



MINUTES

Town Council Budget Meeting

20727 E. Civic Parkway, Queen Creek, AZ 85142

Monday, April 8, 2024 | 3:30 p.m.

Tuesday, April 9, 2024 | 4:00 p.m.

1. Call to Order:

The meeting was called to order on April 8, 2024 at 3:30 p.m.

2. Roll Call:

PRESENT:

Julia Wheatley, Mayor

Leah Martineau, Vice Mayor

Robin Benning, Council Member

Jeff Brown, Council Member

Bryan McClure, Council Member

Dawn Oliphant, Council Member

Travis Padilla, Council Member

Council Member Oliphant joined the meeting at 3:32 p.m.

3. Pledge of Allegiance:

4. Public Comment:

There were no public comments.

5. Items for Discussion and Possible Action

A. Consideration and possible approval of the April 10, 2023 minutes

MOTION: To approve the April 10, 2023 minutes as presented

RESULT: Approved unanimously (7-0)

MOVER: Bryan McClure, Council Member

SECONDER: Jeff Brown, Council Member

AYES: Julia Wheatley, Mayor, Leah Martineau, Vice Mayor, Robin Benning, Council Member, Jeff Brown, Council Member, Bryan McClure, Council Member, Dawn Oliphant, Council Member, Travis Padilla, Council Member

B. Discussion on the Queen Creek FY24-25 Town Manager's Recommended Budget of \$723.8 million.

1. 2024-25 Town Manager's Recommended Budget including Departmental and Capital Budgets

Mayor Wheatley welcomed everyone to the Town Council Budget Meeting. She said this year we will meet as a full Council early in the process instead of the three member Budget Committee format that was used in past years.

Town Manager Bruce Gardner opened the meeting and asked the Council to reflect on their priorities for the FY24-25 budget. He outlined the budget process and provided a brief overview. He said it is one of the most important policy decisions made by the Council each year. He said the budget includes a five-year plan for the Town and it aligns with the Corporate Strategic Plan.

Mr. Gardner thanked the Finance Department, employees and department directors for all the work that has been done on the budget. He thanked Council for the time dedicated to review the recommended budget.

Mr. Gardner said this year's recommended budget is \$723.8M and 60% is dedicated to infrastructure, which aligns with Council priorities. He pointed out that we are one of the fastest growing communities, approaching a population of over 83,000, and we need to meet the needs and essential services for our community.

Finance Director Scott McCarty discussed the strategic approach to this year's budget and said it focuses on Council priorities. He outlined the meeting structure and the budget calendar. Mr. McCarty provided a brief perspective on public finance and how expenses are funded and paid for using intergenerational equity spreading costs over many years. He said Council sets the policy and staff is responsible for implementing it.

Mr. McCarty said we use a policy-orientated approach and he identified key financial policies that the Council has already implemented:

- Pension Funding - the three plans are fully funded
- 25% Revenue Reserve Policy – estimated ending balance in June 2025: \$41.3M
- New Position Placeholder - to plan for future growth of Police Department
- Employee Compensation - market increase and merit increase

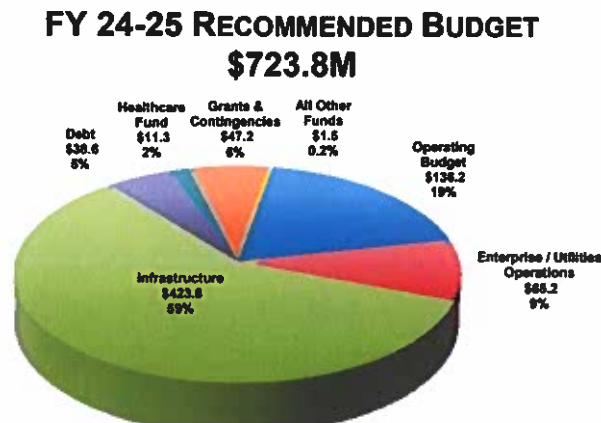
- Continued Reduction of Water Replenishment Fees (CAGR)
- Property Tax Freeze - we are in year two
- Elimination of Streetlight Improvement District Property Tax – we are in year two

Mr. McCarty introduced two new policies that were built into the budget based on the Council's direction in November 2023:

- New Policy: Voter approved property taxes will NOT be used to fund infrastructure. Not taxing residents and not a secondary property tax.
- New Policy: Create a \$10M Construction Sales Tax Revenue Cap and a Pay-As-You Infrastructure Reserve in Operating Budget

Town Manager Gardner provided the budget overview. The total recommended budget for FY24-25 is \$723.8M which is a 17% reduction (\$143M) from the prior year. Mr. Gardner said it reflects \$12.1M in continued tax and fee reductions. He said this budget reflects Town Council's priorities with a focus on increased service levels in the areas of Police, Fire, Transportation and Parks and Recreation. Mr. Gardner said that rates and fees are being evaluated to pay for infrastructure and he reviewed the timeline for impact fees; park user fees; water and wastewater capacity fees and rates and LGES infrastructure funding in regards to water and wastewater rates.

