

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

March 3, 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, Parks and Recreation Manager Debbie Gomez, Economic Development Director Doreen Cott, Controller Yolanda Bracamonte, Administrative Assistant Marsha Hunt, Queen Creek Chamber of Commerce President Rustyn Sherer, Transportation Department Director Dick Schaner, Transportation Manager Terry Fawley, Lisa Coletto-Cohen, Queen Creek Tribune Reporter Amanda Keim

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

- a. Consideration and possible approval of the December 11, 2008 minutes.

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

- b. Consideration and possible approval of additional funding request by the Queen Creek Chamber of Commerce for FY 08/09 (represents follow-up of material requested as a result of December 11, 2008, Budget Committee).

Queen Creek Chamber of Commerce President Rustyn Sherer gave a presentation on how to quantify additional funds for the Queen Creek Chamber of Commerce. He requested to return to historical funding amount of \$65,000. This represents a \$22,000 increase in the current fiscal year.

Council Member Brown asked why one would join the chamber, what the subsidy is per member, and how many of the 200 members are sales tax generators. Council Member Barney stated there is a list but a lot of the members are not in Queen Creek. Chamber President Sherer stated there are 233 members with nine new members pending. The members outside of the town are larger corporations headed outside of town or have operations in other cities. This is typical of real estate agencies.

Council Member Brown asked how could we figure out the impact to the town and how could we quantify the number of members that generate sales tax to the town. If the members pay an average of \$190, what is the Town's subsidy? Chamber President Sherer stated there are going to be some businesses like Wal-Mart that give a large amount and others that do not.

Council Member Brown asked what the cost benefit is for businesses to join the Chamber of Commerce. Chamber President Sherer reviewed a study that had been distributed, and explained the businesses that belong to the Chamber of Commerce know and understand this information on benefits.

Council Member Barney asked if the Chamber had done any polling to ask members how they felt about raising the rates, and the possible effect on potential new members. Chamber President Sherer stated they did institute two new rates in 2008. To hit members for another rate increase would not be good at this time after already having two new rate increases. An increased membership rate would not be received favorably. The businesses were surveyed in Nov/Dec 2007.

Council Member Mortensen asked what other fund raisers they had. Chamber President Sherer stated there have been none since December. They have the one fund raising event which is the golf tournament. Other events include National Day of the Cowboy and possibly something in September with the Town's 20 year anniversary. In October is Trunk or Treat with the Town and in December is the parade.

Council Member Brown asked how many permanent business we have in town. Assistant Town Manager Flynn stated we will generate about \$12 million in sales tax dollars from 1,500 businesses. Council Member Brown asked how many business licenses there are with the town. Controller Bracamonte retrieved this information and stated there are 1,702 active business licenses.

Council Member Mortensen commented on the 76% slip in memberships. Chamber President Sherer stated it is 76% down from the number in January 2008. However, they did have people come in and pay in February.

Council Member Mortensen asked what the net loss was for January. Chamber President Sherer stated it was \$12,000. He showed what they budgeted and what they pulled in.

Council Member Mortensen asked where the Town might come up with \$22,000. Assistant Town Manager Flynn stated we adopted a contingency reserve. That is where the money would come from that would go to the Chamber of Commerce. Town Manager Kross stated the whole idea behind a larger contingency was for the slip in construction sales tax. We will be using that contingency for the balance of this year.

Council Member Mortensen asked Economic Development Director Cott her thoughts on the Queen Creek Chamber of Commerce. Economic Development Director Cott stated when her staff meets with businesses, the businesses do ask about the Chamber of Commerce. The Economic Development Department has a good partnership with the Chamber of Commerce and they are working on some new programs such as Shop Queen Creek and the Queen Creek Farmers' Market.

Council Member Brown stated that in order to even consider an increase in the level of funding, we would need to see what was coming to the table. He commented that the budgets of the Town are down 33%. The Queen Creek Chamber of Commerce is asking to go back to 100% and other departments of the Town are down.

Council Member Brown asked for more information on Section 10-13. Chamber President Sherer stated the Arizona Office of Tourism Grant is a partnership with the Arizona Office of Tourism. It is a 50/50 grant. They gave out \$1.1 million last year. Based on the state's funding, we do not know if this will be funded. This could be added to the services agreement.

Chamber President Sherer suggested changing the Citizen Leadership Institute program to be like Gilbert's Citizen Leadership Institute. The Chamber of Commerce would charge for people to attend the program. Council Member Barney questioned if anyone would come if there were a fee associated with the program. Chamber President Sherer stated there is a waiting list for the program in Scottsdale. This program is something other Chambers of Commerce do for towns. Council Member Barney stated it would need to be looked at slowly to change and add cost. Chamber President Sherer also discussed the Farmers' Market.

Council Member Brown asked if this would mean the Citizen Leadership Institute and Farmers' Market would be taken off the Town's plate? Chamber President Sherer stated the idea is to potentially place this in the services agreement.

Council Member Brown was trying to do a cost benefit analysis to the additional funding and questioned how we justify the increase with our Town budget cuts.

