscal year. Approving the Tentative Budget is the required first step by law. Once the Tentative Budget is approved, the Final Budget can go no higher; however, the Final Budget can be reduced or re-allocated between programs and/or funds.

As part of approving the Tentative Budget, the Town Council also approves the time and place for conducting the public hearing on the Town's Final Budget. The public hearing and final action on the Town's FY 2019/20 Final Budget is scheduled for the Town Council meeting on May 15, 2019. In addition, the Town Council will conduct a public hearing that evening on the Truth in Taxation requirement for primary property taxes. This item is discussed later in this report.

Adoption of the Final Budget on May 15, 2019 is predicated on the Town Council approving the Tentative Budget on May 1, 2019. The legal posting requirements to adopt the Final Budget on this timeline must begin on May 2 with submittal of the required newspaper budget advertisement.

PRIMARY PROPERTY TAXES (TRUTH IN TAXATION REQUIREMENTS)

For FY 2019/20, primary property taxes are estimated to be \$8.3 million. The primary property tax is dedicated to fund Public Safety, and funds 41% of the Public Safety Budget of \$20.2M. The public safety budget includes the Queen Creek Fire and Medical Department and Law Enforcement Services via contract with the Maricopa County Sheriff's Office.

The Tentative Budget includes a \$1.95 primary property tax levy rate. However, even though the tax rate remains unchanged at \$1.95 per \$100 of assessed value, the appreciation of property values (exclusive of the increase as a result of new construction) results in more revenue and triggers the "Truth in Taxation" requirements in State law. As a result, the Town is required to publish a prescribed notice and have a public hearing in anticipation of the Town Council accepting the increase in revenues. As indicated, the Town Council will be conducting a public hearing on these requirements as part of the May 15 Council meeting. Required notices are scheduled for publication to meet this deadline.

Fiscal Impact:

The Tentative Budget for FY 2019/20 totals \$452.7 million. The required Auditor General Schedules, which provide all the allocations by fund, are included as Attachment 2 of this staff report.

Alternatives:

The Town Council can modify the Tentative Budget in any manner prior to adoption. The Town Council could delay adoption of the Tentative Budget until the May 15, 2019 Town Council meeting, with the public hearing and Final Budget adoption then occurring on June 5, 2019. If this were the case, consideration of the tax levy could not occur until the July 17 meeting. While such dates would still allow the Town to meet county and state deadlines for tax levies, revised legal

notices will need to be submitted in order to meet the Truth in Taxation calendar requirements.

Attachments:

1. Presentation entitled "FY 2019/20 Tentative Budget"
2. Required State Budget Forms (Schedules A-G)
3. FY 19-20 Budget Memo



FY 2019-20 TENTATIVE BUDGET ADOPTION

Town Council Meeting

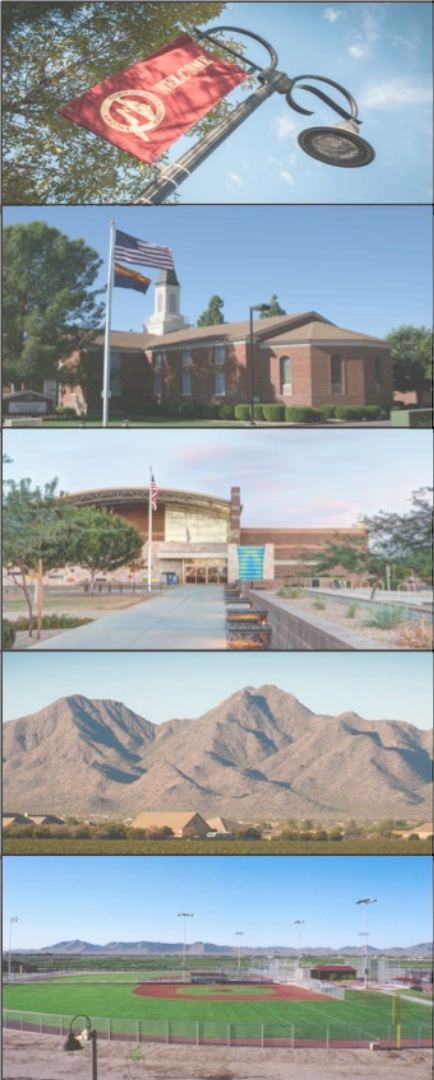
May 1, 2019



A BUDGET . . .

- Identifies Financial Goals
- Is A Spending Plan
- Is A Communication Tool
- Is A Policy Document

THE TOWN'S VISION



ROLES AND RESPONSIBILITIES



Staff

- Prepare Estimates
- Identify Policy Issues
- Prepare Town Manager's Recommended Budget

Town Council

- Make Policy Decisions
- Adopts Tentative and Final Budget



GUIDING PRINCIPLES

- Maintain a Structurally Sound Budget by Using Long-Term Projections
- Address the Needs of a Growing Community
 - Maintain Operating Service Levels
 - Build New Infrastructure

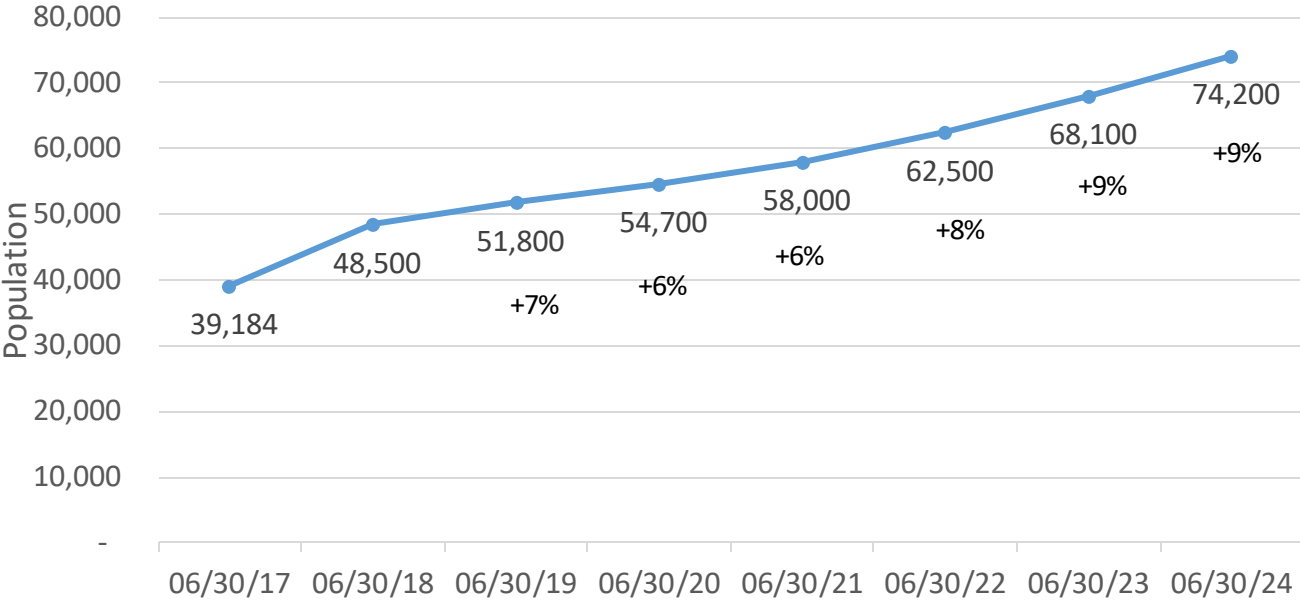


GROWTH PROJECTIONS

5-YEAR POPULATION PROJECTION

43% Population Increase in 5 Years (+22K)

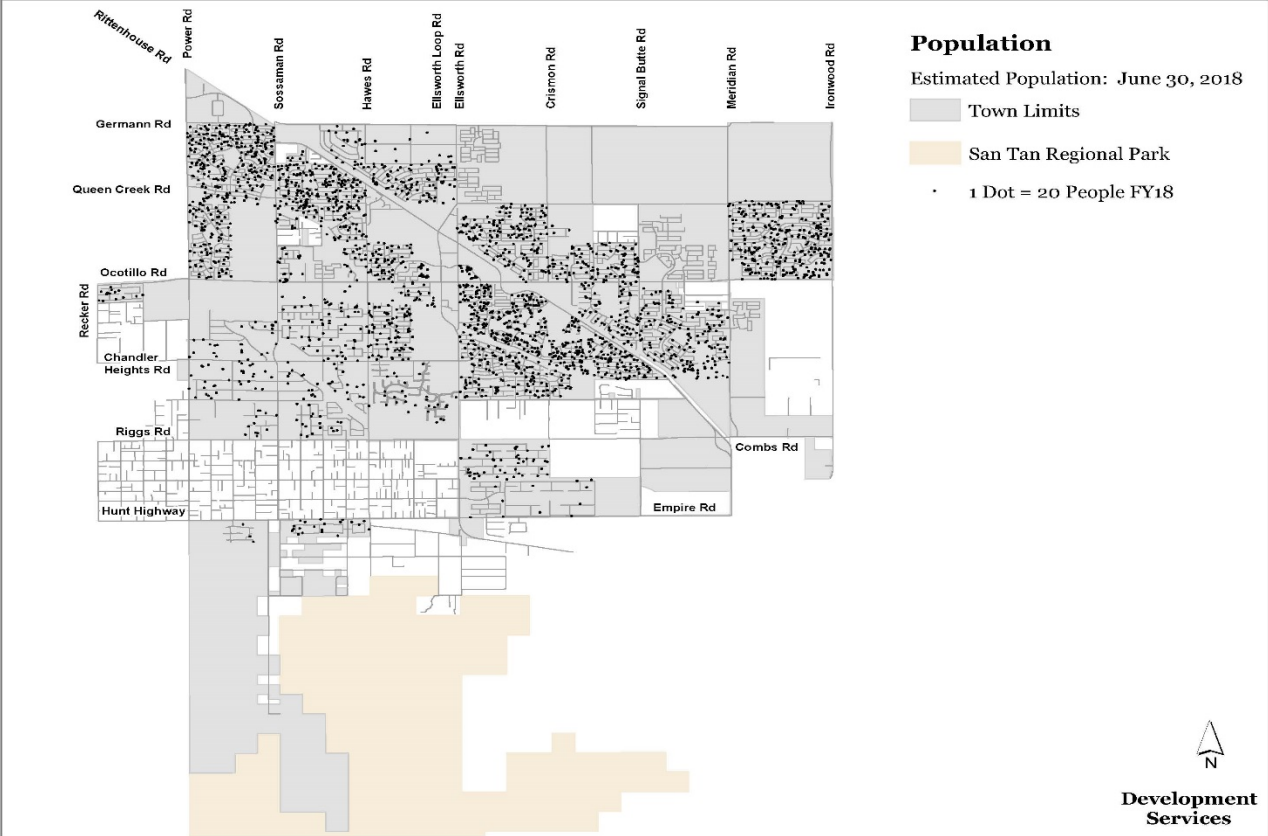
Build Out Population: 110K



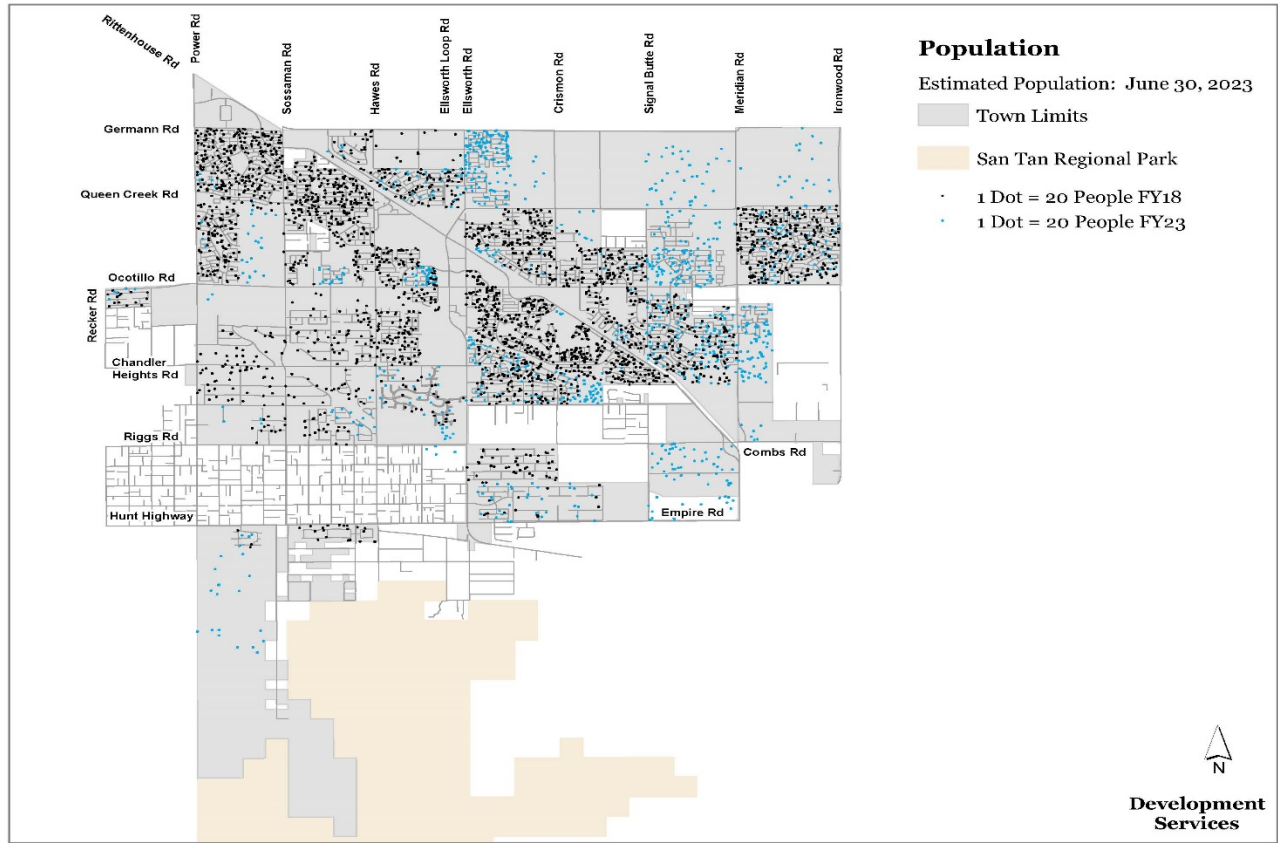
6/30/17 Adjusted to match Census estimates for State Shared Revenues

