



MINUTES
Budget Committee
22350 S. Ellsworth Rd, Queen Creek, AZ
Town Hall, Council Chambers
April 26, 2018
4:00 p.m.

1. Call to Order and Roll Call

Chair Robin Benning called the meeting to order at 4:00 p.m. The following people attended:

Committee Members: Council Member Dawn Oliphant, Council Member Robin Benning, Council Member Jake Hoffman (arrived 4:20 p.m.)

Town Staff: John Kross, Town Manager; Scott McCarty, Finance Director; Gloria Moore, Budget Administrator; Bruce Gardner, Assistant Town Manager

2. Public Comment:

There were no public comments.

3. Items for Discussion and Possible Action

A. Consideration and possible approval of the April 6 and April 12, 2017 Budget Committee minutes

Approved at the April 25, 2018 meeting.

B. Discussion and possible approval of the Queen Creek FY 2018/19 Town Manager's Recommended Budget

1. FY 2018/19 budget overview and long-range financial projection

Discussed at the April 25, 2018 meeting.

2. FY 2018/19 Town Manager's recommended budget including departmental and capital budgets

Discussion continued from the April 25, 2018.

Town Council - FY 18/19 Budget: \$0.4M

Town Manager John Kross reported on focus areas in roads, public safety and utilities as the Town continues to implement the 10-year Infrastructure Improvement Plan. The budget decreased by \$2K due to reduction in travel and conferences.

Town Manager & Legal Services -- FY 18/19 Budget: \$1.5M

Town Manager Kross discussed key focus area relating to regional partnerships and regional issues such as transportation planning. Mr. Kross said there were no budget adjustments and reported a reduction in the travel/conference budget.

Town Clerk - FY 18/19 Budget: \$0.3M

Mr. Kross said the focus areas will include August 2018 Home Rule and Primary Election and the November 2018 General Election. The budget will decrease because the special election in May 2018 is complete.

Centralized Services - FY 18/19 Budget: \$10.3M

Finance Director McCarty said this category is a catch all for expenses that do not fit into a specific department. A budget increase of \$600K is attributed to the opening of Mansel Carter Oasis Park; increase in the Town's liability insurance; library services for Pinal county residents; increase to AZ Department of Revenue for sales tax collection services; and San Tan Historical Society air conditioning repair. Mr. McCarty explained that San Tan Historical Society was previously part of the nonprofit funding but was removed from this process because it is considered more of a function rather than a social service.

Capital – Special Funds

Transportation Infrastructure Improvement Plan (IIP)

Finance Director Scott McCarty outlined the revenue sources and expenses for the IIP. He said we continue to build projects as part of our 10-year \$195M Transportation Plan with expenses at \$62.3M. Our revenues come from the \$3.9M placeholder from the operating budget, dedicated 2% construction sales tax, and transportation impact fee.

Public Works Director Troy White presented information on expenditure authority recommendations for the north/south roadway connections for State Route 24 outside of Town. The four roadway improvements for this budget total \$22M for the following:

- Ellsworth Road – Germann to SR24 (Mesa) - \$10M
- Signal Butte - Germann to Pecos (Mesa) - \$6M for ½ street improvements
- Meridian Rd – Germann to SR24 (Pinal) - \$6M for ½ street improvements
- Ironwood – Germann to SR 24 (Pinal) - \$0 (not needed at this time)

Council Member Benning clarified that this is not determining the source of funding or committing to any funding mechanism, but is just authorizing spending authority as a placeholder to work on these projects.

Construction Sales Tax Fund

Mr. McCarty said that construction sales tax in Queen Creek is 4.25% with 2.0% dedicated to financing projects that are built in the Town. Revenue from this fund is \$3.9M.

Development Fee Funds – Transportation

Mr. McCarty said the fee update is under consideration and the budget will be revised once a new fee is adopted. Expenses total \$3.0M and include debt service and \$1.3M toward the growth share of new projects.

General Government Capital Improvements

Mr. McCarty explained this is the fund where we build our public safety facilities and buildings. Revenue sources of \$7.1M come from operating budget (1.3M) and impact fees. Expenses include Fire Station #4 (\$4.9M), ladder truck and pumper (\$2.1M) and public safety equipment (\$0.1M).

Development Fee Funds – Public Safety

Mr. McCarty said the fee update is forthcoming and the budget will be revised once a new fee is adopted. Expenses (\$0.2M) include debt service for Public Safety Admin Building and \$60K for the growth share of equipment purchases for new staffing.

Development Fee Funds – Fire

Mr. McCarty said the fee update is forthcoming and the budget will be revised once a new fee is adopted. Expense of \$6.1M include debt service for 2018 bond issue and funding towards new Fire Station #4, ladder truck and pumper.

