



## **Finance Review Task Force**

Meeting #5

Monday, April 13, 2009

6:02 – 8:02 p.m.

Town Hall – Development Services Building

San Tan Conference Room

### **Committee Members:**

Carlos Acuna	Present
Dru D. Alberti	Present
Kyle Robinson	Present
Rustyn Sherer	Present
Michael Shirley	Present
Steve Sossaman	Present
David Weiss	Present

### **Town Staff Members:**

Barb Sena, Budget Administrator	Present
Creighton Wright, Parks & Rec. Asst. Director	Present
Debbie Gomez, Parks & Rec. Director	Present
Dick Schaner, Transportation Director	Present
Gregory Flynn, Financial Services Analyst	Present
Lisa Padilla, Special Projects Manager	Present
Patrick Flynn, Assistant Town Manager	Present
Shane Dille, Deputy Town Manager/Acting PW Director	Absent
Tracy Corman, Senior Management Assistant	Present
Troy White, Parks Planning & Development Manager	Present
Yolanda Bracamonte, Controller	Absent

Lance Decker, LL Decker & Associates, Inc.	Present
Lois Reilly, LL Decker & Associates, Inc.	Present

### **Public/Observers:**

No Public/Observers.

### **Call to Order:**

Chairman Sossaman called the meeting to order at 6:02 p.m.

**Public Comment:**

Chairman Sossaman asked if any public/observers were present. No comment from the public was received.

**Items for Discussion**

**Item A: Consideration and possible approval of March 9, 2009 meeting minutes**

Chairman Sossaman asked the group to consider the minutes from the previous meeting. A motion was made by David Weiss for approval, and seconded by Rustyn Sherer. The motion passed unanimously.

**Item B: Summary of materials covered in previous Finance Review Task Force meetings**

Assistant Town Manager Patrick Flynn reviewed the handout and stated that the Town debt is \$189 million. The capital cost to build out the Transportation Master Plan is \$251 million with a cost of \$7.5 million for operations and maintenance.

The Parks Master Plan is \$306 million with a cost of \$6.8 million for operations and maintenance. (Details were provided on subsequent pages of the handout.) The capital cost of community parks is \$115 – 130 million; master trails \$10 – 14 million; open space \$100 million; acquisition \$35 million; aquatics complex (2) \$12 million and ongoing park improvements \$15 million.

Patrick referenced the document “Update on Federal Stimulus Funding Applications” and turned the discussion over to Senior Management Assistant Tracy Corman. Tracy indicated that the only monies confirmed receipt of are the \$1.03 million for three resurfacing projects. The WIFA application ranked 87<sup>th</sup> out of 92 projects. The Town was granted an opportunity to revisit the application with staff in hopes of moving into the top ten.

Queen Creek’s population is not 35,000 or larger, and so must apply for block grant stimulus funds via a competitive grant process. There are a few grants that Parks and Recreation is interested in but are not eligible for all. We continue to get additional news for opportunities.

**Questions from Task Force Members:**

Q - What is the current annual operations and maintenance for parks?  
A - Patrick: Approximately \$3.3 million.

**Item C: Discussion on parameters of Finance Task Force recommendations**

Chairman Sossaman opened the discussion on parameters. He stated that the Task Force’ focus is on Parks and Recreation, and Transportation. “We’ve touched on other

areas for the Town and need to focus only on these two areas now. We've brainstormed on the ideas and will be making recommendations to Town Council on the funding for Parks and Recreation, and Transportation. If there were any ideas that we've discussed that we'd like the town to discuss or consider in the future, that's ok, don't feel constricted. We'll flush out what should be considered. For example float more bonds for road projects and the sideline is knowing what the priority is for these roads. Maybe we should reprioritize. Possibly, previous priorities are not relevant today. We're not trying to take over the job of the Parks and Recreation, and Transportation, but we're going to the committee to ask if they looked at these options. Let's stay focused." Chairman Sossaman then asked Lance Decker to continue the discussion with the flow chart, and to keep the group focused.

Lance asked participants to confirm the parameters of the Finance Task Force recommendations. Lance had several calls from the taskforce and offered to suggest the first parameter as, "We will not talk about CIP unless we're willing to discuss operations and maintenance of those CIP facilities." The group agreed that O&M had to be part of the CIP discussion.

Lance continued by asking, "What other parameters will the group honor?"