6/30/18 Includes Recent Ironwood Annexation, +5K

POPULATION DENSITY 6/30/18: 48.5K



POPULATION DENSITY 6/30/2024: 74.2K





FINANCIAL POLICIES

KEY POLICIES IN PLACE

- Address Unfunded Pension Liabilities
 - Fire (Fully Funded)
 - Paid off in FY 2014/15 (\$1.5M)
 - Annual Savings: \$140K
 - MCSO (Fully Funded)
 - Reserve Amount Created at 6/30/18: \$19.3M
 - Annual Cost Reduction: \$1.7M
 - ASRS (Partially Funded)
 - Reserve at 6/30/18: \$7M
 - \$5M Utilities, \$2M Operating Budget
 - Full Funding: \$21M
 - \$5M Utilities, \$16M Operating Budget



KEY POLICIES IN PLACE

(CONTINUED)

- Annual Transportation Funding from Operating Budget: \$6.5M
- Annual Utility Funding for Public Safety/EMS: \$2.8M
- Annual Infrastructure Repair/Replacement Funding
 - IT Systems: \$325K
 - HPEC: \$100K
- Employee Compensation Indexed Annually to CPI/ECI





FY 2019-20 NEW POLICIES

Include Debt Issuances for:

- Refinancing of Groundwater Extinguishment Credits: \$50M
- New Debt Issues
 - Water Rights' Purchase Placeholder: \$50M
 - Signal Butte & Meridian Roads: \$25M



FY 2019-20 POLICIES (CONTINUED)

- Establish Building Systems Repair and Replacement Annual Funding: \$250K in Operating Budget
- Water Fund's Purchase of Effluent Water from Wastewater Fund
 - Enhances Water Resources Portfolio
 - \$280/AF
 - \$0.7M Expense to Water/Revenue to Wastewater



FY 2019-20 POLICIES (CONTINUED)

- CAGRD Assessment
 - Allocated Credits More Aggressively
 - Savings to Property Owners of \$1M in FY 19-20 as Compared to 2017
- Increase Water and Wastewater Reserves
 - Operating (100% of Annual Expenses)
 - Repair and Replacement (1.5x Depreciation)
- 10% Wastewater Operating Revenue / Rate Reduction



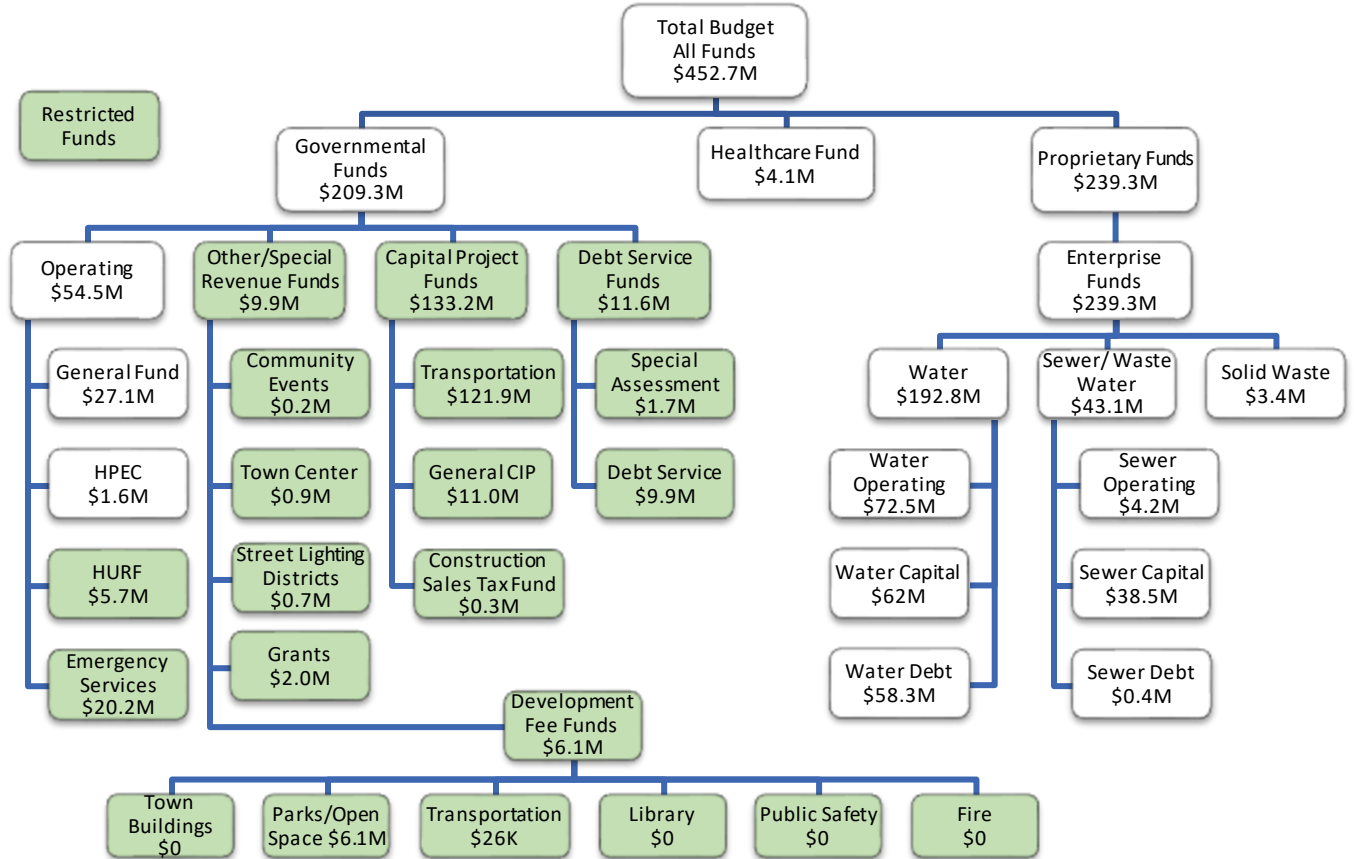
FY 2019-20 POLICIES (CONCLUDED)

- Primary Property Taxes at Maximum Amount: (\$8.3M Option C)
 - **Option A**: Same Revenue as Current Year (\$7.0M)
 - \$1.3M Less than the Maximum (Includes Ironwood Crossing)
 - **Option B**: Same Revenue as Current Year Plus New Construction (\$7.8M)
 - \$531K Less than the Maximum
 - **Option C**: Maximum Revenue (\$8.3M)
 - \$1.3M Increase Over Current Year
 - \$906K Increase From New Construction (includes Ironwood Crossing)
 - \$474K Increase From Existing Properties



TOTAL TENTATIVE BUDGET

BUDGET/FUND STRUCTURE : \$452.7M



*does not include transfers - will not tie to total uses provided later in presentation



FY 19-20 TENTATIVE BUDGET

(IN MILLIONS)



| | FY 18/19 Revised | FY 19/20 Tentative | \$ Change | % Change |
|-----------------------|---------------------|-----------------------|----------------|-------------|
| Total Expenses | \$350.9 | \$452.7 | \$101.8 | 29% |

| | FY 18/19 Revised | FY 19/20 Tentative | \$ Change | % Change |
|----------------------------|-----------------------|-----------------------|----------------|-------------|
| Revenues | \$221.3 | \$331.5* | \$110.2 | 50% |
| Use of Fund Balance | <u>\$129.6</u> | <u>\$121.2</u> | | |
| Total Sources | \$350.9 | \$452.7 | | |

*Bond Proceeds of \$125M are included in FY 19/20 Revenues (\$50M in Refunding, \$50M for new water rights, and \$25M for Debt related to Signal Butte and Meridian).

BUDGET SUMMARY AND COMPARISON



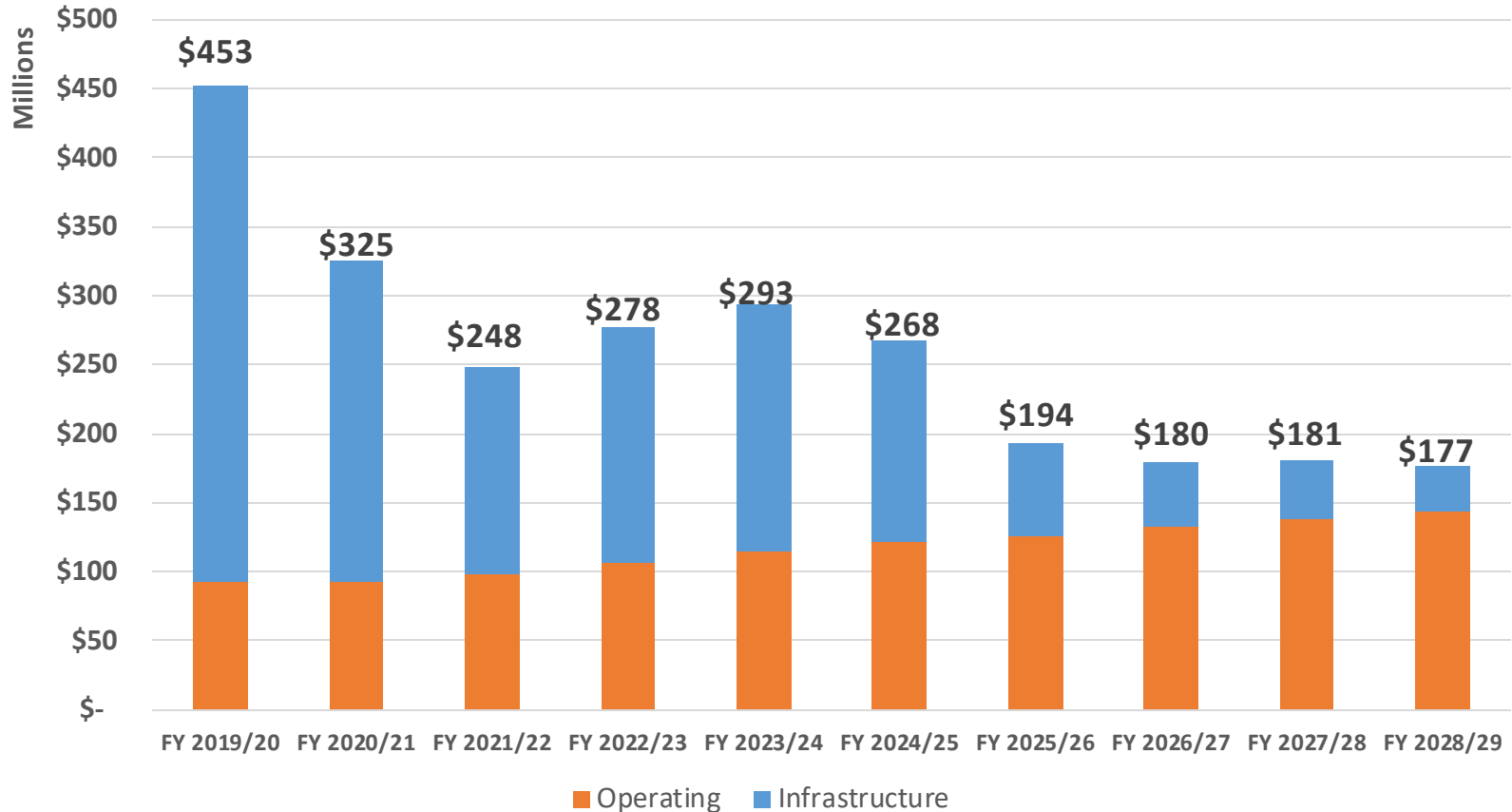
| | FY 2018/19 Revised | FY 2019/20 Tentative | \$ Change from Revised |
|-------------------------------|-----------------------|-------------------------|---------------------------|
| Operating Budget | \$51.1 | \$54.5 | \$3.4 |
| Enterprise/Utilities | \$25.1 | \$30.1 | \$5.0 |
| Water Rights | \$70.0 | \$50.0 | (\$20.0) |
| Transportation Infrastructure | \$77.8 | \$122.2 | \$44.4 |
| Water Infrastructure | \$53.4 | \$62.0 | \$8.6 |
| Wastewater Infrastructure | \$29.5 | \$38.6 | \$9.1 |
| All Other Infrastructure | <u>\$18.0</u> | <u>\$17.1</u> | <u>(\$0.9)</u> |
| Subtotal - Infrastructure | \$178.7 | \$239.9 | \$61.2 |
| Debt | \$18.6 | \$70.4 | \$51.8 |
| All Other Funds | <u>\$7.4</u> | <u>\$7.8</u> | <u>\$0.4</u> |
| Total Budget | \$350.9 | \$452.7 | \$101.8 |