Mr. McCarty provided an overview of the total budget by category noting that nearly 60% is for infrastructure.



Mr. McCarty summarized the reductions in the budget (17%) compared to the prior year with most occurring in infrastructure, water, parks and trails.

Mayor Wheatley asked if this includes the debt payment on parks or will this be reflected next fiscal year. Mr. McCarty replied that all debt on parks is in the budget already.

Mr. McCarty said that the majority of the operating budget is for staffing. He provided a summary of the new staffing position recommendations for FY24-25 (86 FTE), which is an increase of 15%. He said the majority is for police and public safety staffing, with 62 positions for public safety and 24 positions in other areas.

Operating Budget

Mr. McCarty said the highlights for the Operating Budget include strong revenue growth; increased service levels for police fire, transportation and parks; increases in infrastructure funding to use more pay-as-you-go per Council direction; maintaining existing service levels in other areas and employee compensation.

Mr. McCarty provided the 5-year revenue and expenditure projections for the operating budget. He explained that the acceleration of hiring in the Police Department and the need for one-time costs for trucks and equipment are reflected now, but he pointed out it will be less in future years.

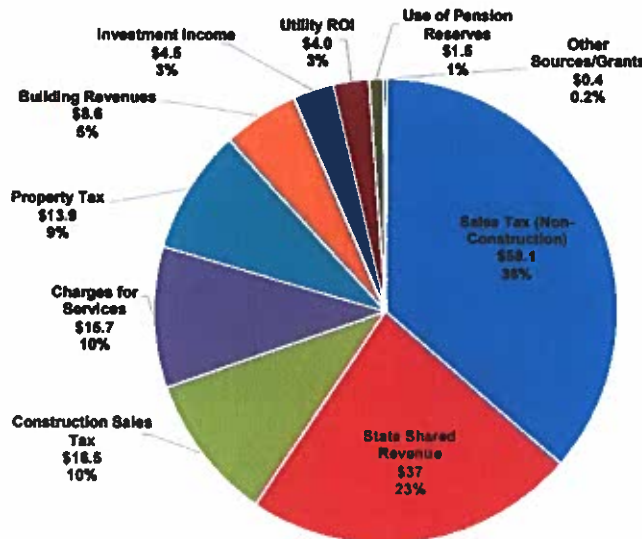
Mr. McCarty explained the Finance Department approach to monitoring and estimating revenues and said it is a top priority for the Finance Department. He discussed the continuation of economic uncertainty and said we continuously monitor things. He said actual results have exceeded projections for the last twelve years.

Mr. McCarty discussed the operating budget revenue forecast and the projections. He discussed the construction sales tax \$10M cap policy and pay as you go infrastructure funding. He said that policy is working out in regards to balancing the budget.

Mr. McCarty discussed the importance of population projections and how it will affect us mainly in police and fire and also where infrastructure needs will be for the future growth. We anticipate steady and consistent population growth with a projected build out of 150K. He discussed the fluctuation on single family home permits. He explained the impact of multifamily housing on revenues and said together with single family homes it shows an increase.

Mr. McCarty discussed next year's operating budget revenues projected at \$160.2M and said it is directly tied to population increases, along with strong sales tax and state shared revenues.

FY 24-25 Operating Revenues/Sources \$160.2M (10 Major Revenues)



Mr. McCarty said beyond next year we will monitor population growth and residential and commercial development. Additionally, the effect of the LG development will be considered in upcoming years and noted that the direct and indirect revenues are not included in the current projections. Mr. McCarty said we will not be able to quantify the result of LG on revenues until it is actually in operation.

Mr. McCarty discussed revenue predictability by category and the long term and short term effects by category. The most volatile categories include sales tax and building revenues, which are more impacted by changes in the economy. He said the sales tax base remains strong and is growing due to increased population, demographics, new businesses in Town and increased online sales activity.