Chairman Sossaman stated that incorporated areas require streets, water, and sewers. Since housing supports these utility lines and roads, so you have to increase the facilities as you increase the number of houses. Lance summarized Steve's comment as "there's a need to add a capital component to the sewer bill." Transportation Director Dick Schaner added that it must make economical sense to make that change, and how that affects the current development fee must be considered.

### **Questions from Task Force Members:**

Q - Can we look at other mechanisms for funding?

A - Lance: We can send recommendations to council; we're certainly open to bring in those ideas.

Q - How do we define best case vs. worse case; how do we set that parameter?

A - Lance: You have to plan for that. Do we want to use that type of matrix?

A - Steve: That might seem daunting to guess. Recommendations, when the town achieves certain housing numbers, are trigger points. When we reach that, the recommendations should be put into effect instead of guessing, based on size of population.

Q - What are our time constraints? Do we need to look beyond short term, mid term, long term? CIP on the 5 year plan?

A - Chairman Sossaman: The focus is on a five year plan and beyond and asks if Carlos is in agreement. Carlos responded he was in agreement.

Q - Is this only covering maintenance or does it also include capital?

A - Mike Shirley: The five year plan must cover both, maintenance and capital.

Q - Are there any other funds that are discretionary within the department?

A - Dick: Anything in the general fund can be used for anything. The general funds are not restricted. 2% sales tax goes directly to capital.

A - Steve: That might be a recommendation we could make for our roads.

#### **Item D: Discussion on issues related to the Town's Transportation and Parks master plans**

**Lance asked what critical issues need to be addressed for the Transportation Program?**

C - Carlos asked why the road between Sossaman and Power remains unfinished due to builder issues, and asked if we can leverage the builder to build the road before they build the house.

A - Chairman Sossaman stated that they were bonded to ensure completion of the project. The Town is pursuing that as it's been there for two years. A suggestion was made that we tighten the rules to avoid unfinished roads once a commitment is made. Set a completion date.

C - Dru Alberti stated that the bonding companies don't work that way; perhaps the contracts need to be tweaked. When they write the bonds they expect to pay zero. Dru recommended that transportation priorities are readdressed. It looks like we're already doing things in arrears and has concern that we'll find need is already there. Lance summarized her comment by saying "to take another look at the prioritization of the roads to be sure they're still viable, about every 3 years."

C - The citizen group that developed the plan could re-look at the prioritization.

A - Dick Schaner stated that they currently look at the funding on a yearly basis. Look at which roads will get people in and where we have a partner to figure out priority recommendations.

C - Parks and Recreation Director Debbie Gomez stated that staff also reviews the parks plans annually to determine funding priorities.

C - We have roads falling apart and others don't have adequate capacity. The county is different, the highway fund covers about a third of the needs, as the town ages, our share will cover about a third of the cost. Until recently, the roads were dealt with by MCDOT. That's the primary issue; the Town must come up with funding for new roads, capacity and repairs. Lance asked "how would you post that as a policy?"

C - David recommended trying to generate funds from cut-through drivers. They cause the congestion, wear, and tear, so how we can charge these people who use our roads but don't pay for them?

C - Kyle stated that there is some advantage in the transportation area to having people utilize the trails to get from place to place. Perhaps take some of our transportation money and invest in more trails; transfer money to Parks to help them maintain the trails.

C - We know how to enjoy Queen Creek so now we need to know how to afford it. We have open areas, horse trails, low / high density areas, commercial properties and want to maintain our lifestyle. This requires strategic annexation of commercially zoned property to get the income to pay for our services.

C - It would be nice to have four lanes into Town Center. There are only two lanes right now; it should be more accessible.

C - Mike recommended public/private partnerships to pay for roads. It's something every state is pushing heavily; there's a bill in State legislature to set that up for Arizona. We're not sure how it would be done for a small town, but not every public/private partnership is a toll road. A private firm would finance and build the road, then lease it back to the Town.

Q - How much general fund revenue goes to transportation?

C - Patrick stated that a portion, about \$500,000 of the general fund goes to transportation. Carlos recommended that we would like to consider a 25-50% increase into transportation from the general fund.

C - Dru stated that the "motor shed" (like a watershed) district idea was researched and determined that we cannot do it. We have a few things listed from our March meeting to review. The list includes looking at the transportation development fees to see if they can fund more transportation projects. We should look at that. Dick states that we can examine that again since the laws change regularly.

C - How about Town Center parking fees? In the interest of looking at everything, Town Center parking fees should be looked at although it's improbable. We do a lot of free events maybe we should charge for parking. This would also encourage some to walk.