FTE HISTORICAL SUMMARY

| Department | FY 2014/15 Actual | FY 2015/16 Actual | FY 2016/17 Actual | FY 2017/18 Actual | FY 2018/19 Revised | FY 2019/20 Projected |
|--|----------------------|----------------------|----------------------|----------------------|-----------------------|-------------------------|
| Mayor & Town Council | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 |
| Town Manager, Clerk, Legislative & Legal Services | 7.00 | 7.00 | 8.00 | 8.00 | 8.00 | 8.00 |
| Finance | 7.98 | 11.98 | 17.98 | 22.18 | 30.48 | 30.48 |
| Workforce & Technology | 10.00 | 11.00 | 12.00 | 12.00 | 14.00 | 14.00 |
| Communications, Marketing & Recreation Services | 13.42 | 13.71 | 16.71 | 16.71 | 22.06 | 22.06 |
| Economic Development | 13.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 |
| Development Services | 25.95 | 26.48 | 25.48 | 25.50 | 25.50 | 26.50 |
| Public Works | 47.40 | 50.36 | 50.86 | 56.93 | 68.43 | 72.43 |
| Solid Waste | 3.80 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| Utilities | 44.00 | 44.00 | 39.00 | 41.00 | 48.00 | 50.00 |
| Fire & Medical | <u>36.00</u> | <u>36.00</u> | <u>51.00</u> | <u>51.00</u> | <u>63.00</u> | <u>65.00</u> |
| Total Full Time Equivalent s | 215.55 | 223.53 | 243.03 | 256.32 | 303.47 | 311.47 |
| # Change from Prior Year | 12.5 | 7.98 | 19.5 | 13.29 | 47.15 | 8 |
| % Change from Prior Year | 6% | 4% | 9% | 5% | 18% | 3% |
| Population Growth | 7% | 6% | 11% | 21% | 7% | 6% |



10-YEAR BUDGET PROJECTION





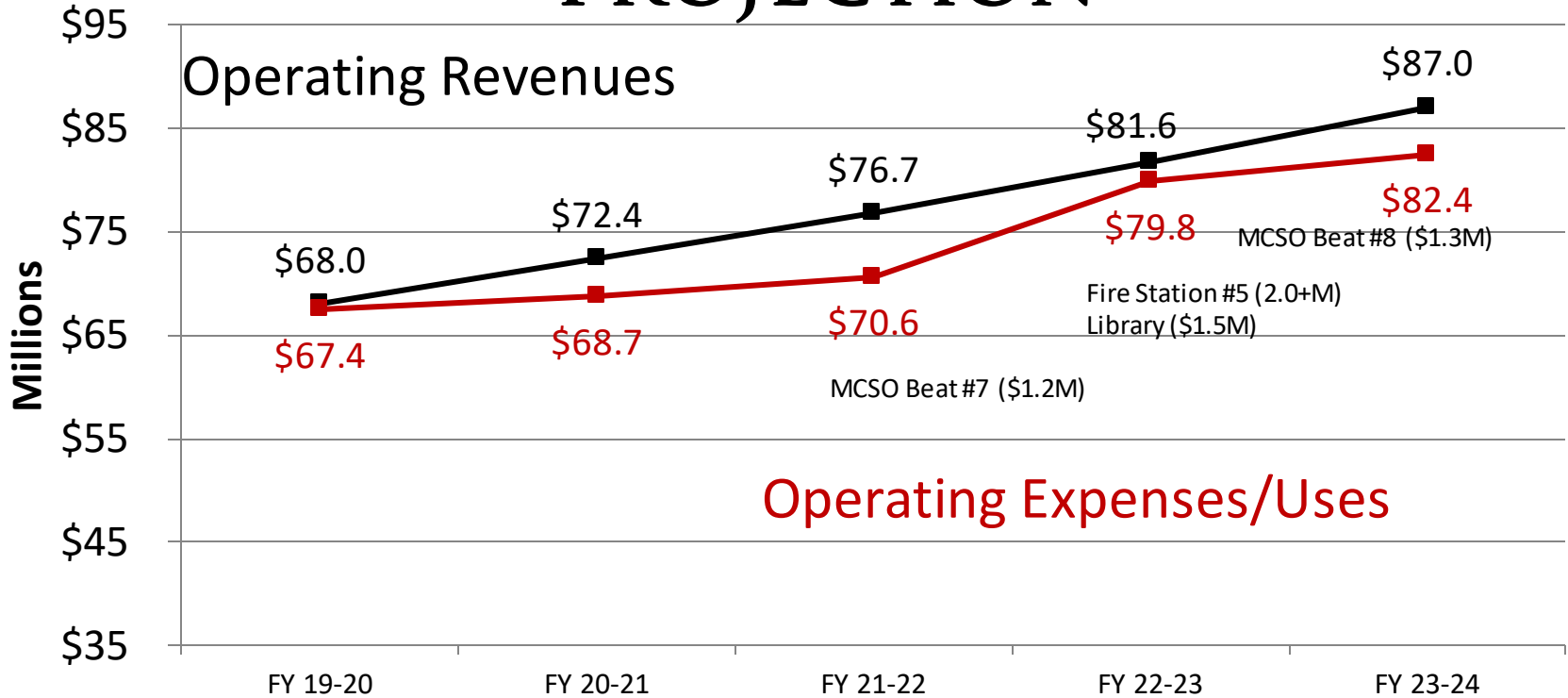
OPERATING BUDGET

5-YEAR FINANCIAL OBJECTIVES

1. Add Two MCSO Beats (\$2.5M Annually After Full Implementation)
2. Open 5th Fire Station (\$2.0M Annually)
3. Add Library Operating Costs (\$1.5M Annually)
4. Fully Fund ASRS Reserves at \$16M
5. Dedicate Construction Sales Tax for CIP PAYGO (\$6.0M Annually)



OPERATING BUDGET PROJECTION



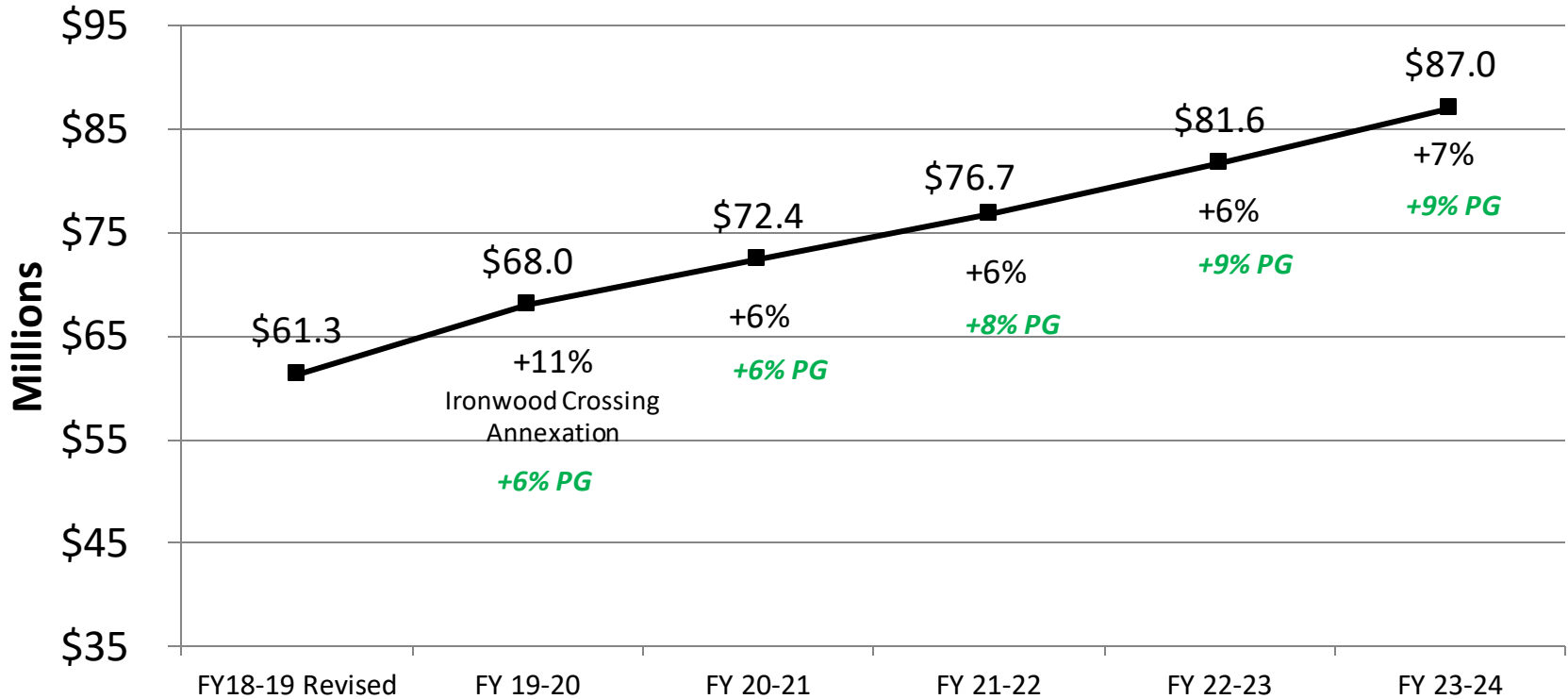
FY 2019-20 OPERATING BUDGET ENDING RESERVES

| | FY 19-20 Tentative Budget | |
|---|------------------------------|----------------------|
| Sources | \$68.0 | |
| Uses | <u>\$66.3</u> | |
| Net FY 19-20 | <u>\$1.7</u> | |
| Ending Fund Balance | | \$40.0 |
| Restrictions: | | |
| 25% Revenue Reserve Requirement | \$17.6 | |
| MSCO Unfunded Pension Liability Reserve | \$18.6 | |
| ASRS Unfunded Pension Liability Reserve | <u>\$ 3.8</u> | |
| Total Restrictions | | <u>\$40.0</u> |



OPERATING BUDGET REVENUE PROJECTIONS

5-YEAR OPERATING BUDGET PROJECTION: REVENUES



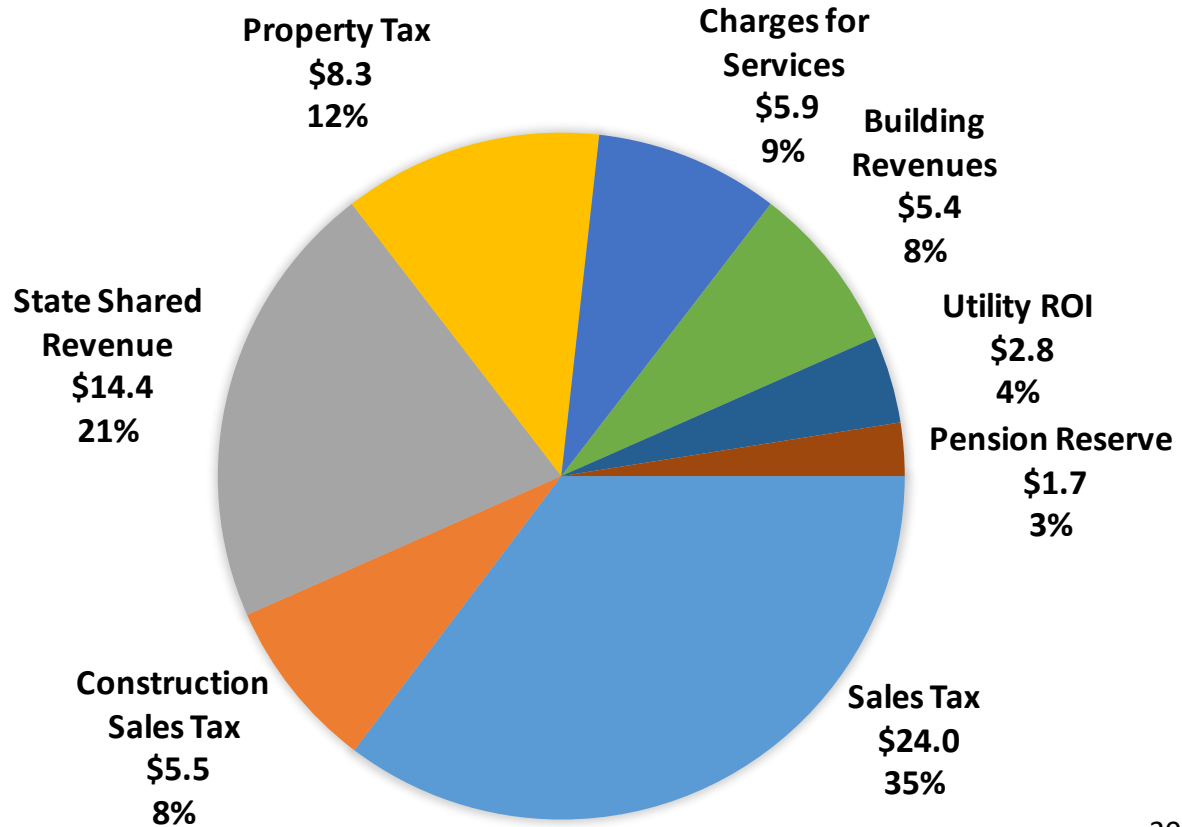
PG= Population Growth %

FY 2019-20 BUDGET REVENUE SUMMARY

- Increasing Significantly by \$6.7M (+11%)
- Ironwood Crossing Impact: +\$1.1M
- “Across the Board” Increases
- Assessed Value Increased \$70.8M (+20%)