Property Taxes

Mr. McCarty gave a brief history on the approved primary property tax dedicated for public safety not to exceed the \$1.95 levy. He said we do not have a secondary property tax. The total budget for public safety is \$60.1M and the primary property tax covers

approximately 23% of the public safety budget with the remainder coming from other sources.

Mr. McCarty said the assessed value growth remains strong due to existing property value increases and new construction. He discussed the property tax revenue formula and the 5-year property tax freeze that was approved by Council in November 2022. He said we are in year two of the freeze and it is performing as expected. The freeze accomplishes reduction in primary property tax for residents and creates certainty for tax payers. Mr. McCarty said revenue increases are only coming from new construction and it shifts funding of public safety costs to the Town's general revenues, which puts the pressure on staff to manage costs.

He explained that the freeze is possible because the property tax assessed valuation will continue to increase at 5% annually. Mr. McCarty discussed the levy rate and how the property tax freeze will affect the median value home and highlighted the savings to the taxpayer in comparison to the voter approved property tax maximum. He outlined a comparison of property tax rates with other cities and towns and noted that we are one of the few communities that does not have a secondary tax.

There was a five minute break at 4:39 p.m.

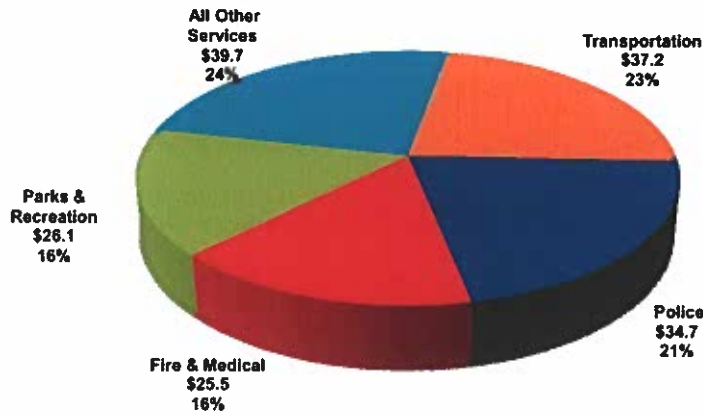
Operating Expense Projections

Mr. McCarty summarized the FY24-25 expenditures in the operating budget (\$163.2M). He said notable highlights include department growth in Police, Fire, Transportation and Parks & Recreation; the need to maintain existing service levels and one-time funding for new infrastructure.

He said drivers in the expenses are due to population; continued growth of the Police Department; Police Master Plan Funding; Parks Master Plan Funding and increased staffing to maintain service levels.

Mr. McCarty said the operating budget is reflective of council priorities and he noted that the figures included in operating budget expenditures (by program) include salaries, operating budget, supplies and debt associated with infrastructure. Notable changes include Police Department related increases (\$9M) and Parks & Recreation related increases (\$7.3M) mainly related to the Recreation and Aquatic Center.

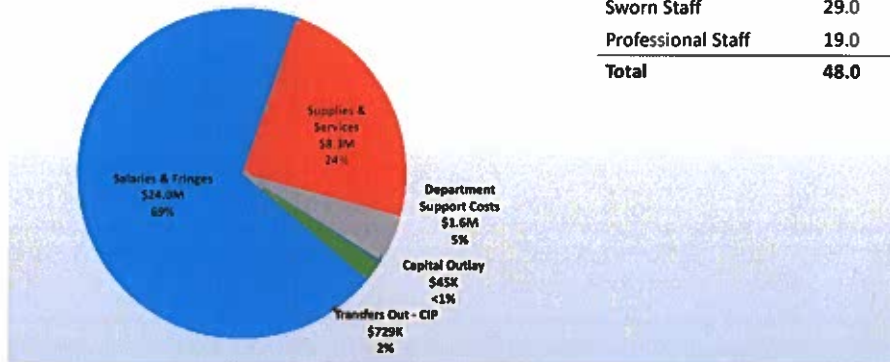
FY 24-25 OPERATING EXPENSES / USES: \$163.2M (BY PROGRAM)



FY 2025 Police Budget

FY 2025 Police Budget Overview

POLICE SERVICES
 FY 2024/25 RECOMMENDED BUDGET \$34.7M



Budget Additions	FTE
Sworn Staff	29.0
Professional Staff	19.0
Total	48.0

Police Chief Randy Brice discussed the department goals, objectives and performance measures. He said that personnel is the department's biggest need due in part to increases in calls for services, investigations and crash incidents. He discussed the positions being requested and why they are needed in the areas of Public Affairs Unit; Assistant Chief of Police and Management Services; Commander Patrol Division (add a new shift at busiest time of day); Special Operations Division; and Support Services Division. Chief Brice said this equates to 48 positions (29 new sworn personnel and 19 professional staff). Additionally there will be seven support positions (4 in Fleet and 3 in the IT area).