C - Rustyn: A higher priority needs to be assigned to road maintenance. Our new roads should have maintenance scheduled on an annual basis since it costs a lot less to maintain the roads rather than to repair the roads.

C - Mike recommended speed cameras on major arterials.

C - Ensure that we capture actual grant funds that the town has. Mike referenced a grant that we turned back in for Ocotillo in 2006, along with 2 more in 2009 with funds being returned. Grants need to be utilized when received. We could have used that grant to pay for paving dirt roads.

C - Working with other jurisdictions to support our retail, Signal Butte is our new access point off the 202. We've always looked at our major corridors leading to our shopping. We're on track for 150 houses this year but need to continue the focus.

C - Lance asked the group to repeat the common themes they heard come from this discussion.

**Lance asked what critical issues need to be addressed for the Parks and Recreation Program?**

C - Kyle recommended utilizing naming rights, advertising rights to ballparks.

C - Mike recommended that whatever we have...that we afford it. Everything requires money. We have a plan but there must be a balanced approach to construction and implementation. If we don't have the money, don't build it. We need to prioritize. This goes back to same issue of constantly looking at our needs and priorities. We know we're short of money and should make the Council aware of both the needs and the justification as they try to fit all our wants into the five year plan.

C - Instead of paying for ultimate design, do conceptual design of Parks facilities and work toward the goal over time. Design facilities so they can be build in unique increments/phases. Building in phases will allow us to match our needs with the money we currently have.

C - Steve recommended that we look at the LOS (level of service). We took on the national standard. Do we charge based on quality of amenities or are all the fees the same for the fields? Debbie states that currently we have flat fee for all fields. Steve recommends that we look at changing that.

C - Kyle recommended that we look at the amenities at the higher end parks, possibly a public/private partnership. We should look at quality of amenities to see if it lines up.

C - Rustyn recommended a public partnership for a "green" (environmental) park or facility. There should be a sustainability component, solar panels and/or environmentally friendly turf. We could get sponsors and have naming rights for those who sponsor the solar or turf.

C - David recommended that our biggest need is for aquatics since it's a focal point for kids who don't have pools; perhaps an indoor track. We should consider a long term lease with the YMCA on Town-owned land. Maybe the Town could subsidize residents who participate at the Y, and by doing so bring people into the commercial areas of Town and spend their money (generate tax revenue). Retail merchants would benefit from this approach. We could consider leasing to the Y the land near Town Center that the Town owns.

C - We could have an intergovernmental agreement with schools that use the ball fields. We need softball fields and could partner with schools to upgrade their facilities to meet the needs for leagues. The upkeep isn't very good at the middle school facility. They could rent out the fields to teams during the off-seasons for baseball and soccer. Debbie

informed the group that we already partner with schools for those types of uses, but there's always room for comments and recommendations to get these things approved.

C - Kyle stated that Shepherd Jr. High in Mesa has availability to the public at 48<sup>th</sup> & Brown, and it's a model of partnership.

C - Have we looked into partnering with an aquatic center? Debbie stated that it was considered previously, but at the time the partnership did not come through, the school decided to build a pool on its own. That school is working with a private swim instructor to better utilize the pool during off-peak times.

C - Dru stated that an IGA Cost Benefit Analysis would help determine how much benefit the Town gets from these partnerships. What's the value of a particular public/private partnership? We should know what value it's bringing to the table.

C - We should determine level of service and adjust the projected timelines now that we have building permits coming in so slowly. We should adjust our projections to be more realistic. It may be different now than it was in the year it was first established. This should include park numbers. It was stated that Troy and Debbie research priorities every year. Sometimes there's a partnership that presents itself, and moves a project to a higher priority.

C - Carlos recommended a private/public partnership to offload the amount of maintenance the Town has. The Barney sports complex could be appropriate for partnering. The Barney complex might be meeting some of the needs. We could see a double benefit there.

Q - Do people who don't pay fees for parks use them anyway? Is there a problem with folks who are not residents using our parks without paying for them?

A - Debbie stated that this was not a big problem.

C - Kyle recommended charging for park access, like with Tonto National Forest. Maybe the Town could provide different areas for fee use or preferential parking for those who support the parks. Establish a pass for 1-2 years for a fee, like a Patron of the Park pass. Carlos added to the comment by recommending we consider shade parking as a premium service.

C - Dru recommended an annual use permit for Horseshoe Park. As the park becomes more popular we'll see more traffic there and be able to police it.

C - Percentages of how the general fund is allotted to each area of our town staff and budget should be addressed. Sometimes Parks and Recreation is the first to go but it's the reason why people moved into the community in the first place.