FY 19-20 OPERATING BUDGET REVENUES \$68.0M



REVENUE SUMMARY

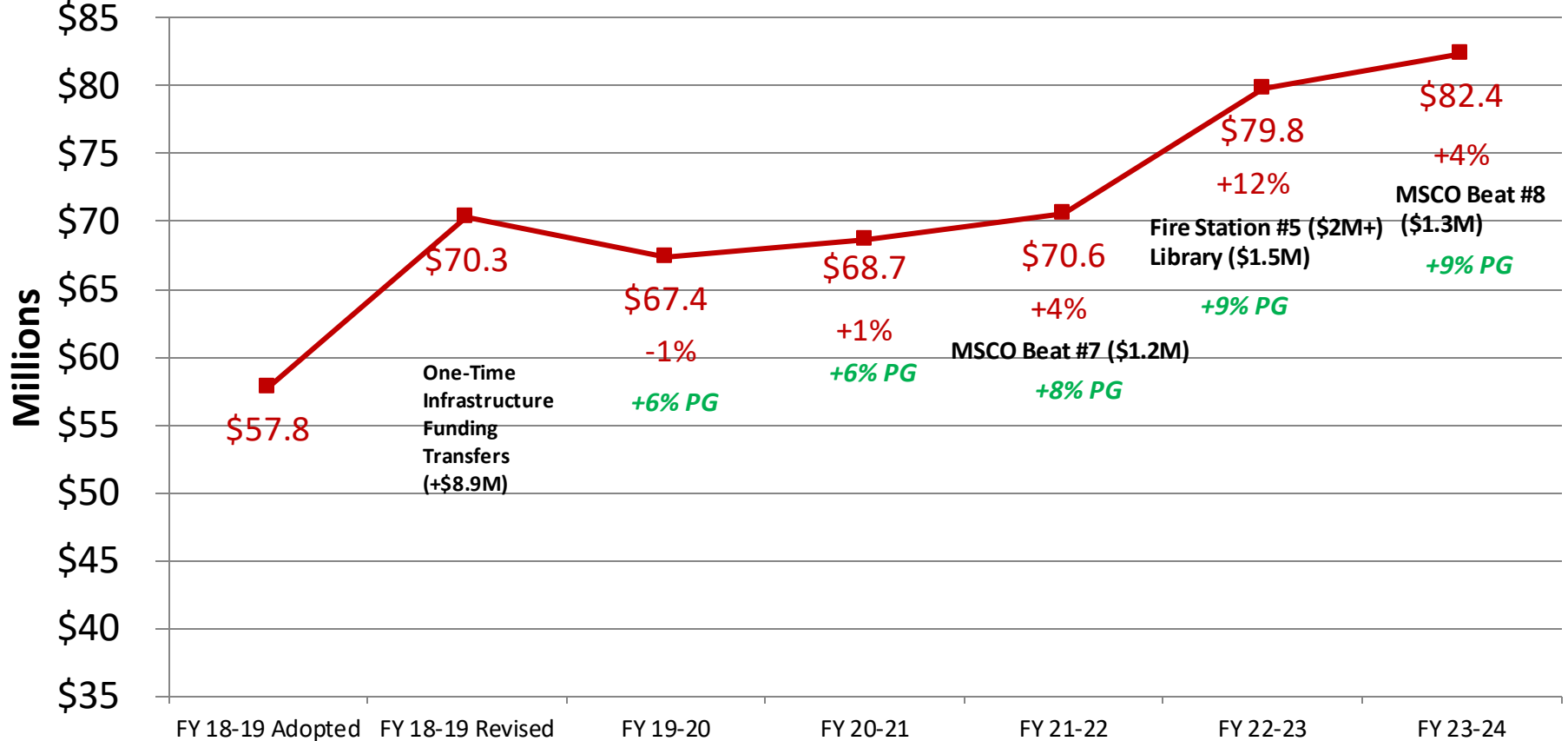
| | FY 18-19 Revised Budget | FY 19-20 Tentative | \$ Change | % Change | |
|--------------------------------|----------------------------|-----------------------|--------------|------------|---|
| Sales Tax | \$21.1 | \$24.0 | \$2.9 | +14% | ← |
| Construction Sales Tax | \$5.5 | \$5.5 | \$ - | -% | |
| State Shared Revenue | \$12.7 | \$14.4 | \$1.7 | +13% | ← |
| Property Tax* | \$7.0 | \$8.3 | \$1.3 | +19% | ← |
| Charges for Services | \$5.8 | \$5.9 | \$0.1 | 2% | |
| Building Revenues | \$5.4 | \$5.4 | \$ - | -% | |
| Utility ROI for Public Safety | \$2.5 | \$2.8 | \$0.3 | 12% | |
| Use of Pension Reserves (MCSO) | <u>\$1.3</u> | <u>\$1.7</u> | <u>\$0.4</u> | <u>31%</u> | |
| Total Revenue | \$61.3 | \$68.0 | \$6.7 | 11% | |

*13% for New Construction Increases; 6% for Appreciation on Existing Properties



OPERATING BUDGET EXPENSE PROJECTIONS

5 – YEAR OPERATING BUDGET PROJECTION: EXPENSES



PG= Population Growth %

FY 2019-20 BUDGET EXPENSE SUMMARY

- Created \$1.25M New Debt Placeholder for Signal Butte and Meridian Road Construction (\$25M)
- Created \$250K Annual Building Repair and Replacement Funding
- Notable New Expenses
 - \$900K Fire Pumper Truck, \$500K SRP Streetlight Purchase, \$475K Replacement AV Equipment, \$300K Fire Equipment, \$240K MCSO Admin Fee

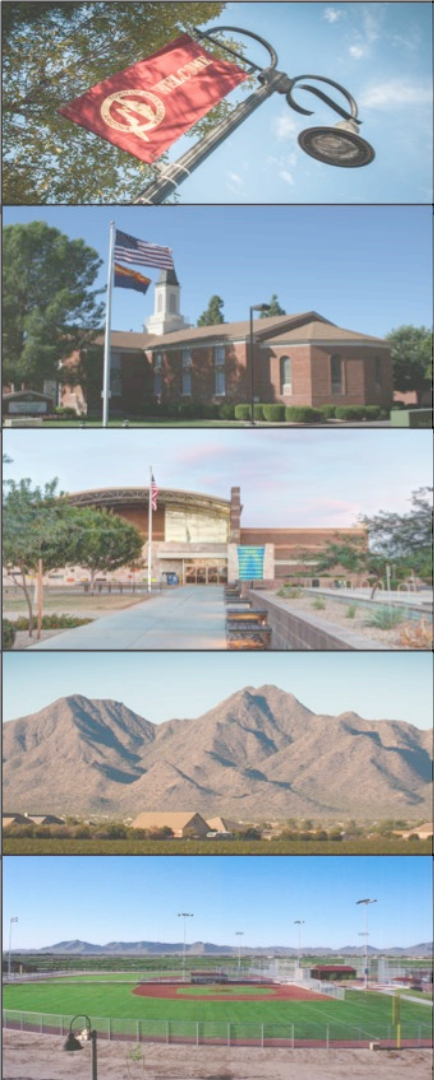
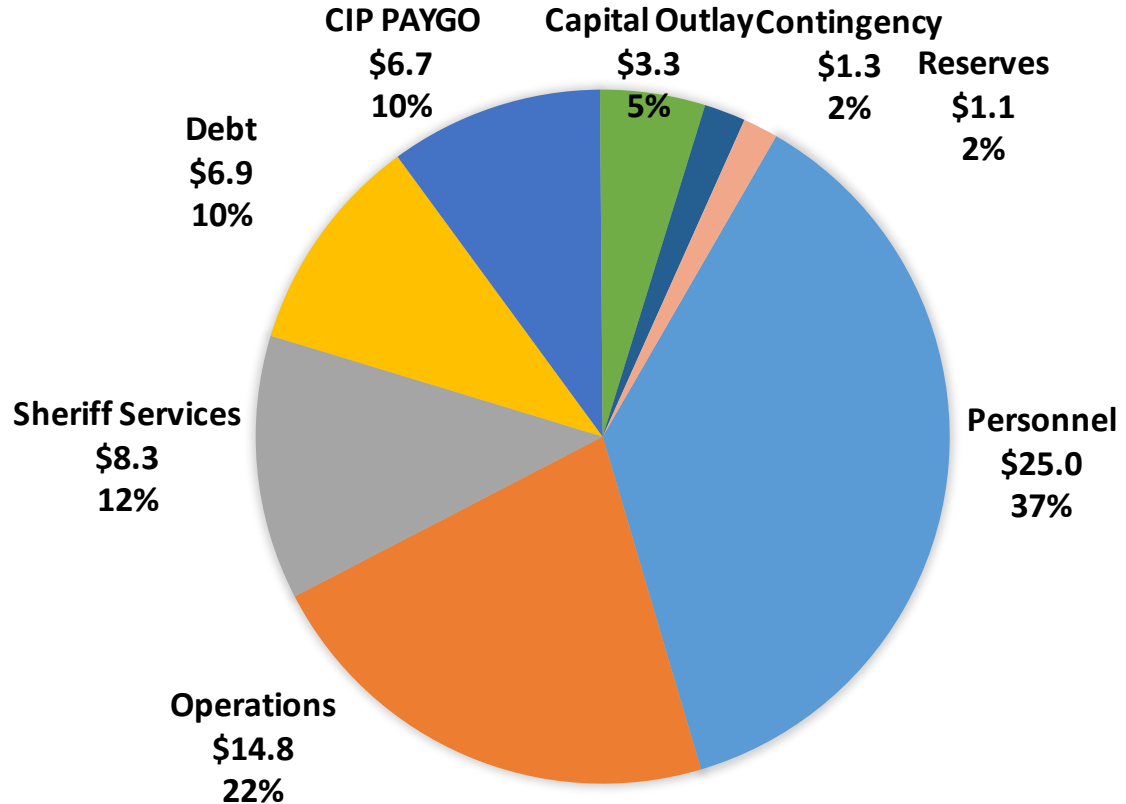


FY 2019-20 BUDGET EXPENSE SUMMARY

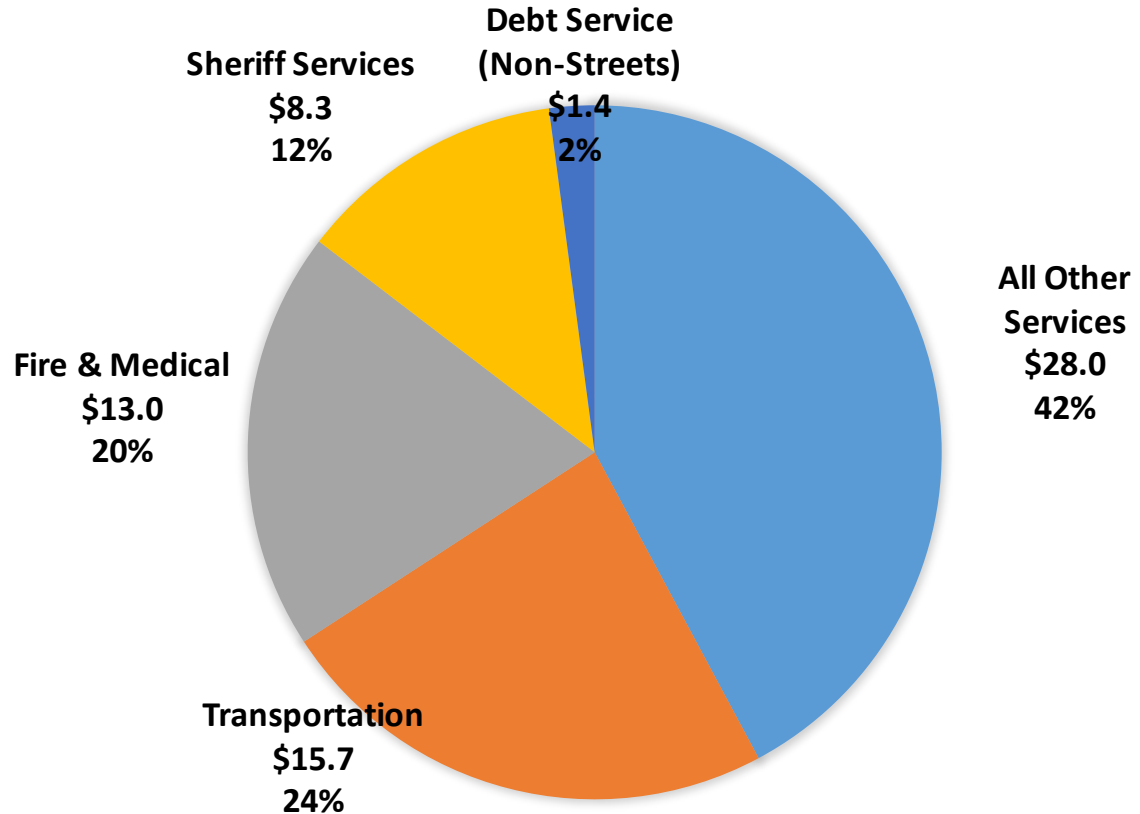
(CONCLUDED)

- Personnel (Staffing & Compensation):
+\$1.3M
 - Staffing: 6 New Positions Recommended
 - Engineering (1), Fleet (2), Streets(1), Fire (2, non-sworn)
 - Compensation
 1. Market Increase: 2.1%
 - Per Council-Approved 2014 Class and Comp Study
 - Combination of year-end CPI and Regional Employment Cost Index (ECI)
 2. Performance Increase (up to 3%)
 - Awarded on Employee Anniversary Date

