

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

DRAFT

March 25, 2010

1. Call to Order

The meeting was called to order at 4:05 p.m. by Council Member Gordon Mortensen, Chair.

Committee members present: Council Member Gordon Mortensen, Council Member Jeff Brown, and Council Member Jon Wootten

Absent: None

Also Attending: Town Manager John Kross, Assistant Town Manager Patrick Flynn, Budget Administrator Barbara Sena, Sr. Financial Services Analyst Samantha McPike, Marsha Hunt, Parks and Recreation Director Debbie Gomez, Parks and Recreation Financial Services Analyst Greg Flynn, Mayor Elect Gail Barney

2. Items for Discussion and possible action

A. Consideration and possible approval of the October 6, 2010 minutes

Council Member Brown moved to approve the October 6, 2010 minutes; Council Member Wootten seconded the motion. Motion carried on a 3 -0 vote.

B. Consideration and possible approval of the Town's six month financial reports

Assistant Town Manager Flynn reviewed the financial statements for the 6 months ending December 31, 2009. For the 6 months, general fund revenue stood at almost \$8.7 million, general fund expenditures amounted to just over \$8.3 million for the period. For the 6 months, the Town is showing net revenue in the General fund of \$363,000. Revenues are ahead of expenses even through February 2010. Although revenues are ahead of expenses, revenues are 20% behind last year and Town sales tax is 37% behind last year. This is something staff will monitor closely. The projections for general fund revenue for the current fiscal year should be in the range of \$17-\$17.5 million for this year. Town departments have authority to spend up to \$19 million, but historically the departments have spent less than their budgets. Every 1% not spent means a savings amount of approximately \$180,000 to the General Fund.

Single family building permits for the first 6 months were at 128. We are now projecting 200 building permits this year. We budgeted 100 permits for the entire fiscal year so the extra 100 permits is extra money that we are putting away to address future debt service payments.

In next year's budget, we went back to WIFA for some modified terms. We are going to pay interest only for the next 3 years. They did not change the term of the loan and the interest rate did not change from 3.8%.

Council Member Mortensen asked are the impact fees enough to cover debt service for 4 years? Assistant Town Manager Flynn responded no, it will get us through next year. We have an \$11 million mortgage payment. \$3 million is paid by water. Normally it takes 500 permits to break even. We have a million dollar mortgage payment for the library.

Discussed commercial sales tax should pick up when the housing permits are at build out.

Council Member Mortensen gave compliments to staff on this budget noting it is not easy.

C. Consideration and possible action on staff's follow-up on the Financial Review Task Force recommendations.

Assistant Town Manager Flynn said these recommendations were before the Budget Committee in October. Following this discussion, the Council Budget Committee asked staff to further cost the various Task Force recommendations if possible, prioritize them and come back to the committee for further discussion and consideration. He reviewed each of the 18 Task Force recommendations. Each recommendation was ranked 1) Important, 2) Moderately Important or 3) Least Important.

When staff looked at recommendation #1, we are at a maximum property tax rate at \$1.95. Any monies we would raise in the future would be for infrastructure. Staff thought with the state of the economy we should not go above \$1.95 property tax rate. If we only need \$1.50 for emergency services, we will then take the remaining 45 cents for issuing bonds. 50 cents above the \$1.50 would generate \$30 million in bonds. Staff thought some of this money should help with economic development in infrastructure. If property tax was increased to \$2.45, looking at other communities we would be uncompetitive. The property tax rate is one of the questions asked by companies looking to come to this community. To tax our residents more at this time is not the right time with this economy.

Recommendation #2 suggests adding a \$1 to capital improvement financing fee as a component to the utility bill. To make this worth while it would need to be \$5 dollars per month. Staff is not recommending this fee.

Recommendation #3 sounds worthy but would need statutory changes. Discussed tolls for specific roads are normally for highways.

Recommendation #4 staff thought sponsorships were difficult to get because of the economic times.

Recommendation #5 staff opposed because it would cost more to monitor than we would receive for an annual Park pass to use the community arena at Horseshoe Park.

Recommendation #6 staff concurs with annexing strategic pieces of land and property that will support the Town's future finances. Most of this is surrounding the development of Banner Hospital.

Recommendation #7 is Shop Queen Creek. We have such a program to encourage residents and non-residents to shop Queen Creek in an effort to increase sales tax revenues. Some of this is timing and we are moving forward on this with the Queen Creek Chamber of Commerce.

Recommendation #8 we concur and have a staff committee that looks at the impacts from some of these grants.

Recommendation #9 staff strongly concurs with encouraging business development including green construction to help bring revenue, job, and growth to Queen Creek. It is part of our economic strategic plan and is part of our target industries.

Recommendation #10 initiates efforts to build and advance key infrastructure improvements in areas that may be deficient or are of strategic importance. In the SWOT analysis there is a lot of capital analysis being done.

Recommendation #11 is re-examining development impact fees for transportation. The development fees you assess must be related to the growth in your community. Once the community adopts impact fees for roads because it is based on trips, you have to identify the gap with a revenue source to meet the overall obligation.

Recommendation #12 had to do with green buildings. The council has adopted a resolution and we have a “green” library. Staff concurs with this recommendation to construct public buildings incorporating “green technology” and find grants to pay for some or all of the costs.

Recommendation #13 is to build savings into the operation and maintenance of public buildings by using “green” technology to support the Town’s long term sustainability. Staff concurs with this recommendation and a resolution has been adopted by Town Council to outline this direction.

