

Budget Committee Minutes

Town of Queen Creek

22358 S Ellsworth Road

Queen Creek AZ 85242

May 1, 2008

1. The meeting was Called to Order - at 2:07 pm by Lisa Coletto-Cohen, Chair

Committee members present: Lisa Coletto-Cohen, Gordon Mortensen, Absent: Council Member Toni Valenzuela. Also attending: Town Manager John Kross, Assistant Town Manager Patrick Flynn, Budget Administrator Barbara Sena, Budget Analyst Samantha McPike, Parks and Recreation Director Debra Gomez, Parks and Recreation Assistant Director Creighton Wright, Parks CIP Project Manager Troy White, Economic Development Director Doreen Cott, Public Safety Manager Joe La Fortune, Fire Chief Van Summers, MCSO Lt. D'Amico, MCSO Captain Dante Proto, Queen Creek Water Director Paul Gardner, Public Works Director Don Noble, Transportation Director Dick Schaner, Sr MA Tracy Corman, Library Project Manager, IT Division Manager Lester Godsey, Council Member-Elect Jeff Brown, and Sarah Boggan with the Tribune.

2. Items for Discussion and possible action:

- a. Consideration and possible approval of minutes from Budget Meeting of April 23, 2008. Council Member Coletto-Cohen pointed out a mis-spelling Sarah Boggan's last name.

Motion to approve as amended by Council Member Mortensen, second Council Member Coletto-Cohen. Vote 2-0

- b. Review of Queen Creek FY 2008-09 Sewer Enterprise Fund

Town Manager Kross stated that the Sewer Fund is an enterprise fund and run as a business operation. There was a modification of the rates to cover the costs of operations. Town Manager Kross pointed out that where ever the line item referred to LGIP, that means the Waste Water treatment center; Mesa draws down our LGIP accounts for maintenance, repairs, etc of the plant. Under the terms of our WIFA loan, we are required to maintain certain reserve levels.

- c. Review of Water Enterprise FY 2008-09 budget

Assistant Town Manager Flynn stated that the Town took over operations of the water company effective April 1, 2008. It is a self supporting fund. The WIFA loan payment is about \$3 million per year and requires a reserve of one year's debt service spread out over 5 years - \$600,000 per year. Council Member

Mortensen asked if an enterprise fund could send funds to the general fund if they were doing well. Assistant Town Manager Flynn replied yes, it could; however in the FY 2009 budget, the Town is charging the self supporting funds for general fund related expenses. Council Member Coletto-Cohen asked about the developer mainline extension agreements and Assistant Town Manager Flynn responded that those agreements were part of the purchase and sale agreement and is budgeted accordingly. Those agreements are paid for two years by the company then depending on the value of the remaining agreements; they are annually budgeted by the Town.

d. Review of Emergency Services FY 2008-09 Operating budget (Fire)

Town Manager Kross stated that policy decisions regarding the fire stations are reflected in the Fire Development Fee fund. Fire Chief Summers stated that he broke out the budget to represent services provided to the citizens; he has put performance measures in place to measure service provision. Council Member Coletto-Cohen asked how much information regarding hazardous materials stored on private property has the Town received from Rural/Metro? Chief Summers replied none; in 2010, QC Fire dept will begin doing property inspections. Town Manager Kross pointed out that revenue for emergency services would be \$5 million in property taxes and \$1 million in sales tax.

e. Review of 5 year Capital Budget FY 2009-2013

Town Manager Kross presented a five year fully funded capital budget to look ahead. Town Council only approves next year's funding. The FY 2009 capital project budget is \$18 million in new money; Town Manager Kross stated that revenues had been reset based on 300 NSF home permits in FY 2009.

Town Manager Kross proposes to delay construction of a new fire station; Chief Summers stated that this would have no impact on level of service. Town Manager Kross said that included in the FY 2013 budget is design of the downtown station. Council Member Mortensen asked why the switch of location? Chief Summers stated that we must first protect the delivery of services – fire, MCSO, general government – and right now he was able to provide the appropriate level of service from the two current stations. Chief Summers stated that a downtown station could service the new commercial and multifamily areas, which is a critical logistical need for the downtown. Council Member-elect Brown asked if the \$125,000 to remodel the current station on Ellsworth would go forward? Chief Summers said yes, there was still a need to remodel that station if firefighters would live there 4-5 years.

Council Member Mortensen stated that development fee revenue is less than debt service – where would the funds come from to fund this shortfall? Assistant Town Manager Flynn stated transfers from the general fund, the Emergency

Services Fund; of the \$18 million in expenditures for FY 2009, \$8 million is for debt service, in the aggregate program.