FY 19-20 OPERATING EXPENSES \$67.4M BY CATEGORY



FY 19-20 OPERATING EXPENSES \$67.4M BY PROGRAM



IMPORTANT OPERATING EXPENSE INCREASES: \$6.7M

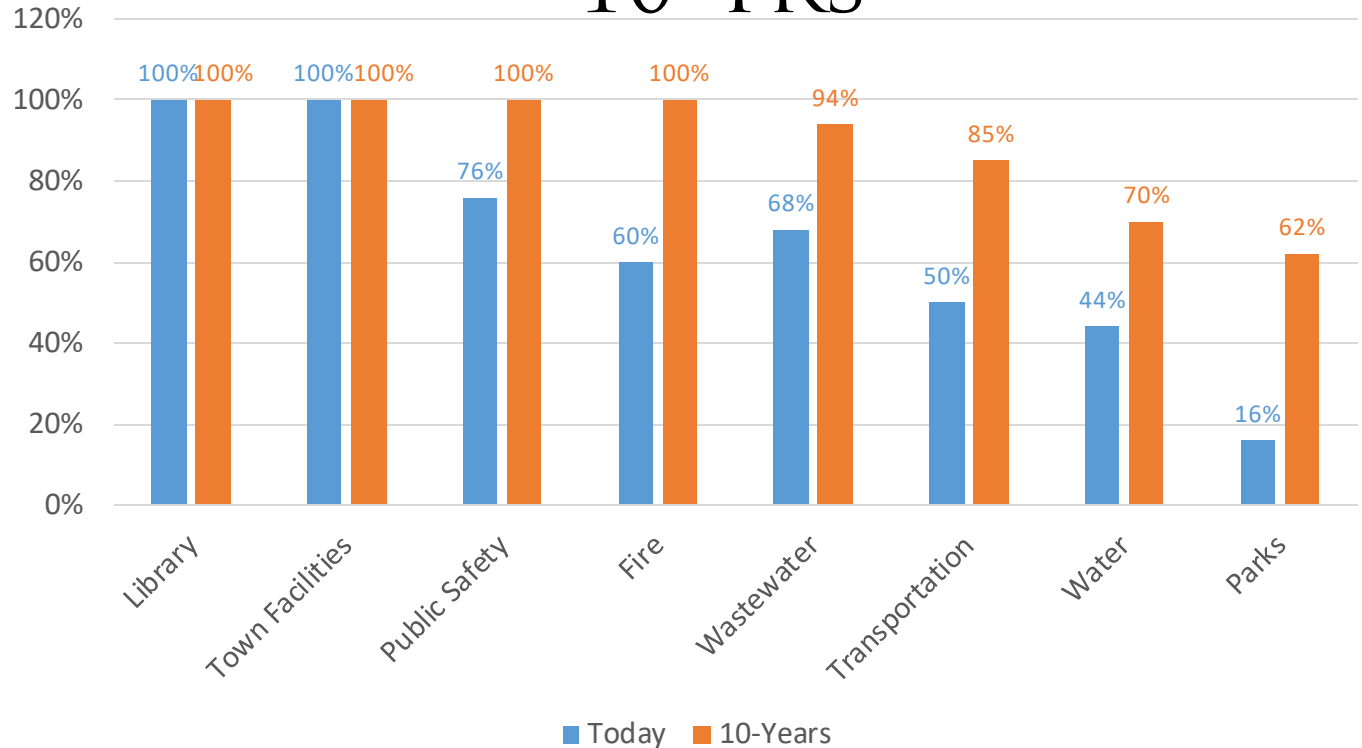


| Item | |
|---|----------------------|
| Debt Service – Signal Butte and Meridian | \$1.3M |
| Personnel Changes (New Staffing, Market, Merit) | \$1.3M |
| Replacement Fire Truck | \$0.9M |
| Debt Service – Fulton Development Agreement | \$0.6M |
| Debt Service – 2018 Transportation Issue | \$0.6M |
| SRP Streetlight Purchase | \$0.5M |
| AV Equipment Replacement | \$0.5M |
| Fire Personal Protective Equipment Sets | \$0.3M |
| Building Systems Repair/Replacement Funding | \$0.3M |
| MCSO Admin Charge | <u>\$0.2M</u> |
| Total | <u>\$6.7M</u> |



INFRASTRUCTURE OVERVIEW/ CONTINGENCIES

TOWN INFRASTRUCTURE % COMPLETE TODAY VS FUTURE 10-YRS



INFRASTRUCTURE SUMMARY

| | Projects Under Contract | Budget for Previously Approved Projects | New Projects | Total Budget |
|---------------------|-------------------------|---|--------------|--------------|
| Transportation | \$18.6 | \$44.1 | \$59.5 | \$122.2 |
| Water | \$10.0 | \$33.6 | \$18.3 | \$62.0 |
| Wastewater | \$10.3 | \$10.1 | \$18.2 | \$38.6 |
| Parks and Trails | \$0.1 | \$4.7 | \$1.3 | \$6.1 |
| Fire/Public Safety | \$0.3 | \$5.6 | \$4.0 | \$9.9 |
| Corp Yard | <u>\$0.5</u> | <u>\$0.6</u> | <u>\$ -</u> | <u>\$1.1</u> |
| Total Budget | \$39.8 | \$98.7 | \$101.3 | \$239.8 |

INFRASTRUCTURE CARRY FORWARD/CONTINGENCIES

| Purpose | Description | Amount |
|--|--|------------------------|
| 1. Projects Under Contract | Carryforward of approved contracts into FY 19-20 | \$39.8M |
| 2. Project Budgets Approved – Not yet under Contract | Expenditure authority for projects approved in FY 18-19 but not under contract by end of fiscal year | \$98.7M |
| 3. Unanticipated Expenses | Expenditure authority for private development partnerships, emergency needs | \$5.0M |
| | Total FY 19-20 Contingency | <u>\$143.5M</u> |





ALL OTHER MAJOR ACTIVITIES

WATER FUND (SELF-FUNDED)

- No Rate Increase
- \$50M for Potential Water Rights Purchase
- \$0.7M Purchase of Effluent Recharged Water from Wastewater Fund
- Increased Staffing Levels due to New Development (7% Growth) and Operational/System Security
 - 2.0 FTEs (4%): M&O Tech, CIP Inspector
- Operational Increases based on Growing System
 - \$1.0M Electricity
 - \$0.5M Well Site Repair/Maintenance/Chemicals



WASTEWATER FUND (SELF-FUNDED)

- 10% Revenue / Rate Decrease
- \$0.7M New Recharge Revenue from the Water Fund





SOLID WASTE/RECYCLING FUND (SELF-FUNDED)

- No Rate Increase
- Service Provider Costs Increasing 12%
 - Assumed a 5% Increase in Contracted Rate (maximum allowed)
 - 7% Increase For New Accounts



TOWN CENTER FUND

- Dedicated 0.25% Sales Tax: \$1M
- Implement Town Center Master Plan
 - Drainage Improvements
 - Transportation and Utilities Infrastructure (Budgeted Separately in Those Funds)
- Maintenance of Buildings for Chamber of Commerce and Gangplank
- Façade Improvements

BUDGET CALENDAR

| Date | Action Item |
|---------|---|
| April 4 | Budget Committee Meeting |
| May 1 | Council Votes on Tentative Budget |
| May 15 | Truth in Taxation Hearing (Property Tax) Final Budget Hearing - Budget Adoption |
| June 5 | Property Tax Levy Adoption <ul style="list-style-type: none"><li data-bbox="523 718 1035 762">• Primary Property Tax<li data-bbox="523 781 996 825">• SLID Levy Adoption |



DISCUSSION AND QUESTIONS



PROPOSED MOTION

Move to Approve the FY 2019/20
Tentative Budget of \$452.7M and Set
May 15, 2019 as the date of the Public
Hearing for the FY 2019/20 Final
Budget and the Truth in Taxation
Hearing as required under Arizona
Revised Statutes

TOWN OF QUEEN CREEK
Summary Schedule of Estimated Revenues and Expenditures/Expenses
Fiscal Year 2020

| Fiscal Year | S c h | FUNDS | | | | | | | | |
|-------------|-------------|--------------|----------------------|-------------------|-----------------------|----------------|----------------------------|------------------------|-----------------|--|
| | | General Fund | Special Revenue Fund | Debt Service Fund | Capital Projects Fund | Permanent Fund | Enterprise Funds Available | Internal Service Funds | Total All Funds | |
| 2019 | E 1 | 25,641,882 | 39,294,478 | 9,712,384 | 85,791,213 | - | 186,711,025 | 3,754,683 | 350,905,665 | |
| 2019 | E 2 | 25,641,882 | 32,404,330 | 9,712,384 | 17,109,815 | - | 102,779,873 | 3,754,683 | 191,402,967 | |
| 2020 | 3 | 36,848,889 | 15,796,792 | - | 62,994,369 | - | 7,556,642 | 461,078 | 123,657,770 | |
| 2020 | B 4 | 8,343,197 | | | | | | | 8,343,197 | |
| 2020 | B 5 | | | | | | | | - | |
| 2020 | C 6 | 44,971,180 | 28,352,305 | 1,735,235 | 101,683,333 | - | 141,252,552 | 4,430,949 | 322,425,554 | |
| 2020 | D 7 | - | - | - | - | - | - | - | - | |
| 2020 | D 8 | - | - | - | - | - | - | - | - | |
| 2020 | D 9 | - | 8,314,476 | 9,894,201 | 17,714,490 | - | 47,444,083 | - | 83,367,250 | |
| 2020 | D 10 | 17,837,074 | 19,584,064 | - | 591,578 | - | 45,354,534 | - | 83,367,250 | |
| 2020 | 11 | | | | | | | | | |
| 2020 | 12 | 72,326,192 | 32,879,509 | 11,629,436 | 181,800,614 | - | 150,898,743 | 4,892,027 | 454,426,521 | |
| 2020 | E 13 | 27,078,621 | 37,595,828 | 11,629,436 | 132,854,095 | - | 239,400,837 | 4,160,101 | 452,718,918 | |

EXPENDITURE LIMITATION COMPARISON

| | 2019 | 2020 |
|---|----------------|----------------|
| 1 Budgeted expenditures/expenses | \$ 350,905,665 | \$ 452,718,918 |
| 2 Add/subtract: estimated net reconciling items | | |
| 3 Budgeted expenditures/expenses adjusted for reconciling items | 350,905,665 | 452,718,918 |
| 4 Less: estimated exclusions | | |
| 5 Amount subject to the expenditure limitation | \$ 350,905,665 | \$ 452,718,918 |
| 6 EEC expenditure limitation | \$ 350,905,665 | \$ 452,718,918 |

- * Includes Expenditure/Expense Adjustments Approved in the current year from Schedule E.
- ** Includes actual amounts as of the date the proposed budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.
- *** Amounts on this line represent Fund Balance/Net Position amounts except for amounts not in spendable form (e.g., prepaids and inventories) or legally or contractually required to be maintained intact (e.g., principal of a permanent fund).

TOWN OF QUEEN CREEK
Tax Levy and Tax Rate Information
Fiscal Year 2020

| | 2019 | 2020 |
|--|--------------------------------|----------------------|
| 1. Maximum allowable primary property tax levy. A.R.S. §42-17051(A) | \$ <u>11,487,053</u> | \$ <u>13,145,028</u> |
| 2. Amount received from primary property taxation in the current year in excess of the sum of that year's maximum allowable primary property tax levy. A.R.S. §42-17102(A)(18) | \$ <u> </u> | |
| 3. Property tax levy amounts | | |
| A. Primary property taxes | \$ <u>6,962,716</u> | \$ <u>8,343,197</u> |
| B. Secondary property taxes | <u>0</u> | <u>0</u> |
| C. Total property tax levy amounts | \$ <u>6,962,716</u> | \$ <u>8,343,197</u> |
| 4. Property taxes collected* | | |
| A. Primary property taxes | | |
| (1) Current year's levy | \$ <u>6,874,735</u> | |
| (2) Prior years' levies | <u>38,851</u> | |
| (3) Total primary property taxes | \$ <u>6,913,586</u> | |
| B. Secondary property taxes | | |
| (1) Current year's levy | \$ <u>0</u> | |
| (2) Prior years' levies | <u>0</u> | |
| (3) Total secondary property taxes | \$ <u>0</u> | |
| C. Total property taxes collected | \$ <u>6,913,586</u> | |
| 5. Property tax rates | | |
| A. City/Town tax rate | | |
| (1) Primary property tax rate | <u>1.9500</u> | <u>1.9500</u> |
| (2) Secondary property tax rate | <u> </u> | <u> </u> |
| (3) Total city/town tax rate | <u>1.9500</u> | <u>1.9500</u> |
| B. Special assessment district tax rates | | |
| Secondary property tax rates - As of the date the proposed budget was prepared, the city/town was operating <u>102</u> special assessment districts for which secondary property taxes are levied. For information pertaining to these special assessment districts and their tax rates, please contact the city/town. | | |

* Includes actual property taxes collected as of the date the proposed budget was prepared, plus estimated property tax collections for the remainder of the fiscal year.

TOWN OF QUEEN CREEK
Revenues Other Than Property Taxes
Fiscal Year 2020

| SOURCE OF REVENUES | ESTIMATED REVENUES 2019 | ACTUAL REVENUES* 2019 | ESTIMATED REVENUES 2020 |
|--|-------------------------------|-----------------------------|-------------------------------|
| GENERAL FUND | | | |
| Local taxes | | | |
| City Sales Tax | \$ 17,604,120 | \$ 18,807,642 | \$ 21,335,300 |
| Construction Sales Tax | 3,972,970 | 4,871,250 | 4,888,900 |
| Licenses and permits | | | |
| Business Licenses | 87,420 | 87,420 | 89,100 |
| Liquor License | 10,000 | 10,000 | 10,200 |
| Building Revenue | 3,892,400 | 5,392,400 | 5,398,400 |
| Intergovernmental | | | |
| State Sales Tax | 3,871,400 | 3,871,400 | 4,490,100 |
| Urban Revenue Sharing | 4,699,000 | 4,699,000 | 5,510,900 |
| Charges for services | | | |
| Recreation User Fees | 529,740 | 529,740 | 545,600 |
| Interest on investments | | | |
| Interest Income | 469,279 | 266,770 | 266,800 |
| Miscellaneous | | | |
| Telecommunications | 154,500 | 154,500 | 157,600 |
| Building Lease Revenue | 56,700 | 56,700 | 57,800 |
| Gas Franchises | 105,622 | 105,622 | 110,900 |
| Cable Licenses | 245,960 | 308,205 | 323,600 |
| Miscellaneous | 101,500 | 101,500 | 103,500 |
| Departmental Support Revenue | 1,872,805 | 1,632,991 | 1,682,480 |
| Total General Fund | \$ 37,673,416 | \$ 40,895,140 | \$ 44,971,180 |
| SPECIAL REVENUE FUNDS | | | |
| Highway User Revenue Fund | | | |
| Highway Users Revenue | \$ 2,531,700 | \$ 2,531,700 | \$ 2,542,900 |
| Pinal County Taxes | 22,860 | 22,860 | 23,600 |
| Vehicle License Tax | 1,600,800 | 1,600,800 | 1,804,700 |
| Interest Income | - | - | - |
| Total Highway User Revenue Fund | \$ 4,155,360 | \$ 4,155,360 | \$ 4,371,200 |
| Municipal Town Center Fund | | | |
| City Sales Tax | \$ 802,990 | \$ 859,200 | \$ 1,005,830 |
| Signage Revenue | 20,000 | 20,000 | 20,000 |
| Interest Income | 21,000 | 21,000 | 21,000 |
| Total Municipal Town Center Fund | \$ 843,990 | \$ 900,200 | \$ 1,046,830 |
| Construction Sales Tax Fund | | | |
| 2% Construction Sales Tax | \$ 3,972,970 | \$ 4,871,250 | \$ 4,888,900 |
| Total Construction Sales Tax Fund | \$ 3,972,970 | \$ 4,871,250 | \$ 4,888,900 |
| Grants & Contingency Fund | | | |
| Grants | \$ 1,927,300 | \$ - | \$ 2,000,000 |
| Contingency | - | - | - |
| Total Grants & Contingency Fund | 1,927,300 | - | 2,000,000 |
| Parks Development Fund | | | |
| Parks Development Fee | \$ 2,975,250 | \$ 3,719,063 | \$ 2,813,154 |
| 3rd Party Contributions | 1,000,000 | 1,000,000 | 0 |
| Interest Income | 21,500 | 21,500 | 20,000 |
| Miscellaneous | - | - | 295,840 |