C - We might consider a general obligation bond to fund parks construction. We could do this for transportation too.

C - Dru recommended a bar and restaurant tax to be dedicated to parks, these projects, and/or the general fund.

C - Mike recommended for parks and transportation that the Town look at alternative contracting methods to save money on the construction and reduce errors.

C - David stated that the Tourism Board enacted a special tax for Chase Field and asked if we could have a special tax for new parks. A sales tax would be a way to generate from non-residents as well.

C - Carlos asked about lost revenue during the hot summer months due to higher overhead costs like air conditioning. Do we have an opportunity to recover any of that increased cost by charging more for summer programs? Since we're not capturing revenue on baseball fields, during the hot months we should bill clientele at library and raise the prices of indoor classes to cover higher operating costs. Debbie stated that it hadn't been considered for the library annex, however they are looking at charging fees for other facilities. We could have a surcharge for overhead of utilities so it balances out over the year.

C - Chairman Sossaman requested a level of service inventory of users. It's important to find out how many users we have, how many horses, little league teams, footballs teams, etc. Debbie stated that the Town already has an inventory of users, except for horses. Steve asked how many horses were within the Town limits, and Debbie stated that they would have to mail out a survey for that, or do a drive-by count. Chairman Sossaman asked how many linear miles of horse trails we have. Debbie stated that we have multi paths, and can get that number, and agreed that it is important to categorize and inventory our assets to know what we have. We know approximately how many visitors, teams, walking trails we have. The only thing we don't have numbers on right now is the number of horses we have in town.

Q - What are people paying to use the ball fields?

C - Mike asked if the cost benefit gaps in recreational services are confined to baseball and little league season. Does the Town promote the equestrian parks? Dru stated that it is a misconception that those are leased for a fee, they're partnerships.

Q - What's our fee policy?

C - We rent park ramadas, fields, library space; Little League doesn't use it for free. Our fee philosophy is that a certain population has 50% subsidy so there is still a fee if they're a partner. Pop Warner isn't a partner so they pay the full fee.

C - It's recommended that we annex county islands. David stated that the intent is for anyone who uses the fields should share in paying for the fields.

Q - You see so many organized teams out there. Do we receive any revenue for that?

A - Debbie stated no, you'll have teams from Gilbert. We should be more proactive; we must work out a schedule and pay fee so we can maintain the facility.



C - Lance cautioned to consider transaction costs when recommending fee policy. If it costs more to collect the fee than the actual fee, then it may defeat the purpose.

C - Rustyn added that in the overall picture, the big piece of the picture is the general fund.

C - Lance asked everyone to please let him know if you have anything to add to our notes when you review them. We want to be sure to capture all ideas and recommendations so they can be considered at the next meeting.

**Lance asked the staff what they would like the Task Force to consider and recommend.**

C - Troy stated that in regards to others who participate on our fields, the problem is that it's up to the coaches and parents to find fields at their own expense. So if, for example, he were a voluntary coach and came here and had to pay, he wouldn't do it. Instead of policing, maybe let users know they can reserve the field and be guaranteed a spot. That way they are still coming in. People come to his HOA all the time looking to use a community park. Debbie stated that this is being considered.

C - Lisa asked Steve if the committee would like to see a list of usual funding mechanisms for funding parks. There are typical ways communities pay for parks. Lisa will send that to Lance to distribute. Carlos asked if there is a set revenue or list of events that we can emulate and generate revenue. Lisa stated that this information is included on the document she's sending to Lance. Debbie stated that we should benchmark with other communities and start working on a matrix to show funding. With long term funding we would like 2% of the transportation fund for multi-use trails since that could be considered transportation.

C - Patrick stated that we should consider a recommendation to Council to have a community-wide bond election for parks and transportation. Schools run these often and we haven't had this opportunity. Patrick stated that adding an additional \$1.00 property tax would generate a \$50 million bond issue to be used in capital improvements. As the community grows you would see the amount increase because the value of the property would increase. Should we ask the community?

C - We have to keep in mind that if voters pass a bond the property owners have to pay for it. Does the impact fee pay off those bonds? No, the property owners pay off the bonds. The Town and tax payers have had to subsidize the difference between what development fees pay and the actual cost of the improvements.

Q - Steve stated that the development fees are reviewed annually, and asked, "How can we have such a big difference between the project's actual cost and the estimated cost based on development fees?"