Chief Brice reviewed the timing of the Capital Improvement Project needs over the next ten years:

Years 1-5

- Public Safety Complex (Under Construction)
- Radio Towers & Infrastructure
- Police Equipment
- PS Complex Shooting Range
- Complex #2
- Complex #3 – Land Acquisition
- FOF Fleet Expansion (PS Share)
- Parking (Public Safety 75%)

Years 6-10

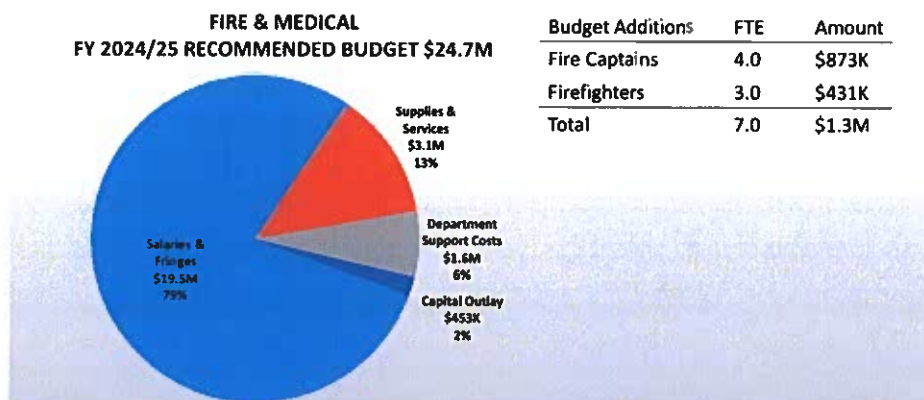
- Complex #3 – Construction
- Complex #4

Council Member McClure asked if the new sergeant position that will help with missing juveniles will include runaways at Canyon State Academy. Chief Brice replied yes.

Mayor Wheatley had a question on the public safety parking structure location. Chief Brice said it will depend on what is decided with the future Public Safety Complex 2 in regards to whether it is a refurbish or a new build. He said it could be a parking garage and could accommodate both public parking and secured parking.

FY 2025 Fire and Medical Budget

FY 2025 Fire Budget Overview



Fire Chief Vance Gray discussed the department goals and objectives. He discussed the Fire Master Plan and the quest to attain a Class 1 Fire Department rating, which is the highest rating that can be achieved. He explained the significance of achieving a Class 1 Insurance Service Office (ISO) rating which correlates to the Class I rating. He said currently we have an ISO rating of 2, and he said it is due in part to the lower rating of our Fire Operations area.

Chief Gray briefly discussed ambulance transportation rates which have been a topic of discussion recently. He said that rates are set by the Arizona Department of Health Services. There has been a 1.7% annual rate increase and every ambulance service in Arizona is regulated by this and he noted that Queen Creek is in the low to midrange.

Chief Gray said the bulk of the department increase is due to staffing. They are requesting 7 positions (three firefighters and 4 captains). He discussed how the captains will be utilized and assigned.

Chief Vance discussed Capital Improvement Project needs over the next 10 years and reviewed call volume and the future needs and priorities in different areas of town.

Years 1-5

- Public Safety Complex (under construction now)
- Fire Station #6 - Building & Equipment*
- Fire Station #7 - Building & Equipment*
- Fire Hazardous Materials Unit*
- Fire Pumper Replacement (E414)

Years 6-10

- Fire Station #8 – Building & Equipment
- Fire Station #9 – Building & Equipment

**Five apparatuses were ordered in FY 2023/24 due to long lead constraints: 1 fire pumper truck at Fire Station #6, 1 ladder truck, 1 ladder tender unit, and 1 hazardous material unit at Fire Station #7, and 1 replacement fire pumper truck at Fire Station #4*

Mayor Wheatley asked when we can expect to catch up with the long lead constraint items for fire apparatus. Chief Gray said the industry norm is a four year lead time for the foreseeable future.

Council Member McClure asked what is the advantage of becoming an ISO and Class I Fire Department. Chief Gray said business owners and homeowners can see reduced insurance rates if the municipality has a Class 1 rating.

The meeting adjourned at 5:30 p.m.

The Town Council Budget Meeting will continue on Tuesday, April 9, 2024 at 4:00 p.m.