TOWN OF QUEEN CREEK
Revenues Other Than Property Taxes
Fiscal Year 2020

| SOURCE OF REVENUES | ESTIMATED REVENUES 2019 | ACTUAL REVENUES* 2019 | ESTIMATED REVENUES 2020 |
|---|-------------------------------|-----------------------------|-------------------------------|
| Total Parks Development Fund | \$ 3,996,750 | \$ 4,740,563 | \$ 3,128,994 |
| Town Buildings Fund | | | |
| Town Building & Vehicle Development Fee | \$ 467,550 | \$ 584,438 | 70,665 |
| Interest Income | 19,350 | 19,350 | 27,750 |
| Total Town Buildings Fund | \$ 486,900 | \$ 603,788 | \$ 98,415 |
| Transportation Development Fee Fund | | | |
| Transportation Development Impact Fee | \$ 1,314,870 | \$ 1,643,588 | 2,121,906 |
| Interest Income | 5,000 | 5,000 | - |
| Total Transportation Development Fee Fund | \$ 1,319,870 | \$ 1,648,588 | \$ 2,121,906 |
| Library Development Fee Fund | | | |
| Library Development Impact Fee | \$ 584,500 | \$ 730,625 | \$ 155,392 |
| Interest Income | 20,000 | 20,000 | 20,000 |
| Total Library Development Fee Fund | \$ 604,500 | \$ 750,625 | \$ 175,392 |
| Public Safety Development Fee Fund | | | |
| Public Safety Development Fees | \$ 178,460 | \$ 223,075 | \$ 172,936 |
| Interest Income | 10,000 | 10,000 | - |
| Total Public Safety Development Fee Fund | \$ 188,460 | \$ 233,075 | \$ 172,936 |
| Emergency Services Fund | | | |
| City Sales Tax | \$ 2,182,500 | \$ 2,324,538 | \$ 2,666,900 |
| Construction Sales Tax | 507,190 | 608,910 | 611,100 |
| County Island Fire District | 1,713,200 | 1,493,447 | 1,493,400 |
| Fire Inspections | 75,000 | 75,000 | 76,500 |
| PSPRS Premium Tax Credit | 100,000 | 100,000 | 102,000 |
| ROI Utility Revenue | 2,468,100 | 2,468,100 | 2,835,055 |
| IGA - School District | 64,000 | 64,000 | 65,300 |
| Wildland Reimbursement | 65,000 | 65,000 | 66,300 |
| Miscellaneous | 23,000 | 23,000 | 23,400 |
| Total Emergency Services Fund | \$ 7,197,990 | \$ 7,221,995 | \$ 7,939,955 |
| Fire Development Fee Fund | | | |
| Fire Development Fees | \$ 481,680 | \$ 602,100 | \$ 875,277 |
| Interest Income | 12,100 | 12,100 | - |
| Total Fire Development Fee Fund | \$ 493,780 | \$ 614,200 | \$ 875,277 |
| Streetlight Improvement Districts | | | |
| Special Assessment | \$ 700,000 | \$ 400,000 | \$ 700,000 |
| Interest Income | - | - | - |
| Total Streetlight Improvement Districts | \$ 700,000 | \$ 400,000 | \$ 700,000 |
| Community Events Fund | | | |
| Contributions/Donations | \$ 74,650 | \$ 74,650 | \$ 75,000 |
| Total Community Events Fund | \$ 74,650 | \$ 74,650 | \$ 75,000 |
| Horseshoe Park & Equestrian Center (HPEC) Fund | | | |
| Park Revenues | \$ 742,570 | \$ 742,570 | \$ 757,500 |
| Total HPEC Fund | \$ 742,570 | \$ 742,570 | \$ 757,500 |
| Total Special Revenue Funds | \$ 26,705,090 | \$ 26,956,864 | \$ 28,352,305 |
| DEBT SERVICE FUNDS | | | |
| Special Assessment Fund | | | |
| Property Assessments | \$ 1,702,407 | \$ 1,746,622 | \$ 1,735,235 |
| Interest Income | - | - | - |

TOWN OF QUEEN CREEK
Revenues Other Than Property Taxes
Fiscal Year 2020

| SOURCE OF REVENUES | ESTIMATED REVENUES 2019 | ACTUAL REVENUES* 2019 | ESTIMATED REVENUES 2020 |
|---|-------------------------------|-----------------------------|-------------------------------|
| Total Special Assessment Fund | \$ 1,702,407 | \$ 1,746,622 | \$ 1,735,235 |
| Total Debt Service Funds | \$ 1,702,407 | \$ 1,746,622 | \$ 1,735,235 |
| CAPITAL PROJECTS FUNDS | | | |
| Drainage & Transportation Fund | | | |
| Developer Contribution | \$ - | \$ - | \$ - |
| Reimbursement from Government Agency | \$ 4,277,000 | \$ 4,277,000 | \$ 11,683,333 |
| Developer Contribution | - | - | - |
| Other Funding | 22,000,000 | 10,000,000 | 90,000,000 |
| Bond Proceeds | - | - | - |
| Total Drainage & Transportation Fund | \$ 26,277,000 | \$ 14,277,000 | \$ 101,683,333 |
| Total Capital Projects Funds | \$ 26,277,000 | \$ 14,277,000 | \$ 101,683,333 |
| INTERNAL SERVICE FUNDS | | | |
| Healthcare Self-Insurance | | | |
| Premiums | \$ 4,055,761 | \$ 4,055,761 | \$ 4,270,949 |
| Stop Loss Reimbursement | 150,000 | 150,000 | 150,000 |
| Interest Income | 10,000 | 10,000 | 10,000 |
| Total Healthcare Self-Insurance | \$ 4,215,761 | \$ 4,215,761 | \$ 4,430,949 |
| ENTERPRISE FUNDS | | | |
| Sewer Utility Funds | | | |
| User Fees | \$ 6,741,250 | \$ 6,741,250 | \$ 7,046,670 |
| Developer Contribution | - | - | - |
| Capacity Fee | 4,045,270 | 4,854,324 | 2,632,192 |
| Interest Income | 198,500 | 325,772 | 283,900 |
| Total Sewer Utility | \$ 10,985,020 | \$ 11,921,346 | \$ 9,962,762 |
| Water Fund | | | |
| Water Revenues/User Fees | \$ 21,906,891 | \$ 21,906,891 | \$ 25,140,415 |
| Capacity Fee | 3,993,930 | 4,593,020 | 2,199,067 |
| Miscellaneous | 358,895 | 358,895 | 404,998 |
| Interest Income | 339,000 | 504,692 | 394,692 |
| Other Funding | - | 49,930,000 | 100,000,000 |
| Total Water Fund | \$ 26,598,716 | \$ 77,293,498 | \$ 128,139,172 |
| Solid Waste Fund | | | |
| User Fees | \$ 2,659,194 | \$ 2,659,194 | \$ 2,935,058 |
| Recycling | 20,000 | 20,000 | 21,000 |
| Cart Fees | 153,000 | 153,000 | 189,000 |
| Interest Income | 1,500 | 1,500 | 5,560 |
| Miscellaneous | 26,000 | 26,000 | - |
| Total Solid Waste | \$ 2,859,694 | \$ 2,859,694 | \$ 3,150,618 |
| Total Enterprise Funds | \$ 40,443,430 | \$ 92,074,538 | \$ 141,252,552 |
| TOTAL ALL FUNDS | \$ 137,017,104 | \$ 180,165,925 | \$ 322,425,554 |

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

TOWN OF QUEEN CREEK
Other Financing Sources/(Uses) and Interfund Transfers
Fiscal Year 2020

| FUND | OTHER FINANCING 2020 | | INTERFUND TRANSFERS 2020 | |
|---|-------------------------|--------|-----------------------------|---------------|
| | SOURCES | (USES) | IN | (OUT) |
| GENERAL FUND | | | | |
| Debt Service | \$ | \$ | \$ | \$ 6,213,398 |
| Interfund Loan | | | | |
| Infrastructure (CIP) | | | | 3,924,200 |
| Emergency Services Fund | | | | 5,006,018 |
| Horseshoe Park & Equestrian Center Fund | | | | 1,124,448 |
| HURF | | | | 1,544,010 |
| Community Events | | | | 25,000 |
| | | | | |
| | | | | |
| Total General Fund | \$ - | \$ - | \$ - | \$ 17,837,074 |
| SPECIAL REVENUE FUNDS | | | | |
| Library Development Fee Fund | \$ | \$ | \$ | \$ 232,890 |
| Emergency Services Fund | | | 5,006,018 | 1,080,000 |
| Grants Fund | | | | |
| Parks Development | | | 550,000 | 512,916 |
| Public Safety Development Fee Fund | | | | 140,250 |
| Town Buildings & Vehicles Development Fee | | | | 290,100 |
| Fire Development Fee Fund | | | | 3,417,863 |
| Transportation Development Fund | | | | 10,169,858 |
| Construction Sales Tax | | | | 2,782,964 |
| Town Center | | | | 398,775 |
| HURF | | | 1,544,010 | 263,953 |
| Community Events | | | 90,000 | |
| Horseshoe Park & Equestrian Center Fund | | | 1,124,448 | 294,495 |
| | | | | |
| Total Special Revenue Funds | \$ - | \$ - | \$ 8,314,476 | \$ 19,584,064 |
| DEBT SERVICE FUNDS | | | | |
| Special Assessment Fund | \$ | \$ | \$ | \$ |
| Debt Service | | | 9,894,201 | |
| Total Debt Service Funds | \$ - | \$ - | \$ 9,894,201 | \$ - |
| CAPITAL PROJECTS FUNDS | | | | |
| Transportation CIP | \$ | \$ | \$ 13,714,490 | \$ 591,578 |
| General CIP | | | 4,000,000 | |
| Total Capital Projects Funds | \$ - | \$ - | \$ 17,714,490 | \$ 591,578 |
| ENTERPRISE FUNDS | | | | |
| Water Fund | \$ | \$ | \$ 591,578 | \$ 21,407,223 |
| Water Capacity | | | | 5,316,366 |
| Water CIP | | | 18,348,724 | |
| Water Debt | | | 5,742,438 | |
| Sewer/Wastewater Fund | | | 1,497,971 | 11,688,071 |
| Sewer/Wastewater Capacity | | | | 6,942,874 |
| Sewer/Wastewater CIP | | | 18,238,245 | |
| Sewer/Wastewater Debt | | | 3,025,127 | |
| Total Enterprise Funds | \$ - | \$ - | \$ 47,444,083 | \$ 45,354,534 |
| | | | | |
| TOTAL ALL FUNDS | \$ - | \$ - | \$ 83,367,250 | \$ 83,367,250 |

TOWN OF QUEEN CREEK
Expenditures/Expenses by Fund
Fiscal Year 2020

| FUND/DEPARTMENT | ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2019 | EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2019 | ACTUAL EXPENDITURES/ EXPENSES* 2019 | BUDGETED EXPENDITURES/ EXPENSES 2020 |
|---|--|--|--|---|
| GENERAL FUND | | | | |
| Town Council | \$ 431,085 | \$ - | \$ 431,085 | \$ 439,120 |
| Town Manager | 1,065,347 | 33,482 | 1,098,829 | 1,098,102 |
| Legal Services | 465,000 | - | 465,000 | 465,000 |
| Town Clerk | 284,295 | - | 284,295 | 268,922 |
| Finance | 2,336,798 | (11,316) | 2,325,482 | 2,469,288 |
| Workforce & Technology | 3,127,351 | 530,428 | 3,657,779 | 4,082,656 |
| Communications, Marketing & Recreation | 1,948,791 | 540,238 | 2,489,029 | 2,419,059 |
| Economic Development | 828,889 | 14,489 | 843,378 | 902,931 |
| Development Services | 3,102,206 | 236,024 | 3,338,230 | 3,534,044 |
| Public Works | 5,573,326 | 419,939 | 5,993,265 | 6,887,374 |
| Centralized Services | 2,911,543 | 1,803,967 | 4,715,510 | 4,512,125 |
| Total General Fund | \$ 22,074,631 | \$ 3,567,251 | \$ 25,641,882 | \$ 27,078,621 |
| SPECIAL REVENUE FUNDS | | | | |
| HURF | | | | |
| Public Works | \$ 5,484,051 | \$ 294,210 | \$ 5,778,261 | \$ 5,651,257 |
| Municipal Town Center Fund | | | | |
| Economic Development | 939,200 | (34,427) | 904,773 | 874,900 |
| Streetlight Improvement District | | | | |
| General Operations | 700,000 | - | 600,000 | 700,000 |
| Grants & Contingency Fund | | | | |
| General Operations | 2,000,000 | - | - | 2,000,000 |
| Construction Sales Tax Fund | | | | |
| Capital | 772,758 | (49,076) | 723,682 | 317,900 |
| Parks Development Fund | | | | |
| Comm, Marketing & Recreation | 7,600,000 | 1,275,007 | 8,875,007 | 6,090,148 |
| Carryforward Allowance | | | (4,790,148) | |
| Town Buildings & Vehicles Fund | | | | |
| General Operations | - | 6,156 | 6,156 | - |
| Transportation Development Fund | | | | |
| Public Works | 26,161 | (20,111) | 6,050 | - |
| Library Development Fund | | | | |
| Comm, Marketing & Recreation | - | 20,624 | 20,624 | - |
| Public Safety Development Fund | | | | |
| Emergency Management Services | - | 65,823 | 65,823 | - |
| Fire Development Fund | | | | |
| Emergency Management Services | - | 335,385 | 335,385 | - |
| Emergency Services Fund | | | | |
| Emergency Management Services | 17,877,120 | 334,616 | 18,211,736 | 20,209,170 |
| Community Events Fund | | | | |
| Comm, Marketing & Recreation | 164,650 | - | 164,650 | 165,000 |
| HPEC Fund | | | | |
| Economic Development | 1,968,467 | (466,136) | 1,502,331 | 1,587,453 |
| LTAf | | | | |
| Public Works | | - | | - |
| Total Special Revenue Funds | \$ 37,532,407 | \$ 1,762,071 | \$ 32,404,330 | \$ 37,595,828 |
| DEBT SERVICE FUNDS | | | | |
| Special Assessment Fund | | | | |
| General Operations | \$ 1,765,910 | \$ 143,588 | \$ 1,909,498 | \$ 1,735,235 |
| Debt Service Fund | | | | |
| General Operations | 7,802,886 | - | 7,802,886 | 9,894,201 |
| Total Debt Service Funds | \$ 9,568,796 | \$ 143,588 | \$ 9,712,384 | \$ 11,629,436 |