Council Member Mortensen stated that we have a Town that had to trim back close to a third. He knows the value of the Chamber, but questions whether the Chamber is doing everything it can to solicit and retain new members. What are you doing to create new revenue streams? He has seen the ideas from the Chamber, but not items that are succeeding. Based on all that, we need to keep the Chamber healthy, but we need to also set same standard as the Town. Council Member Mortensen does not mind upping the amount on a one year or a temporary time period. He does not mind doing this as a one time shot and see what the extra income does. If it does nothing, it will be hard to justify next year.

Town Manager Kross stated we are looking at cutting another 10% next fiscal year.

Council Member Brown asked if the Town pays a stipend to the Chamber on a monthly basis. Assistant Town Manager Flynn replied yes. Council Member Brown stated we have two benchmark events coming up. He would be willing to increase the Chamber's monthly stipend for an additional \$1,800 for the months of April, May and June. He would like to go through June with the additional \$1,800 and look at benchmarks. Council Member Mortensen agrees with that.

Council Member Brown moved that we increase the funding through the end of June in the amount of \$1,800 per month. Council Member Mortensen seconded. Vote 3-0  
Assistant Town Manager Flynn clarified the increase was for March, April, May and June. The Committee members agreed.

Town Manager Kross asked Economic Development Director Cott to write a staff report for the March 18 Town Council meeting.

- c. Consideration and possible approval to move forward with Sonoqui Wash landscaping installation plan.

Town Manager Kross stated we were asked by one of the members to come back and reconsider this expenditure by the Town Council. It is a landscaping option for Sonoqui Wash by Town staff. The challenge with that was it would take some time with other projects and limited staff. Given the economic climate, we have been asked to bring this back for any revised recommendation.

Parks and Recreation Director Gomez added this is only a section of the wash. The first section is the north and south bank from Via Del Jardin to Sossaman Road. The second section is the north bank from Sossaman to Chandler Heights Road. They looked at contracting services out. Because of the economy, the bid was \$68,000 versus in-house cost with Town staff at \$110,000. The \$68,000 includes irrigation and trees.

Council Member Barney asked whether the Town's in-house cost had gone down or remained at \$110,000. Recreation Director Gomez advised the cost is still at \$110,000.

Council Member Brown moved to move forward with the Sonoqui Wash landscaping installation plan with the recommended bid at \$68,000. Council Member Barney seconded. Vote 3-0.

- d. Discussion and possible action on FY 07/08 Auditor Report and Recommendations.

Assistant Town Manager Flynn presented a copy of the FY 07/08 auditor's report. One of the key things was an unqualified opinion for bond rating purposes. In addition to that, the auditor looks at the internal control of the Town and how we can improve. The auditor also helps us prepare the Comprehensive Annual Financial Report (CAFR).

Assistant Town Manager Flynn reviewed each of the auditor's recommendations and the response to each recommendation.

The second recommendation is a key one. All vendor invoices should be reviewed and forwarded to the finance department within a reasonable amount of time to ensure all expenditures are posted in the proper fiscal year. We will continue to keep books 'open' through the month of July and will continue to send reminders to the departments. We will also talk to Human Resources about including this process in manager performance reviews.

Council Member Brown asked how far into June we are keeping the books 'open' for purchasing. Assistant Town Manager Flynn stated we keep them open until the end of the month. Council Member Brown asked if closing the process one week into June would help. Assistant Town Manager Flynn stated people need to process invoices for items purchased and received in June. Town Manager Kross stated some of the public works inspectors need to approve inspections before paying invoices, which sometimes cause a lag.

Assistant Town Manager Flynn stated the next item is fairly technical. We posted expenditures in 07/08 correctly, but cash was credited. The expenses were reported in the right year.

The next recommendation was payroll and W-4 forms. Controller Bracamonte stated there was an error in the parameters of the software. It has been changed now.

Assistant Town Manager Flynn stated the next recommendation is with state statute and Town policy. Staff cannot go to a vendor unless pre-authorized with a bid or quote. Departments sometimes do "after the fact" purchasing. We have a form for procurement violations, and we have seen considerable improvements since implementation. Council Member Brown asked how many were found. Assistant Town Manager Flynn stated out of 20 they found 7. Council Member Brown asked what types of purchases these are. Controller Bracamonte stated some are office supplies from local vendors in town. Council Member Barney assumes some purchases may be based on an emergency.

Assistant Town Manager Flynn stated the next recommendation is from something that was not signed "received". One out of fifteen items tested was not signed "received".

The final recommendation had to do with cash receipts. The cash needed to be safeguarded, and we have taken care of it by providing a safe for the deposits.

Council Member Brown moved to accept the auditor's report and recommendations. Council Member Barney second. Vote 3-0.

### **3. Announcements**

The next Budget Committee meeting will be April 20, 2009.

### **4. Adjournment**

Motion made to adjourn at 4:37 p.m. by Council Member Brown, seconded Council Member Mortensen. Vote 3-0.

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TOWN OF QUEEN CREEK

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Council Member Gordon Mortensen, Chair

ATTEST:

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Marsha Hunt, Sr. Administrative Assistant

I, Marsha Hunt, 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 March 3, 2009, meeting of the Queen Creek Town Budget Committee. I further certify that the meeting was duly called and that a quorum was present.

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Marsha Hunt, Sr. Administrative Assistant

Passed and approved on April 21, 2009