

Budget Committee Minutes  
Town of Queen Creek  
22358 S. Ellsworth Road  
Queen Creek, AZ 85242

**DRAFT**

April 21, 2009

**1. Call to Order**

The meeting was Called to Order at 3: 04 p.m. by Council Member Gordon Mortensen, Chair.

Committee members present: Council Member Gordon Mortensen, Council Member Jeff Brown, and Vice Mayor Gail Barney.

Absent: None Also Attending: Town Manager John Kross, Assistant Town Manager Patrick Flynn, Deputy Town Manager Shane Dille, Budget Administrator Barbara Sena

**2. Items for Discussion and possible action:**

**A. Consideration and possible approval of the March 3, 2009 minutes.**

Motion to approve by Council Member Brown, second Council Member Barney. Vote 3-0

**B. Review of Queen Creek FY 2009-2010 General Fund Operating Budget, including Long-Range Financial Program**

Town Manager Kross thanked the management team and staff that put budget together the operating budget for next fiscal year. Next fiscal year will have a 15% decline because we are trying to make adjustments for the economy. We expect a reduction in state money. The Budget Committee and Mayor/Town Council will receive a balanced 5 year plan. We have been conservative on the housing by projecting 100 housing permits for next fiscal year. There are varying deficits that we project over the next 5 years. The average annual deficit over the 5 years is \$3.1 million. We are required by Arizona law to adopt a balanced budget.

Assistant Town Manager Flynn commented that the Town started making cut backs back in 2006. We will be in the \$20 million range for the FY 09/10 budget. If the proposed budget gets approved, the number of staff will be reduced. Housing is projected at 100 housing starts next fiscal year and increasing by 10% per year over the next five years. The general fund gets \$5,000 per house from permits.

Assistant Town Manager Flynn reviewed the following policy items.

1) Suggestion to charge the Water Fund and EMS Fund rental fees for use of the DSB building. The rental fee charge will be \$20 per square foot. This is cost shifting is to relieve the general fund.

2) Proposing to increase the business license renewal fees in the amount of \$5 for in town licenses and an increase of \$10 for out of town licenses.

3) Proposing a \$1500 liquor license application fee.

4) Proposing to charge a 1% fee on the \$40 million to the Water Fund for the Town-wide Debt Capacity and Return on Investment by the Town.

- 5) Charge a parking fee for town events. The Budget Committee was not in favor of charging a parking fee for town events, but would consider a parking fee for Horseshoe Park and Equestrian Centre.
- 6) Proposing an increase in Community Development fees. This increase will help move us closer to a cost recovery. Council Member Mortensen does not want to have our fees so high that we are not developer friendly. Town Manager Kross suggested coming back to the council in 3-4 months on the fees. A survey of our surrounding communities fees would be part of the information brought back.
- 7) Proposing to allocate a portion of the Town Manager and Deputy Town Manager's salaries to the utility and fire program.
- 8) Increase sponsorships to Parks and Recreation programs from FieldWorks contract. This contractor gets 25%, but it could go higher.
- 9) Reduction in force of 20 positions town-wide. Of these 20 positions, 4 are vacant. We are starting off with a voluntary separation plan for employees. If the number of positions is not achieved with the voluntary separation, we will have to do layoffs.
- 10) Reduce some part time staff.
- 11) Eliminate printing and mailing of the newsletter and to have it available only on the Web. A few hard copies will be available for the library and town hall.
- 12) Eliminate printing and mailing of the Community Guide and to have it available only on the Web.
- 13) Eliminate Town sponsorships (e.g. Kiwanis fireworks, London's Run, Holiday Parade). The Budget Committee would like to look at the list of sponsorships and discuss this with the full council. Town Manager Kross clarified for budgetary purposes to keep this at \$15,000.
- 14) Proposing to contract for the wash vegetation management.
- 15) Proposing to contract a portion of the Youth & Teen program to the Boys & Girls Club.
- 16) Proposing to reduce the Senior program by 3 hours.
- 17) Proposing use Fund Balance to pay one-time voluntary, early retirement, or lay-off program costs, including a portion of the contingency fund.
- 18) Proposing to move the Risk Manager position to Fire.
- 19) Proposing paying the Park Rangers from the Emergency Services Fund.
- 20) Proposing a reduction of part time and temporary/seasonal staff for recreation programs.
- 21) Proposing to freeze reclassification of positions for one year.
- 22) Proposing a 50% reduction in cell phones. We may go pagers in some areas. The Committee discussed some reimbursement for personal cell phone usage.
- 23) Proposing a 25% reduction in staff dues/memberships.
- 24) Proposing a 50% reduction in uniform expenditures.
- 25) Proposing a decrease in mileage reimbursements, noting we have a large fleet of Town vehicles for people to use.
- 26) Proposing to decrease audit fees due to new contact.
- 27) Proposing to reduce printing the annual budget book by 30.
- 28) Proposing to reduce the number of bi-monthly Council packets printed by seven. The Council packets will be available on the staff share drive.
- 29) Proposing to delete coffee service and related supplies.
- 30) Proposing to eliminate Community Development off site storage.