Capacity Fee Funds - Wastewater Capacity

Mr. McCarty said the fee study update is forthcoming and the budget will be revised once a new fee is adopted. Expenses (\$26.5M) are for various projects totaling \$100M over fifteen years.

Capacity Fee Funds – Water Capacity

Mr. McCarty said the fee study update is forthcoming and the budget will be revised once a new fee is adopted. The current fees are anticipated to generate \$4.0M and a significant amount of the expenses are associated with transportation projects.

Development Fee Funds – Parks

Mr. McCarty said the fee study update is forthcoming and the budget will be revised once a new fee is adopted. Projects in this area include landfill improvement grant; two segments of trails; design of East Park site to address drainage for the entire site and some carryover for Mansel Carter Park opening in the fall.

Development Fee Funds – Town Buildings

Mr. McCarty said the fee study update is forthcoming and the budget will be revised once a new fee is adopted. Expenses are for debt service on buildings that are already constructed (library and public safety building).

Development Fee Funds – Library

Mr. McCarty reported debt service expense of \$0.4M for the current library.

Town Center Funds

Mr. McCarty reported that the dedicated 0.25% Town Center sales tax generates about \$800K per year .He explained that a new policy recommends that \$300K per year be used for improvement district debt service for the Ellsworth Loop Rd project. Other expenses in this fund will be used for Town Center initiatives such as signage, decorative elements and special events. There will also be a placeholder for real estate opportunities that may open up and possible improvements resulting from the updated Town Center Plan.

Healthcare Self-Insurance Fund

Mr. McCarty said the Town is self- insured, which means we take the risk and pay the health claims costs as they come up. Mr. McCarty praised the Town wellness programs and our ability to keep medical costs low. \$3M is the anticipated expense for claims, premiums and includes a cushion for future costs.

Other Funds

Mr. McCarty reviewed miscellaneous funds including the Community Events Fund, Streetlight Improvement Districts, Grant Funds (placeholder for potential fire grants) and the Improvement District Assessment Fund.

3. Non-profit funding requests

Budget Administrator Gloria Moore gave a brief overview of the process used to determine funding for the not-for-profit applications. Ms. Moore said a quantitative approach was used to make sure each agency received some funding. She explained that the San Tan Historical Society request was removed from the process and was recognized through a contractual agreement, which took pressure off funding available for the other agencies. The funding level established for FY2018/19 is \$41,750 which

represents 0.02% of general fund expenditures. Ms. Moore said there were six requests for monetary and in-kind services totaling \$37,800. Ms. Moore said a complete description of each agency and their request is provided in the budget booklet. There were no new agency submittals this year. Ms. Moore said representatives from each non-profit agency are in attendance and are available for questions. The Budget Committee did not have any questions for the agencies.

Ms. Moore listed the agencies and the recommended funding as follows:

- Queen Creek 4-H – \$10,300
- American Legion Queen Creek Post - \$6,000
- American Legion Auxiliary Unit #129 - \$1,500
- Pan de Vida - \$11,000
- American Cancer Society - \$4,000
- About Care – \$5,000

Motion to recommend to the Town Council approval of non-profit funding requests as presented, totaling \$37,800, consisting of \$19,300 of in-kind services and \$18,500 in monetary support.

Council Member Hoffman expressed his concern over government's role in non-profit funding but thanked the nonprofit organizations for their work in the community.

1st: Benning

2nd: Oliphant

VOTE: 2-1 (Hoffman)

Council Member Benning thanked the non-profit representatives for their attendance at the meeting.

Mr. Kross asked the Committee if they had any questions on the FY18/19 recommended budget as presented.

Council Member Hoffman requested that the full Council consider alternative options for slower growth on staffing levels.

Motion to recommend to the Town Council for approval the Town Manager's Recommended FY 18-19 Budget with revisions to include expenditure authority for North/South roadways of \$22M and the HPEC covered arena of \$0.5M for a total annual budget of \$251.9M.

Council Member Hoffman commented that transportation was a high priority for Council and he requested an alternative motion to approve expenditures of North/South Roadways as a stand-alone item. There was no second on the alternative motion and it was not considered.

A roll call vote was taken for the original motion.

1st: Oliphant
2nd: Benning
VOTE: 2-1 (Hoffman).

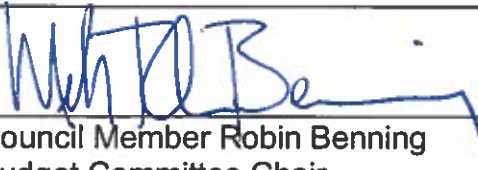
Mr. McCarty concluded with a timeline of dates for the budget process.

3. Announcements
None.

4. Adjournment


Meeting adjourned at 4:45 p.m.

TOWN OF QUEEN CREEK



Council Member Robin Benning
Budget Committee Chair

Prepared by:



Joy Maglione
Town Clerk Assistant

PASSED AND APPROVED ON: April 4, 2019