TOWN OF QUEEN CREEK
Expenditures/Expenses by Fund
Fiscal Year 2020

| FUND/DEPARTMENT | ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2019 | EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2019 | ACTUAL EXPENDITURES/ EXPENSES* 2019 | BUDGETED EXPENDITURES/ EXPENSES 2020 |
|---|--|--|--|---|
| CAPITAL PROJECTS FUNDS | | | | |
| Drainage & Transportation | | | | |
| Public Works | \$ 84,251,710 | \$ (7,119,662) | \$ 77,132,048 | \$ 121,883,321 |
| Carryforward Allowance | | | (61,710,624) | |
| General CIP - | | | | |
| General Operations | 7,156,657 | 1,502,508 | 8,659,165 | 10,970,774 |
| Carryforward Allowance | | | (6,970,774) | |
| Total Capital Projects Funds | \$ 91,408,367 | \$ (5,617,154) | \$ 17,109,815 | \$ 132,854,095 |
| ENTERPRISE FUNDS | | | | |
| Sewer/Wastewater Funds | | | | |
| Sewer Operating | \$ 4,310,014 | \$ 4,401 | \$ 4,314,415 | \$ 4,200,650 |
| Sewer Capacity | - | 75,000 | 75,000 | - |
| Sewer Capital | 26,523,143 | 2,866,116 | 29,389,259 | 38,559,409 |
| Sewer Debt | 3,173,902 | - | 3,173,902 | 392,700 |
| Carryforward Allowance | | | (20,321,164) | |
| Subtotal Sewer/Wastewater | \$ 34,007,059 | \$ 2,945,517 | \$ 16,631,412 | \$ 43,152,759 |
| Water Funds | | | | |
| Water Operating | 16,866,892 | 70,769,842 | 87,636,734 | 72,543,299 |
| Water Capacity | - | 105,213 | 105,213 | - |
| Water Capital | 28,107,557 | 25,172,390 | 53,279,947 | 61,958,712 |
| Water Debt | 5,627,224 | - | 5,627,224 | 58,374,865 |
| Carryforward Allowance | | | (63,609,988) | |
| Subtotal Water | \$ 50,601,673 | \$ 96,047,445 | \$ 83,039,130 | \$ 192,876,876 |
| Solid Waste Fund | 2,948,531 | 160,800 | 3,109,331 | 3,371,202 |
| Total Enterprise Funds | \$ 87,557,263 | \$ 99,153,762 | \$ 102,779,873 | \$ 239,400,837 |
| INTERNAL SERVICE FUNDS | | | | |
| Healthcare / Self-Insurance Fund | | | | |
| Healthcare | \$ 3,754,683 | \$ - | \$ 3,754,683 | \$ 4,160,101 |
| Subtotal Healthcare | \$ 3,754,683 | \$ - | \$ 3,754,683 | \$ 4,160,101 |
| Total Internal Service Funds | \$ 3,754,683 | \$ - | \$ 3,754,683 | \$ 4,160,101 |
| TOTAL ALL FUNDS | \$ 251,896,147 | \$ 99,009,518 | \$ 191,402,967 | \$ 452,718,918 |

* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.

TOWN OF QUEEN CREEK
Expenditures/Expenses by Department
Fiscal Year 2020

| DEPARTMENT/FUND | ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2019 | EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2019 | ACTUAL EXPENDITURES/ EXPENSES* 2019 | BUDGETED EXPENDITURES/ EXPENSES 2020 |
|---|--|--|--|---|
| Town Council | | | | |
| General Fund | \$ 431,085 | \$ - | \$ 431,085 | \$ 439,120 |
| Town Council Total | \$ 431,085 | \$ - | \$ 431,085 | \$ 439,120 |
| Town Manager | | | | |
| General Fund | \$ 1,065,347 | \$ 33,482 | \$ 1,098,829 | \$ 1,098,102 |
| Town Manager Total | \$ 1,065,347 | \$ 33,482 | \$ 1,098,829 | \$ 1,098,102 |
| Legal Services | | | | |
| General Fund | \$ 465,000 | \$ - | \$ 465,000 | \$ 465,000 |
| Legal Services Total | \$ 465,000 | \$ - | \$ 465,000 | \$ 465,000 |
| Town Clerk | | | | |
| General Fund | \$ 284,295 | \$ - | \$ 284,295 | \$ 268,922 |
| Town Clerk Total | \$ 284,295 | \$ - | \$ 284,295 | \$ 268,922 |
| Finance | | | | |
| General Fund | \$ 2,336,798 | \$ (11,316) | \$ 2,325,482 | \$ 2,469,288 |
| Finance Total | \$ 2,336,798 | \$ (11,316) | \$ 2,325,482 | \$ 2,469,288 |
| Communications, Marketing & Recreation | | | | |
| General Fund | \$ 1,948,791 | \$ 540,238 | \$ 2,489,029 | \$ 2,419,059 |
| Parks Development Fund | 7,600,000 | 1,275,007 | 4,084,859 | 6,090,148 |
| Library Development Fund | 0 | 20,624 | 20,624 | 0 |
| Community Events Fund | 164,650 | - | 164,650 | 165,000 |
| Communications, Marketing & | \$ 9,713,441 | \$ 1,835,869 | \$ 6,759,162 | \$ 8,674,207 |
| Development Services | | | | |
| General Fund | \$ 3,102,206 | \$ 236,024 | \$ 3,338,230 | \$ 3,534,044 |
| Development Services Total | \$ 3,102,206 | \$ 236,024 | \$ 3,338,230 | \$ 3,534,044 |
| Public Works | | | | |
| General Fund | \$ 5,573,326 | \$ 419,939 | \$ 5,993,265 | \$ 6,887,374 |
| HURF | 5,484,051 | 294,210 | 5,778,261 | 5,651,257 |
| Solid Waste Fund | 2,948,531 | 160,800 | 3,109,331 | 3,371,202 |
| LTAFF | - | - | - | - |
| Transportation Development Fund | 26,161 | (20,111) | 6,050 | - |
| Drainage & Transportation Fund | 84,251,710 | (7,119,662) | 15,421,424 | 121,883,321 |
| Public Works Total | \$ 98,283,779 | \$ (6,264,824) | \$ 30,308,331 | \$ 137,793,154 |
| Workforce & Technology | | | | |
| General Fund | \$ 3,127,351 | \$ 530,428 | \$ 3,657,779 | \$ 4,082,656 |
| Workforce & Technology Total | \$ 3,127,351 | \$ 530,428 | \$ 3,657,779 | \$ 4,082,656 |
| Economic Development | | | | |
| General Fund | \$ 828,889 | \$ 14,489 | \$ 843,378 | \$ 902,931 |
| Municipal Town Center Fund | 939,200 | (34,427) | 904,773 | 874,900 |
| Horseshoe Park Fund | 1,968,467 | (466,136) | 1,502,331 | 1,587,453 |
| Economic Development Total | \$ 3,736,556 | \$ (486,074) | \$ 3,250,482 | \$ 3,365,284 |

TOWN OF QUEEN CREEK
Expenditures/Expenses by Department
Fiscal Year 2020

| DEPARTMENT/FUND | ADOPTED BUDGETED EXPENDITURES/ EXPENSES | EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED | ACTUAL EXPENDITURES/ EXPENSES* | BUDGETED EXPENDITURES/ EXPENSES |
|--|--|--|---|--|
| | 2019 | 2019 | 2019 | 2020 |
| Emergency Management Services (EMS) | | | | |
| Emergency Services Fund | \$ 17,877,120 | \$ 334,616 | \$ 18,211,736 | \$ 20,209,170 |
| Public Safety Development Fund | - | 65,823 | 65,823 | - |
| Fire Development Fund | - | 335,385 | 335,385 | - |
| EMS Total | \$ 17,877,120 | \$ 735,824 | \$ 18,612,944 | \$ 20,209,170 |
| Utilities Department | | | | |
| Sewer Utility Fund | \$ 4,310,014 | \$ 4,401 | \$ 4,314,415 | \$ 4,200,650 |
| Sewer Capacity Fund | - | 75,000 | 75,000 | - |
| Sewer Capital Fund | 26,523,143 | 2,866,116 | 29,389,259 | 38,559,409 |
| Sewer Debt Fund | 3,173,902 | - | 3,173,902 | 392,700 |
| Carryforward Allowance | | | (20,321,164) | |
| Water Operating Fund | 16,866,892 | 70,769,842 | 87,636,734 | 72,543,299 |
| Water Capacity Fund | - | 105,213 | 105,213 | - |
| Water Capital Fund | 28,107,557 | 25,172,390 | 53,279,947 | 61,958,712 |
| Water Debt Fund | 5,627,224 | - | 5,627,224 | 58,374,865 |
| Carryforward Allowance | | | (63,609,988) | |
| Utilities Department Total | \$ 84,608,732 | \$ 98,992,962 | \$ 99,670,542 | \$ 236,029,635 |
| Centralized Services/General Operations | | | | |
| General Fund | \$ 2,911,543 | \$ 1,803,967 | \$ 4,715,510 | \$ 4,512,125 |
| General CIP | 7,156,657 | 1,502,508 | 1,688,391 | 10,970,774 |
| Construction Sales Tax | 772,758 | (49,076) | 723,682 | 317,900 |
| Town Buildings & Vehicle Develop | - | 6,156 | 6,156 | - |
| Grants & Contingency Fund | 2,000,000 | - | 0 | 2,000,000 |
| Streetlight Improvement Districts | 700,000 | - | 600,000 | 700,000 |
| Special Assessments Fund | 1,765,910 | 143,588 | 1,909,498 | 1,735,235 |
| Debt Service Fund | 7,802,886 | - | 7,802,886 | 9,894,201 |
| Healthcare / Self-Insurance | 3,754,683 | - | 3,754,683 | 4,160,101 |
| Centralized Services/General Operations Total | \$ 26,864,437 | \$ 3,407,143 | \$ 21,200,806 | \$ 34,290,336 |
| Total All Departments | \$ 251,896,147 | \$ 99,009,518 | \$ 191,402,967 | \$ 452,718,918 |

TOWN OF QUEEN CREEK
Full-Time Employees and Personnel Compensation
Fiscal Year 2020

| FUND | Full-Time Equivalent (FTE) | Employee Salaries and Hourly Costs | Retirement Costs | Healthcare Costs | Other Benefit Costs | Total Estimated Personnel Compensation |
|------------------------------------|-------------------------------|---------------------------------------|---------------------|---------------------|------------------------|--|
| | 2020 | 2020 | 2020 | 2020 | 2020 | 2020 |
| GENERAL FUND | | | | | | |
| Town Council | 7.00 | \$ 205,266 | \$ - | \$ 69,765 | \$ 46,189 | = \$ 321,220 |
| Town Manager | 6.00 | 778,695 | 96,167 | 63,055 | 88,285 | = 1,026,202 |
| Town Clerk | 2.00 | 195,597 | 23,652 | 13,028 | 16,365 | = 248,642 |
| Finance | 16.20 | 1,490,249 | 177,782 | 152,107 | 129,080 | = 1,949,218 |
| Communications, Marketing & Rec | 21.63 | 1,271,605 | 126,302 | 84,985 | 125,602 | = 1,608,494 |
| Development Services | 26.58 | 2,228,164 | 262,807 | 297,925 | 238,653 | = 3,027,549 |
| Public Works | 45.86 | 2,835,571 | 327,254 | 472,368 | 322,671 | = 3,957,864 |
| Workforce & Technology | 11.40 | 1,121,260 | 133,282 | 115,116 | 97,738 | = 1,467,396 |
| Economic Development | 4.10 | 444,874 | 53,902 | 37,852 | 40,168 | = 576,796 |
| Non-Departmental | | - | | | | = - |
| Total General Fund | 140.77 | \$ 10,571,281 | \$ 1,201,148 | \$ 1,306,201 | \$ 1,104,751 | = \$ 14,183,381 |
| SPECIAL REVENUE FUNDS | | | | | | |
| Emergency Services | 65.00 | \$ 6,168,452 | \$ 746,703 | \$ 733,606 | \$ 751,897 | = \$ 8,400,658 |
| HPEC | 7.00 | 517,610 | 57,012 | 64,646 | 66,031 | = 705,299 |
| HURF | 18.00 | 1,131,121 | 123,751 | 195,149 | 133,586 | = 1,583,607 |
| Total Special Revenue Funds | 90.00 | \$ 7,817,183 | \$ 927,466 | \$ 993,401 | \$ 951,514 | = \$ 10,689,564 |
| Capital Funds | | | | | | |
| Drainage & Transportation | 7.40 | \$ 574,067 | \$ 68,677 | \$ 60,002 | \$ 62,187 | = \$ 764,933 |
| ENTERPRISE FUNDS | | | | | | |
| Sewer Utility Fund | 7.50 | \$ 461,413 | \$ 52,982 | \$ 81,165 | \$ 56,490 | = \$ 652,050 |
| Water Fund | 60.75 | 4,599,026 | 523,807 | 656,597 | 513,844 | = 6,293,274 |
| Solid Waste Fund | 5.05 | 351,074 | 42,200 | 59,334 | 34,615 | = 487,223 |
| Total Enterprise Funds | 73.30 | \$ 5,411,513 | \$ 618,989 | \$ 797,096 | \$ 604,949 | = \$ 7,432,547 |
| TOTAL ALL FUNDS | 311.47 | \$ 24,374,044 | \$ 2,816,280 | \$ 3,156,700 | \$ 2,723,401 | = \$ 33,070,425 |

TO: BUDGET COMMITTEE
THROUGH: JOHN KROSS, TOWN MANAGER, ICMA-CM
FROM: SCOTT MCCARTY, FINANCE DIRECTOR
RE: FY 19-20 BUDGET COMMITTEE FOLLOW UP MEMO
DATE: April 22, 2019

During budget briefings with the Town Council, as well as during the Budget Committee Meeting on April 4, several questions and comments were raised regarding the FY 19-20 Town Manager's Recommended Budget.