- 31) Proposing to eliminate sponsorships, retreats, events from the Human Resources line item. The potluck holiday party was done differently and successful last year.
- 32) Proposing ADOSH occupational safety compliance be done in house.
- 33) Proposing a decreasing in legal fees by use of Mariscal Weeks for employee handbook review.
- 34) Catchall for other suggestion savings of \$100,000.

Council Member Mortensen moved to accept the General Fund Budget as modified with the elimination of the parking fee proposal, consideration of HPEC parking special consideration for trailers, holding Community Development fees as proposed and come back with comparison of fees from various cities, accepting recommendation on sponsorships but look quickly at Kiwanis Club sponsorship prior to their July 4 event. Council Member Brown seconded. Voice vote 3-0.

### **C. Review of Sewer Enterprise FY 2009-10 Operating Budget**

Assistant Town Manager Flynn reviewed the Sewer Fund with the Committee.

Council Member Mortensen moved to accept the Sewer Enterprise Funds for FY 2009-2010 Operating Budget. Council Member Brown seconded. Voice vote 3-0

### **D. Review of Water Enterprise FY 2009-10 Operating Budget**

Assistant Town Manager Flynn reviewed the proposed budget which is down from FY 08/09. There are 26 positions in the program. Staffing analysis was also done for this program. Water sales make a majority of the money. The big cost is the \$3 million in debt service from the loan. Reviewed the main land agreements which get 15% of revenue from a subdivision over a 10 year period. Some agreements run out next year, noting we are not doing any more of these. Council Member Mortensen moved to accept the Water Enterprise FY 2009-2010 Operating Budget. Council Member Brown seconded. Voice vote 3-0.

### **E. Review of Emergency Services FY 2009-10 Operating Budget**

Assistant Town Manager Patrick Flynn reviewed the Emergency fund with the committee. Mr. Flynn reviewed the breakdown of costs, with the committee including the \$2 million that helps pay for the sheriff's office. We have 34 full time personnel and one ½ time personnel in the Fire group.

We do not anticipate any increase in revenues with the EMS service contract.

Town Manager Kross stated we are exploring an additional school resources officer for the middle school or junior high. The Sheriff's Office is applying for a federal grant. The school district is also applying for a grant to renew the current resource office. The resource officer will only be present during school hours or may be present during football games.

Council member Mortensen moved to approve the Emergency Services FY 2009-2010 Operating Budget. Council Member Brown seconded. Voice vote is 3-0.

### **F. Overview of Town's FY 2010-14 Five Year Capital Improvement Program**

The Town prepares five year plan each year, however only the first year of the five year plan makes it into the budget. We have on-going projects that will be carried forward if there are revenues covering the projects.

Reviewed development fees, stimulus money for major upgrades to our streets, grants received, LTAF, and the extra ¼ % retail sales tax on the municipal town center. We are getting reimbursements from other agencies, such as MCDOT, and developers. Discussed the Homebuilders Association request for a five year moratorium on development fees and a moratorium on construction sales tax. This would greatly impact our budget.

Assistant Town Manager Flynn reviewed detail of funds. Committee requested an update report on the two lobbyists. Doreen will come back to council with more detail on the professional service consultant for the town center update. Staff will come back with more information on capital improvement and lobbyist progress.

The overview of Town's FY 2010-14 Five Year Capital Improvement Program was continued to the April 23<sup>rd</sup> Budget Committee meeting.

### **3. Announcements**

The next meeting will be Thursday, April 23, 2009 at 3 p.m.

### **4. Adjournment**

Council member Brown moved to adjourn and Council Member Mortensen seconded. Voice vote 3-0.

Meeting adjourned at 5:02 p.m.