6. Call to Order:

The meeting was called to order on April 9, 2024 at 4:00 p.m.

7. Roll Call:

PRESENT:

Julia Wheatley, Mayor
Leah Martineau, Vice Mayor
Robin Benning, Council Member
Jeff Brown, Council Member
Bryan McClure, Council Member
Dawn Oliphant, Council Member
Travis Padilla, Council Member

Council Member Padilla joined the meeting at 4:39 p.m.

8. Pledge of Allegiance:

9. Public Comment:

There were no public comments.

10. Items for Discussion and Possible Action

A. Consideration and possible approval of the April 10, 2023 Budget minutes

This item was approved at the April 8, 2024 Town Council Budget Meeting.

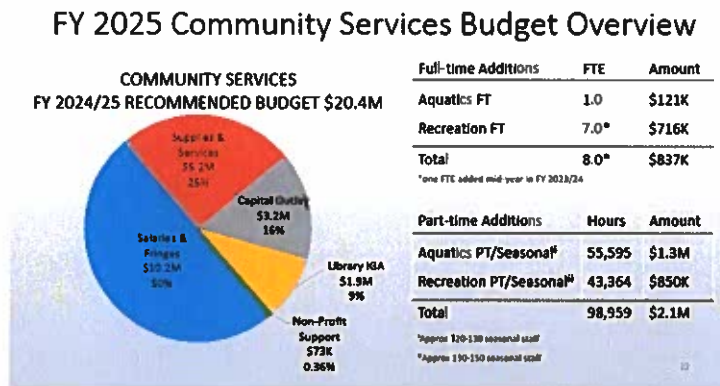
B. Discussion on the Queen Creek FY24-25 Town Manager's Recommended Budget of \$723.8 million.

1. 2024-25 Town Manager's Recommended Budget including Departmental and Capital

Budgets (continued from April 8, 2024 Town Council Budget Meeting)

Finance Director Scott McCarty outlined the expense increases totaling \$7.3M for Parks and Recreation and said they are mainly for the new Recreation Center and Aquatics Center. Mr. McCarty emphasized that we will not get accurate revenue and expense numbers to determine actual operational costs for these facilities for at least two years. He said in the first years we try to set expectations and we are estimating to receive \$2-4M in user fees, but this will not cover 100% of operating costs, nor is it intended to.

FY 2025 Community Services Budget



Deputy Director of Community Services Adam Robinson discussed the department goals and objectives which includes opening new facilities; implementing the volunteer program; implementing a Youth Commission and completing the Queen Creek Wash trails.

Mr. Robinson discussed staffing needs which relate to the Aquatic & Recreation Center and part time and seasonal new hires.

Mr. Robinson reviewed the details and the timing of the Capital Improvement Projects:

Currently Under Construction

- Mansel Carter Oasis Park - Phase II
- Frontier Family Park
- Recreation & Aquatic Center
- QC Trail – Crismon:Rittenhouse

Years 1-5

- Land Acquisition – Future Park Site (36 Acres)
- Land Acquisition – PRI Property (52 Acres)
- QC Trail – Rittenhouse:Meridian
- Sonoqui Trail – Power:Recker
- SRP Utility Easement Trail – Ellsworth: Signal Butte

Years 6-10

- Southeast Park Construction (73 Acres)
- PRI Property Park Construction (52 Acres)
- Trail by Southeast Park

Mr. Robinson reviewed the feedback received from Council at their Strategic Planning Session in regards to meeting the needs of the Queen Creek residents in relation to Town parks, facilities, fees and programming. He discussed cost recovery ranges for a variety of program types. He discussed flexibility to adjust costs to meet goals and said resident and non-resident fee structure options will be evaluated and brought back to Council for consideration later this year.

Other Budgets

Mr. McCarty gave a brief overview of the following budgets:

- Utility Funds (self-funded) – Water Fund (\$47.7M), Wastewater (\$12M), Solid Waste/Recycling (\$5.4M); rate study underway for monthly bills and for water and wastewater capacity fees; policy to be determined on resident and non-resident rates
- Healthcare Fund (self-funded for healthcare costs) – revenues \$11.3M; employer increase of 5% (no change to employee premiums)
- Contingency Budgets - (\$97.2M), new construction (\$50M), needs Council approval to use contingencies

Infrastructure Budgets

Mr. McCarty said that infrastructure construction is continuing in the areas of Public Safety; Transportation; Water Supply Acquisition; Water and Wastewater; and Parks and Trails.