A - Patrick replied that the development fee analysis is based on current costs, but the actual projects are as much as 2 years later. Inflation takes its toll on the cost of

construction, so the revenue you collect to pay for a project is always behind the actual costs. Troy confirmed that the development fees should be adjusted.

C - Patrick states that sales taxes of 2½ % is being paid in Town Center, but the rest of the Town is paying 2¼ %. That additional ¼ % equals \$1 million per year. Patrick proposes making the sales tax percent equal at the higher level.

C - We have a lot of outside-the-box thinking going on today. It's frustrating to see the needs and as Dick Schaner pointed out, the unfunded projects costs are astronomical. Those don't even include the unimproved roads.

C - We should consider retaining a new consultant for the Town to estimate development fee charges. How can cities have a \$6,000 permit fee for transportation and we have next to nothing? Somehow we need out-of-the-box thinking for that fee, too. Other communities have transportation projects included in their development fees. Lisa stated that the Home Builder's Association is taking a bill to state legislature to scale back impact fees.

#### **Item E: Discussion on options that the Finance Review Task Force wants to consider related to transportation and parks**

Lance asked everyone to consider all we've talked about and determine what low-hanging-fruit we have... the "easy A's" that are easy recommend and implement that we've discussed?

- Naming rights already done
- Finding funds for balancing already done CIP process
- Building parks and process phasing out (amenities in park)
- Park squatters
- Carlos states that yellow grass is acceptable to him in the parks since there's less cutting and watering; save money. We should only water between midnight and 6 a.m. Debbie states that the Town doesn't over seed and they water differently based on the season.

C - Kyle stated that he isn't sure how hard it is to have an aggressive annexation policy of strategic areas.

C - Rustyn recommended focusing the development of transportation and parks based on population and timeline triggers.

C - Perhaps the Task Force could send the actual Parks Plan and Transportation Plan back to the committees that completed them, and ask them to reflect on current financial resource availability and reprioritize them. There's a formula that these committees might use to consider those triggers and to reconsider their originally recommendations. Setting priorities is not the role of this Task Force.

C - Dru readdressed trigger points asking that since the Town is already in arrears, how do we establish those trigger points and still be proactive in planning? Steve stated that the Town is already there in planning. The trigger points are that we have 25,000 people, based on population to incrementally grow these services and reevaluate. Times change, people change and the size of homes change. We need to adapt to change for both transportation and parks and recreation based on future trends.

C - County Island residents within the Town boundaries use roads and the park system. If they're spending in Town then they're paying sales taxes, but not paying town property taxes. David asked how the Town might attract these County Islands. "How can you make them to want to be annexed?" Bringing county islands into a city or town may not be to the jurisdiction's advantage. Sometimes they can cost you a lot of money for sewers, drainage and roads that doesn't get paid back.

C - Lance stated that the group seemed to agree that preventative road maintenance is an easy A for Council recommendations.

Action Item - For the next meeting the staff will prepare a document with everything they've recommended that can then be use to rate each suggestion. Lance confirmed that he heard Lisa say she would prepare a matrix of the various ways cities and towns pay for parks, services and benchmark local services.

Dru requested that we include items from our previous list that we haven't discussed. This should include sales tax leakage, getting to downtown retail shops and green opportunities.

Chairman Sossaman reminded everyone that no idea is too goofy to be considered, so be sure to include all your ideas and don't hold back.

### PLANNING FOR ACTION

ACTION PLAN		
	Who is responsible?	When will it be complete?
Create list of ideas	Lois	4/14/2009
Matrix of funding options and benchmark comparable municipalities to Lance for distribution	Lisa and Greg	
Let us know how many linear miles of horse trails we have	Debbie	

### Announcements

- Meeting reminders should be sent via email.
- Carlos asked when this Task Force will complete its work. Chairman Sossaman stated that it should be at our next meeting.

- Chairman Sossaman thanked everyone for attending. If anyone has questions, contact Lance via email or best method. These recommendations are important and do get heard.

Our next meeting is Monday, May 11th.

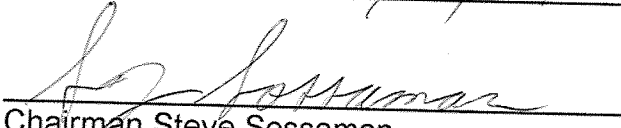
### **Adjourn**

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Chairman Sossaman asked for a motion to adjourn. The motion was made by Dru Alberti, seconded by David Weiss and passed unanimously.

Meeting adjourned 8:02 p.m.

Minutes approved on 5/11/09

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Chairman Steve Sossaman