Recommendation #14 had to do with defining truck routes to mitigate wear and tear on the roads. We have one truck route designated in the Town.

Recommendation #15 has to do with revisiting the Parks CIP Plan, and reprioritize the Plan to reflect changes in the Town’s current fiscal condition. Staff concurs. We are looking at doing this in the next couple of years and updating the plan. It is not something we can do right away.

Recommendation #16 is to reconsider the way our parks and recreation “level of service” standards are established. Staff concurs. These factors are part of any comprehensive update to the plan.

Recommendation #17 the Task Force recommended we do a study of the positive benefits and negative consequences of any additional sales tax outside Town Center. Staff recommends

equalizing the tax rate to 2 ½% throughout the Town. Staff recommends looking at equalizing sales tax rates in the community as we look at FY10/11.

Council Member Brown asked if there could be an economic impact to lower sales tax. Town Manager Kross responded there is no study and no other communities are considering lowering the sales tax rate. However, that theory is on a state or federal level. Vice Mayor Mortensen said we are a little high and would like to see all the dynamics of it.

Vice Mayor Mortensen would like Recommendation #17 as a Town Council agenda item and would like to see all the details behind it. Assistant Town Manager Flynn asked if he was asking for a study to be done. Vice Mayor Mortensen would like to see the detail and would like to see it by category. Assistant Town Manager Flynn suggested coming back to this committee with the detail. Vice Mayor Mortensen agreed to bring back the information to this group and get a feel of the three council members on the Budget Committee. Staff will bring this back as an additional agenda item for the Budget Committee's April 26 meeting. Council Member Brown said as part of that research to touch base with economic development and the Chamber of Commerce.

Recommendation #18 considers leasing out vacant park land. The Task Force looked at a solar farm which would require a long term commitment (upwards to 20 years). Staff concurs with doing short-term uses with agriculture.

Vice Mayor Mortensen would like to see the park study reviewed looking at phasing the west side of town. We should look at flat grass fields for soccer, etc. and rough parking lots. The Town may receive fees from use of the fields. Council Member Brown said we should chase the population densities with parks.

Parks and Recreation Director Debbie Gomez gave an update on the Town's fields and parks needs. We are lacking lighted fields. We are short 2-4 adult size ball fields, but we do not have a lot of people knocking on our door for this sport. She would recommend four-plexes. We have some at the east and west park sites. The bulk of the cost is getting the infrastructure in.

Vice Mayor Mortensen said to pass on to the Task Force a job well done.

D. Review of Not-for-Profit Applications for funds from the Town (no presentations)

The committee had asked for list of not-for-profit agencies we have received applications for FY 10/11 funding. Staff asked which agencies would the committee like to invite back for presentations. Staff mailed applications to all the not-for-profit agencies who submitted applications in FY 09/10 and the new agencies who contacted the Town for funding. The Town received an application from East Valley Partnership for \$5,000, Queen Creek Performing Arts Center for \$125,000, Boys and Girls Club of the East Valley for \$81,250, Child Crisis Center-Family Resource Center for \$5,000, Child Crisis Center-Arizona Adoption and Foster Care for \$2,500, Queen Creek Chamber of Commerce for \$60,000 (\$5,000 is for small incubator program), Equine Foundation for \$3,362, London's Run for \$5,000 (in the past is has been an in-

kind service), Holiday Festival and Parade Committee for \$5, 000, and Joe Gibson Memorial Foundation for in-kind services to close the road on Ironwood and Combs and provide barricades for the run.

No application packet was returned from Sister Cities, Relay for Life or Kiwanis Club 4th of July Celebration.

Town Manager Kross said the overall general fund reduction is 21%. Vice Mayor Mortensen and Council Member Wootten agree to use that 21% reduction as a basis.

The committee discussed the East Valley Partnership funding request. They discussed if the request was reduced by 20%, it takes them down to \$4,000. The committee asked if we could provide \$4,000 of in-kind services instead of cash.

The committee discussed the Queen Creek Performing Arts Center request. A 20% reduction would bring their funding request down to \$100,000 and questioned if they could survive with this reduction.

Town Manager Kross discussed economic resources. We met the Chamber of Commerce half way. We are using the Chamber of Commerce as business retention and expansion. Council Member Brown would like the Chamber of Commerce to lay it out and wants to see economic development.

The committee discussed the Town did not support the holiday parade last year and questioned if the request is for cash or in-kind services.

Samantha McPike said the Equine Foundation request is for in-kind services at Horseshoe Park and Equestrian Centre (HPEC). They bring horses to the youth. Council Member Wootten said they also bring people to town. He would not need a presentation unless they were cut by 20%, and commented they were here last year without support.

Vice Mayor Mortensen recapped the Budget Committee would like presentations from Queen Creek Performing Arts Center, Queen Creek Chamber of Commerce, and the Boys & Girls Club. The committee concurs with advising them in a letter of the 20% reduction from FY09/10 and not from the requested funding for FY10/11.

Council Member Brown said the committee should identify core services like the departments. He would ask the agencies to be prepared to show what they can do without the 20%. Not show what they can't do.

3. Announcements

None.

4. Adjournment

Vice Mayor Member Mortensen adjourned the meeting at 5:35 p.m.

TOWN OF QUEEN CREEK

Vice Mayor Gordon Mortensen, Chair

ATTEST:

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 25, 2010 meeting of the Queen Creek Town Budget Committee. I further certify that the meeting was duly called and that a quorum was present.

Marsha Hunt, Sr. Administrative Assistant

Passed and approved on _____, 2010.