He explained that it is hard to determine how much infrastructure is needed to build out a town but it is estimated that we are at one-third buildout, with another \$2B + remaining to be built. Mr. McCarty reviewed the estimated build out over the next 10 years (\$1.3B). Mr. McCarty summarized costs for projects under contract and highlighted some of the larger priority projects (totaling \$288M) and he discussed the use of the \$50.M placeholder in the contingency budget (see below):

Infrastructure Budget Summary

	Projects Under Contract	Priority Projects (1)	New Projects	FY 24-25 Recommended Budget
Transportation	\$54.1M	\$55.6M	-	\$109.7M
Parks and Trails	-	\$73.3M	-	\$73.3M
Police	-	\$54.0M	-	\$54.0M
Water	\$10.4M	\$35.9M	-	\$46.3M
Water Resources	-	\$40.0M	-	\$40.0M
Wastewater	\$4.8M	\$20.2M	-	\$25.0M
Fire	-	\$15.1M	-	\$15.1M
Municipal Facilities	\$0.9M	\$9.5M	-	\$10.4M
Contingencies	-	-	\$50.0M	\$50.0M
Total Infrastructure	\$70.2M	\$303.8M	\$50.0M	\$423.8M

Large Priority Projects

	FY 24-25 Recommended Budget
Parks Master Plan Phase I Projects	\$73M
State Lands Infrastructure (Roads, Water, Wastewater)	\$66M
Police Master Plan / Joint PD-Fire Facility	\$52M
Water Resources	\$40M
Water / Wastewater Projects Funded by Pinal County	\$31M
PD Master Plan Improvements w/ Fleet Expansion	\$26M
Total	\$288M

Mr. McCarty provided a brief overview of the following infrastructure budgets:

- Street Infrastructure (\$109.7M) - \$54.1M carry forward and \$55.6M for other (bigger) projects

- Parks & Trails Infrastructure (\$73.3M) – carry forward for parks & trails, mostly for the new Recreation & Aquatic Center
- Water Infrastructure (\$46.3M) & Water Resources (\$40M) - working toward water purchases
- Police Infrastructure (\$54.0M) – carry forward \$37.1M for Public Safety Facility plus starting design for other new facilities
- Wastewater (\$25M) - expansion of treatment plant (partnership with Mesa & Gilbert)
- Fire Medical Infrastructure (\$15.1M) carry-forward for Public Safety Facility
- Municipal Facilities (\$9.5M) - fleet expansion

Debt Budgets

Mr. McCarty said our bond rating is currently AA+ and he explained the difference between public finance and personal finance. He discussed the two types of debt (general government and water/wastewater). He said debt is paid using numerous funding sources depending on the type of debt and infrastructure we are building.

Mayor Wheatley asked if there is an amount of debt or a percentage that is a good amount and how much debt is too much. Mr. McCarty said it can be based on the age of your community, what needs to be built, and how often you issue debt and added that there is no specific answer. He said we have an AA+ rating, which is the ultimate measure, and we are working to enhance our debt policy to use more cash and not 100% financing.

Mr. McCarty provided a brief summary regarding our outstanding debt in the context of total assets and how we selectively use debt to build things. He discussed anticipated debt amounts for FY24-25 for general government by type. He said this includes the four areas of new debt expected to be issued by the end of calendar year for Transportation, Parks, Fire and Town Facilities (\$140M).

Outstanding Debt: General Government

Purpose	Outstanding Amount 6/30/25	% of Total
Transportation ⁽¹⁾	\$197.8M	41%
Parks ⁽¹⁾	\$181.7M	34%
Police ⁽¹⁾	\$51.5M	11%
Fire ⁽¹⁾	\$37.0M	8%
Town Buildings	\$16.7M	3%
Library	\$3.7M	1%
Recreation Annex	\$3.2M	1%
HPEC	\$2.9M	1%
TOTAL	\$474.6M	100%

(1) Includes \$140M new debt expected to be issued in FY 2024-25 (\$33M for Transportation, \$33M for Parks, \$50M for PD, \$10M for Fire, and \$14M for Town Facilities).

He said the budget contemplates this as a funding source but adoption of the budget does not authorize the debt issue. The debt issue is a completely different process and will be brought forth at a later date. Mr. McCarty briefly discussed funding sources and annual debt payments made through the Operating Budget. He pointed out that we do not have a secondary property tax.

FY24-25 Policy Issues

Mr. McCarty said the first three policy issues that will be discussed are all related.

2. Policy 1: Operating Budget Fund Balance Policy (Liquidity Ratio)

The purpose of this policy is to measure resources available to pay for Operating Budget recurring expenses and to follow the criteria used by Bond Rating agencies. He said we are already doing this and this will formalize our policy.