During the General Fund meeting, Parks Director Gomez was asked to bring back at this meeting the impact on level of service if she had 1 additional FTE. Director Gomez stated that her maintenance staff would be able to maintain a 1.5 LOS in parks with high visibility area. Council Member Mortensen asked what the cost of this position would be and how would it be funded; Town Manager Kross replied about \$ 60,000 and that the contingency would be decreased. Budget Administrator Sena was instructed to include that additional position as funded supplemental request in FY 2009 General Fund budget

Council Member Mortensen asked what was included in the \$1.4 million of HPEC FFE? Parks Project Manager White replied big items such as tractors to maintain the arenas, etc.

Public Works Director Noble stated that he is proposing an additional building, storage, permanent power and sewer, awnings for expensive pieces of equipment, a communications system, wash out area for the street sweepers, motorized gates and security gates; with the budget available for the Public Works Yard in FY 2008 and FY 2009, the yard should be OK for 5-7 years.

Council Member Mortensen asked the impact on the unfunded telecommunications in the Town Building Fund; when would it be back in the budget. Town Manager Kross stated that it is re-evaluated on an annual basis. IT Manager Godsey stated that the town is requiring developers and town CIP projects to install the minimum standard of piping, etc.

The Library will open October 2008; the budget is basically debt service.

Public Safety Manager La Fortune stated that the Public Safety Development Fund can recoup only 6% of the MCSO contract. Council Member Coletto-Cohen asked if the QCUSD was unable to obtain a grant for the high school resource officer, would the Town pay for the entire cost? Town Manager Kross said yes he would recommend full funding. The school resources officer position, based on staff's experience, is a extremely important for public safety and school safety. It is a proactive presence that can be very helpful.

Council Member Mortensen asked what the \$1 million be spent on in the HURF fund. Public Works Director Noble replied that the Town will do what is not new with chip seal.

Council Member Coletto-Cohen asked why the Town is installing sidewalks in the Ocotillo-205th street west when the houses are for sale; if they sell for commercial, sidewalks would be required. Transportation Director Schaner

stated that people are now walking in the road to the commercial center representing a safety situation that staff is recommending correcting.

Transportation Director Schaner presented a handout which indicated which projects were moving from design to construction; these projects would be done with carryforward money and staff time would be charged to projects funded with developer money.

Council Member Mortensen noted that there were no projects in the Waste Water fund. Transportation Director Schaner stated that there are no new ones.

Council Member Coletto-Cohen asked if the street sweeper budgeted for purchase in the Transportation Development fund is PM 10 certified; Town Manager Kross said yes

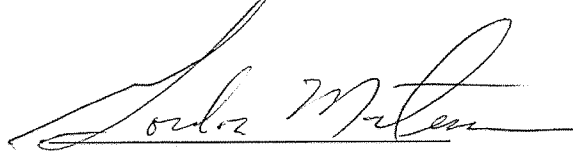
Economic Development Director Cott stated that a plan needs to be developed for spending of the additional ¼% sales tax collected in the 2 new downtown shopping centers.. Director Cott would like to establish a revolving loan fund for small businesses; Transportation Director Schaner has identified that some of these revenues would be used for landscaping and weed control along the new Loop Road. Director Cott's plan would go to the Economic Development Committee and then to Council.

f. Schedule upcoming meeting

Next Budget Committee meeting will be arranged by the Town Manager's Executive Assistant based upon committee member's schedules. The not for profit agencies that the Town has supported historically will be presenting their FY 2009 budget request to the committee.

3. Announcements – the FY 2007 detail of Town Council's travel was distributed
4. Motion made to adjourn at 4:50 pm by Council Member Coletto-Cohen, second Council Member Mortensen. Vote 2-0

TOWN OF QUEEN CREEK



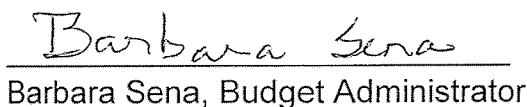
Council Member Gordon Mortensen, Chair

ATTEST:



Barbara Sena, Budget Administrator

I, Barbara Sean, do hereby certify that, to the best of my knowledge and belief, the foregoing Minutes are a true and correct copy of the Minutes of the May 1, 2008 meeting of the Queen Creek Town Budget Committee. I further certify that the meeting was duly called and that a quorum was present.


Barbara Sena, Budget Administrator

Passed and approved September 4, 2008