The intention of this memo to address those items for the benefit of the full Town Council.

1. What is the Ironwood Crossing Assessed Valuation that is now included in the Town's property tax rolls?

The Ironwood Crossing annexed area is included in our new construction values for FY 19-20. The assessed valuation amount related to that annexation is \$27,069,929. This equates to \$528K in property tax for the Town.

2. What is the average change to Residential Assessed Valuations? What is the average change to a resident's tax bill?

The average change to the residential classification of assessed valuations was 5%. At the maximum levy rate of \$1.95, the average Queen Creek portion of a residential property tax bill is increasing by \$22 annually. This change is exclusive of any changes to rates made by any other taxing jurisdictions, such as the school districts.

3. When the streetlight maintenance contract with SRP ends, what would the cost of contracting out that maintenance be rather than bringing it in-house?

Town staff does intend to contract out this maintenance once the SRP contract has expired. The basic cost is \$0.90 per pole each month for routine maintenance. All other costs are in addition to the routine maintenance costs (knock downs, ballast issues, dusk to dawn censor replacement, wiring issues, etc.). Therefore, staff is recommending \$120,000 for the contracted routine services.

4. There are additional funds allocated in the FY 19-20 budget for five additional speed feedback signs in the Traffic Division. How are placements of those determined? How does that program work?

Public Works is conducting a pilot program in an effort to reduce neighborhood speeding. Some speed feedback signs will be placed in areas that generate many resident complaints. These signs will be moved as needed based on these complaints. These signs are used prior to any formal speed study is conducted, since those studies are costly. We would anticipate the signs to remain in place anywhere from 3-4 months. But, because this is a pilot program, we do not have historical data to tell us how long they can remain up until people become complacent with the signs and start to ignore them.

5. Is it possible to delay constructing the Fire Resource and Skills Facility that is in the FY 19-20 budget to see how the new Gilbert Public Safety Training facility might be utilized by Queen Creek?

The Fire Resource and Skills Center that is included in next year's budget is a dual-purpose facility. The plan is to have a 10,000 square foot building, of which about 8,000 will be used for warehousing equipment necessary for our daily operations (the Resource portion of the building), and about 2,000 square feet for training purposes (the Skills portion of the building). The Fire Resource and Skills Center is included in the FY 19-20 budget at \$4M (\$3.4M for the Resource portion, and \$0.6M for the Skills Center portion). The funding for this building is split between the Operating Budget (\$1.1M) and Fire Impact Fees (\$2.9M).

The facility was originally included in the Infrastructure Improvement Plan to address storage needs; adding the additional square footage for a Skills Center is a cost-effective opportunity to address the need for dedicated training space for the Fire and Medical Department. Our current storage capacity is not meeting our current and future growth and needs to be addressed. Gilbert does not typically store equipment for us, but will for unusual circumstances - such as when we start receiving equipment related to the new ladder truck.

The remaining square footage in the new facility will be utilized as a skills center. The facility that Gilbert will be constructing is a training center, which is larger in scope than a skills center. A Training Center typically has a large tower to conduct burns and fire training evolution along with other large buildings to provide a wide array for fire and medical training. There is also more office and classroom space as part of a Training Center. Training Centers can hold fire academies and conduct larger scale fire training with multiple fire trucks and personnel due to the size of the venue; Skills Center typically cannot. While the proximity of the Gilbert training facility will have advantages for Queen Creek, the advantage of constructing our own Skills center is discussed below.

Preliminary discussions with Gilbert have taken place about the ability for Queen Creek to use their training center but nothing has been solidified contractually. This likely will not happen until around the time of the completion of their facility and Gilbert determines how usage agreements will work. Fire Training Centers are built with the priority of the agency who builds them; neighboring agencies will not have the same ability and freedom to use the facility as Gilbert Fire and Gilbert Police will. We hope to develop some partnership with Gilbert that defines a schedule for availability but at this time we do not know what level of commitment will be offered to Queen Creek. We feel that we will be able to conduct our fire academies and larger scale fire training at the Gilbert facility as part of the regional Automatic Aid partnerships. It is for the smaller, day-to-day training needs that we need to have a more viable option in order to serve our personnel and citizens best.

The Skills Center portion of the building will serve as a location where our fire personnel can conduct basic fire training by using open space and connecting to fire hydrants, extending fire hoses and training with ladders, to name a few examples. The key to this facility and concept is that space is needed daily and without having to schedule times with another fire agency in order to perform them. We would not have this kind of flexibility with the Gilbert Training Facility due to the amount of Gilbert public safety personnel who need to use their own facility.

Classroom and office space will be part of the new Resource/Skills center. Classroom space is one of the most sought after, hard to obtain spaces within a training center. Having classroom space to conduct fire and medical training for our personnel is part of the plan in hiring the Emergency Medical Service Specialist included in the FY 2019-20 budget. This facility will provide the office and classroom space necessary to conduct classes by both the new position, as well as our fire-training officers. This Skills Center, being in Queen Creek, will afford our fire personnel much better access to basic training and allow them to return to service quicker and limit the "out of service" time due to training.

Additional options related to this building are under consideration, and additional detail regarding financing implications will be provided separately once complete.

6. What are the details regarding the Fire Personal Protective Equipment (PPE) that's included in the budget?

The PPE included in the FY 19-20 budget are the firefighters' turnouts. A duplicate set for all firefighting personnel is included in the budget. This will allow the Fire Department to have turnouts cleaned and/or repaired as needed. Without this duplicate set, it is necessary to wait until the crew is between shifts to have these issues addressed.

7. Why is the PSPRS/MCSO pension reserve showing as a revenue? How does that work?

When Council approved establishing the MCSO/PSPRS pension reserve, that reserve became the resource for making the portion of the annual contract payment to MCSO that is identified as the unfunded pension portion of the PSPRS costs.

When the MCSO PSPRS rates are established each year, a portion of the rate is identified to pay down the total MCSO unfunded pension liability. The current MCSO PSPRS rate associated with the Town's law enforcement contract is 57.69%, of which 74% of the rate or 42.59% is to pay down the Sheriff's unfunded pension liability. For the Town, this amount equates to about \$1,650,000. By drawing down the pension reserve that the Town established for MCSO, that portion of the Town's payment to the Sheriff's office does not need to come from current revenues. The reserve is shown as a revenue in order to reflect that.

8. What were last year's healthcare costs (FY17-18)? How is the new year cost projected?

The healthcare fund encompasses major medical, dental, vision, disability insurance and life insurance. The majority of the expenses are related to medical claims. Premiums provide the funding to cover the cost of the medical claims. Premiums are set annually in January, based on the most recent 12 months of claims experience. Premiums are paid by both the Town and by the employees. Of the total medical premiums collected, in aggregate the Town is currently contributing 79%, and the employees are contributing 21%. This ratio of cost coverage is comparable to our benchmark cities and towns but the larger cities, it should be noted, typically have a greater employer contribution rate.

When premium rates were set for healthcare for FY 17-18, the projected annual costs for medical claims were \$2.1 million based on current plan membership utilization in January 2017. Taking into account new employee growth, Valley Schools (the trust which the Town is a member of), estimated the Town's medical claims expenses for FY 17-18 at \$2.2 million – which was right on target with the actuals for that year. All other costs were \$1.2 million, and include HSA funding, dental and vision insurance, and life/disability insurance premiums. The total actual costs for FY 17-18 were \$3.4 million.

The FY 18-19 budget for medical claims is \$2.6 million – and we are on target to spend \$2.5 million given our current claims activity. The budget for FY 19-20 includes projected medical claims costs of \$3.2 million, as well as other costs for health, dental, vision and administrative costs, for a total of annual budget of \$4.2 million, an increase of 11% over FY 18-19.

9. What is the budget associated with each of the positions on the position listing?

The position schedule located in the budget book appendix has been updated to include the budget associated with the positions in each department. The budget is for salary, retirement,

healthcare, dental, vision, social security, Medicare, life and disability insurances costs the Town pays.

10. What is the average salary of the new positions requested for FY 19-20?

The average salary for the eight new positions included in FY 19-20 is \$53,150.

11. What is the average employee turnover in the East Valley?

The average turnover is about 8.3% among the East Valley cities, excluding Queen Creek. Queen Creek has been averaging about a 6% annual turnover rate.

As of FY 2017 (as reported by Gilbert), the turnover by city is as follows:

Gilbert 11%

Tempe: 9%

Mesa: 8%

Chandler: 7%

Scottsdale: 6%

12. Can restrictions be placed on how the payment to Friends of Horseshoe Park is spent?

The current agreement with Friends of Horseshoe Park (FOHP) requires that the \$20,000 (paid in one lump sum within three weeks of the signing of the agreement) be used for direct Roots N' Boots event costs, and restricts the use of the money for items such as travel and accommodations for training conferences, compensation to FOHP Board Members, lobbying, and mileage reimbursement for travel related to the production of the event. The \$20,000 is paid back to the Town out of the net event revenues. This payment is required to be made no later than 120 days after the event. Council could direct staff to negotiate a new agreement with FOHP with guidance on new terms and conditions.

13. Did HPEC use all of their \$100K repair/replacement funding last year?

HPEC used all \$100K in FY 17-18 on the following items:

- Shed Row Barns, \$12K
- Park Audio Repairs: \$68K
- Tractor/Drag Repair and Replacement: \$14K
- Replacement Tables, Folding Chairs and Spider Boxes, \$6K

In FY 18-19 it is anticipated that all \$100K will be used on the following items:

Fiber repairs, power restoration to North Access Point in RV parking area, west driveway asphalt, and fire safety repairs

14. What are the details behind the HPEC Office lease

The lease in the budget is for a trailer that is used as a show office. The show office is a climate-controlled space for event coordinators to handle operations in a centralized location. The lease costs the Town \$5,200 annually. The terms of the lease are under a Cooperative Purchasing Network agreement, and are renewed annually. The current contract is up for renewal June 30, 2019.

15. Have there been any discussions with the Chamber of Commerce about reducing our annual payment? Is there a status update on this study?

In late 2013, the Town commissioned a review of the Chamber and its financial situation as it relates to the Town's financial contributions. The review was conducted by the Jack Camper Consulting Group (The Camper Report). The final report recommended that the Town pay the Chamber as a contracted vendor for key services, and for the Chamber to focus on increasing volunteer involvement, and increasing non-dues revenue opportunities (special events/sponsorships).

Since the 2013 report, the Chamber has significantly increased its volunteer involvement. The Chamber now has 13 ambassadors, 14 education committee members, 11 board members, and 4 general volunteers that work in the office. The increase in volunteers has allowed the Chamber to expand its program of work. In addition, membership levels and dues have also increased since the report was released.

Per the Economic Development Strategic Plan, there is an objective to continue to contract with the Queen Creek Chamber of Commerce to conduct business retention interviews, which is a vital component of a Business Retention & Expansion (BR&E) program. This, along with operating the Tourism Center, is a key service that the Chamber performs in exchange for the Town's annual payment and there has not been any discussion about reducing the annual payment. While The Camper Report called for cost-of-business annual increases to the agreement, the Town has kept the Chamber agreement at the \$75,000 limit. In the FY2019 Agreement, the Chamber also started paying \$250/month (\$3,000 annually) for the use of the Town's property for operation of the Chamber and Tourism Center.

16. Is there an update on the progress of the Boys and Girls Club Capital Plan?

The Boys and Girls Club has been making recent progress in their capital campaign. They have a new CEO who is very business-oriented and future-minded. Currently, they are working on short-term capital improvements to the building they occupy. This includes applying for grant funds and searching out donations (in-kind and cash) to make improvements to the current building with the goal of increasing the numbers of kids they can serve. For the long term planning, there may be the potential for the Town and B&GC to co-build a shared building at the East Park site in the future. If such an agreement were to be made, they would embark

on a process to gather information, get donors, participate in design, and then help fund a co-built building.

We look forward to discussing these items further with you at the meeting. Please let us know if you have any questions.