Mr. McCarty discussed the liquidity ratio and discussed how we can use the available fund balance of one-time cash for only one-time expenses. He said there is an available balance of \$44M, of which we are recommending to hold back \$5M, and the Town Council needs to determine how to use the remaining \$39M.

3. Policy 2: Annual Capital Expenses in Excess of \$5M Policy

Mr. McCarty said this policy states that capital expenses in the Operating Budget in excess of \$5M will be paid from the Available Fund Balance. He said this relates to the spending of the \$44M and he discussed the significant amount of money we are spending on capital (one-time costs) in the areas of Police and Fire. He said there is \$33M of one-time costs that are upcoming in many areas. He estimated that the Operating Budget can support

\$5M and explained that funds from the Available Fund Balance can be used to purchase needed equipment for Police and Fire (fire trucks and police vehicles).

4. Policy 3: Recommendation to use \$37.7M of Available Operating Budget Fund Balance

Mr. McCarty discussed recommendations for the available funds including the use of \$14.5M to fund/maintain pension reserves and \$23.2M for capital expenses, leaving a balance of \$1.3M.

Purpose	Amount	
Maintain Reserves		
1. Fire Pension (PSPRS)	\$1.4M*	
2. Increase ASRS Reserve	\$9.0M*	
3. Maintain 25% Revenue Reserve	\$4.1M*	\$14.5M Maintain Reserves
4. Capital Expenses in Excess of \$5M		\$23.2M*
Total Uses (RECOMMENDATION)		\$37.7M
Amount Available		\$39.0M

* Amount Needed at June 30, 2025 (2-year amounts)

Council Member Brown said he would like to see this item on the May 15 meeting.

Council Member McClure is in support of this and said it is sound financial strategy.

Council Member Padilla asked when the 25% reserve policy started; are other municipalities doing this; and do any cities have a higher reserve amount. Mr. McCarty said the policy has been in place at least 15-20 years. He said almost all municipalities are doing this to some degree and it is a best practice. He said we have one of the higher reserves and combined with our fully funded pension policy we are at the top of the list.

Mr. McCarty said determining the use of the Available Operating Budget Fund Balance would be a policy that would come back to Council every year.

5. Policy 4: Purchasing Policy Updates

Deputy Finance Director Dan Olsen said the objective of updating the purchasing policy is to keep up with Town growth and changing market conditions, to encourage better pricing and to improve efficiency for staff. He said the Procurement Policy has not been updated since 2008.

Mr. Olsen reviewed purchasing thresholds in regards to quotes and formal solicitations and contract signature authority. He said regardless of the dollar amount or who signs the contract, the formal procurement process prior to signature will not change.

Mr. Olsen outlined contract signature authority exemptions and listed items that will continue to be presented to Town Council for approval regardless of dollar amount.

Council Member Benning asked about the requirement to get three formal bids and is this still required on all contracts. Mr. Olsen said we are able to move forward if we only get one or two bids.

Council Member McClure commented on the process and the signature authority changes and said he liked that there is still oversight and that it increases efficiency. He said he is in support of the changes.

Mayor Wheatley asked about the policy for non-profit organizations. Mr. Olsen said we have a process to take applications and it is more of a decision on how much we want to spend on non-profits each year.

Mr. Olsen presented information on contract signature authority history for contracts over \$25,000 that were approved by Town Council in the past two years. He summarized the current procedures and discussed the recommended changes to the policy as follows:

Summary of Recommendations

Quotes and Formal Solicitations

APPROACH	CURRENT	RECOMMENDED
Direct Select / "Best Value"	\$0 - \$4,999	\$0 - \$10,000
Minimum Three Verbal Quotes	\$5,000 - \$9,999	N/A
Minimum Three Written Quotes	\$10,000 - \$24,999	\$10,001 - \$50,000
NEW - Procurement Competitive Quote	N/A	\$50,001 - \$100,000
Formal Solicitation	\$25,000 and Above	\$100,001 and above

Contract Signature Authority

APPROACH	CURRENT	RECOMMENDED
NEW - Department Directors	N/A	\$0 - \$50,000
Town Manager	\$0 - \$24,999	\$50,001 - \$100,000
Council Approval	\$25,000 and Above	\$100,001 and above

Council Member Padilla said he likes the idea of more efficiency but expressed the need for accountability and did not want to raise the signature levels too quickly. He was not

in favor of giving Department Directors authority; he recommended Town Manager authority up to \$50K; and Council approval above \$50K.

Council Member Benning asked what safeguards are built in to prevent splitting up projects to stay within the limits and circumventing the policy. Mr. Olsen said our policy forbids splitting items and our Procurement staff monitors this closely.

Council Member Benning said he is okay with the quotes and formal solicitation changes. He agrees with Department Directors having some signature authority with some oversight. He felt the Town Manager recommended limit is acceptable. He presented an idea to having some type of Council briefing or reporting on contracts that are being signed without Council approval. (Council Member Benning later rescinded this request).

Council had discussion on the recommended policy changes. Further discussion ensued on whether a regular report or briefing to Council is needed; the ability to change policy at a later time if needed; how to track contract signature amounts; and how to address violations to the procurement policy.

Vice Mayor Martineau commented that the increases were too high in both areas (quotes and formal solicitations and signature authority) but she appreciated the efficiency in other areas of the policy.

Council Member Oliphant commented that the recommendations in both areas were acceptable and the changes streamline the process.

Council Member McClure asked about oversight from the Town Manager in regards to the department directors. Mr. Gardner said the Finance Department reviews all items before purchases are made and they can provide a list that can be used for discussion with department directors.

Council Member McClure commented that he is comfortable with the changes in order to improve on efficiency.

Mayor Wheatley said the efficiency comes with the solicitation process. She had some concerns with raising spending authority and was not in favor of giving department directors authority. She preferred to leave it with the Town Manager with the \$100K authority due to cost increases.

Council Member Brown is in favor of the changes but appreciates the concerns of Council. He said policies that are implemented can be changed at any time if not working as expected.

Mr. Olsen recapped the direction he received from Council and he asked for additional clarification. Council went around the dais and made additional comments and the consensus was as follows:

- Quotes and Formal Solicitations: the majority were in favor of the recommendations presented
- Department Director Signature Authority: the majority favored (some) limited authority
- Town Manager Signature Authority: the majority were in consensus within the range of \$75K - \$100K
- Require staff to provide regular reporting to Council: the majority thought requiring an additional report would decrease efficiency and was not needed

Council took a five minute recess.

6. Town Center Sales Tax

Mr. McCarty provided a brief history of the 0.25% Town Center Sales Tax that was established in 2007 for the Vestar and WDP shopping centers. The funds were used for key infrastructure, operations and maintenance or other programming or projects in the Town Center. He said the tax was paid by residents and non-residents who shopped in the developments and the FY24-25 estimated tax collection is \$1.5M.

Mr. McCarty said staff is revisiting the use of this tax and provided the following options for Council feedback:

1. Maintain the Tax and Specifically Identify Uses
 - Assessment to Recover Public Safety Costs
 - Funding of Infrastructure (Drainage, Undergrounding Power Lines, Reuse Founders Park, Parking Garage)
2. Sunset the Tax
 - Use the Existing Cash to Make Future Debt Payments
 - Determine a Funding Source to Replace the Tax (i.e. Operating Budget or Future Land Sales)

The Council unanimously agreed to sunset the tax (Option 2).

Mr. McCarty discussed options on how to handle the remaining funds, steps on how to sunset the tax and options to adjust the budget accordingly.

Mr. McCarty introduced Utility Director Marc Skocypec, who provided a brief follow-up to the Council presentation on the Utility Services Budget as requested by Council.

Mr. Skocypec provided metrics and return on investment figures to support the position for 1 additional Water Conservation Specialist in FY 2025. He discussed costs to the customer and the CAGR rate that we currently pay. He provided estimates of savings and benefits to the customer through water conservation efforts.

Council commented on the annual savings and the importance of water conservation, and recommended that the additional Water Conservation Specialist be added to the FY 24-25 budget.

Town Manager Gardner thanked staff, Mayor and Council for their time and their work on the budget.

Mayor Wheatley said the budget decrease from the prior year and the tax and fee reductions are impressive, while still focusing on our top priorities. She thanked the Finance Department, Town Manager and staff for their work.

11. Announcements:

None.

12. Adjournment:

The meeting adjourned at 6:17 p.m. on April 9, 2024.

TOWN OF QUEEN CREEK



Julia Wheatley, Mayor

ATTEST:



Joy Maglione, Deputy Town Clerk

Town Council Budget Meeting
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I, Joy Maglione, 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 April 8, 2024 and April 9, 2024 Town Council Budget Meeting. I further certify that the meetings were duly called and that a quorum was present.

Passed and approved on: *May 1, 2024*