

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

April 8, 2010

1. Call to Order

The meeting was called to order at 4:02 p.m. by Vice Mayor Gordon Mortensen, Chair.

Committee members present: Vice Mayor 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, Samantha McPike, Marsha Hunt, Queen Creek Chamber of Commerce President Rustyn Sherer, Economic Development Director Doreen Cott, Molly Jacobs (Queen Creek Cultural Foundation), Sandi Dial (Boys & Girls Club), Chilo Figueroa (B&G Club), Dennis Marcello (B&G Club), Parks and Recreation Director Debbie Gomez, Greg Flynn, Anthony Baumann, Shane Dille, Wendy Feldman-Kerr (Queen Creek Cultural Foundation), Jason Barney (QC Cultural Foundation), Utilities Department Director Paul Gardner

2. Items for Discussion and Possible Action

A. Presentations by the following groups on their FY 10/11 funding requests, including information requested by the Town

Vice Mayor Mortensen said the committee will hear from each of the not-for-profit groups present, but may not make a decision on the funding amount today.

Town Manager John Kross said the Town's budget base revenues are at \$16.9 million and department requests have come in at over \$17 million. We have supplemental requests at \$213,000. The expenditures are in final revisions and will be before the committee on April 26. There is a \$1.6 million gap to balance the general fund budget for next year. At the committee's meeting on April 26, there will be a balanced budget including supplemental requests and a revised 5 year financial plan. The 5 year plan shows narrower/smaller deficits. We are doing a very good job of being conservative.

Vice Mayor Mortensen said this is the fourth year the Town will have to trim 10% or more from the budget and our town residents and employees feel that. We like the partnerships with each of the not-for-profit agencies and what each of you do for the Town. We are still able to provide services and are grateful to the staff and budget staff for working through these times.

a. Queen Creek Chamber of Commerce

Economic Development Director Doreen Cott spoke regarding the Chamber of Commerce contract. One of the Town's objectives in the Corporate Strategic Plan Key Result Area (KRA) is working with the Queen Creek Chamber of Commerce. The revised services agreement includes business retention and expansion (BR&E) which is important to our community. The Chamber president is the Vice President of the Economic Development Commission, partnered with the Town on the Shop Queen Creek program, and is a familiar face at the Town's Farmers' Market. They are a source for visitors coming to Queen Creek, which is in the contract as well.

Queen Creek Chamber of Commerce President Rustyn Sherer distributed a letter to the Budget Committee summarizing the activities to the Town and the Chamber of Commerce memberships. The Chamber of Commerce is asking for support of \$60,000 in FY 10/11. They feel it represents a good number for the activities they plan. They are a leading voice for the businesses in the Town of Queen Creek. They lobby actively at the state level and attend many functions the Town cannot attend such as Governor's breakfast. They also offer Chamber mixers and ribbon cuttings. They are an information resource to visitors in Queen Creek.

They were asked to talk about the impact of a 20%-25% funding reduction. It would eliminate the gains the Chamber of Commerce has made over the last year and the services agreement would need to be revised again. The financial justification is in the letter that was distributed. They feel the Chamber of Commerce is an asset and an investment in the Town. Several members of the Chamber of Commerce Board were present to answer any questions.

Doreen Cott said there are 500 registered businesses in the town based on the number of business licenses. Rustyn Sherer said 222 are Chamber of Commerce members. He will get the data to the committee on how many of those 222 Chamber members are in town. This last year the Chamber of Commerce had 80 non-renewals and 66 new renewals. The vast majority of the non-renewals were out of town, and the new memberships are more in town. Council Member Brown asked if our Chamber of Commerce memberships are too low. Rustyn Sherer said they try to keep membership dues low to help keep members. They have not raised membership dues this year because of the economy. They do not want to damage or hurt the home base and starting up businesses. It is up to the Chamber of Commerce Board to make the decision in the future to raise membership dues. Doreen said the Chamber of Commerce does have access to the data in the business license data base and provides quarterly reports. Rustyn Sherer has recently asked Doreen for the Town's vendor list. Out of the 220 Chamber of Commerce members, 156 are in Queen Creek. Council Member Brown asked how do we quantify how to best get the other 350 registered businesses in town to become a Chamber member.

Vice Mayor Mortensen asked staff how the Chamber of Commerce has done with the goals and objectives set from last fiscal year. Doreen Cott replied all items in the services agreement were met and she is in constant communication with Rustyn Sherer on services they provide.

Vice Mayor Mortensen asked if the Town has a membership number in the agreement with the Chamber of Commerce. Doreen Cott responded not a number of business memberships. Rustyn Sherer said with this type of market it is hard to grow memberships. It is a reasonable objective and it is the Chamber Board's goal to set that objective. Most Chamber of Commerce's have about a 20% membership. Doreen Cott said in these economic times the Chamber of Commerce has done a good job of keeping their memberships. Vice Mayor Mortensen would like to see membership number goals as part of the new service agreement with the Queen Creek Chamber of Commerce.

Council Member Brown has concerns with the Chamber of Commerce holding a couple of their larger events out of town. He asked how is it beneficial to the Chamber to hold these events out of town. Rustyn Sherer said we do our special events to off set the cost of the contracts. Referring to Encantera hosting the golf tournament, they are the only golf course that is a Queen Creek Chamber of Commerce member and they are willing to work with the Chamber. The Chamber of Commerce has contacted Las Colinas golf course and they were not interested in being a part of the Chamber or the event. Encantera has been a great partner using their banquet room for the yearly award ceremony. The size of the room can seat 250 people, they have a full service kitchen, and they will offer valet parking this year.

Vice Mayor Mortensen said he was not sure about giving increases to not-for-profit agencies this year when we are trimming other areas of the Town's budget. However, the Chamber of Commerce is a valuable entity in this town. The Chamber of Commerce is an extended arm of the Town's economic development department and economic development committee.

The committee agreed to make the funding decision at their next meeting scheduled for April 26.

b. Queen Creek Performing Arts Center

Economic Development Director Doreen Cott is a liaison member on board. The arts are a targeted sector of economic development. They draw people from all over the region to our community. Arts and culture is also important to the town's distinctiveness. Those knowledge workers are important to have when people are looking for sites. They provide community and family entertainment. It is a promotional tool to attract restaurants and other businesses.

Wendy Feldman-Kerr said she is setting before the committee as the Queen Creek Cultural Foundation. They have partnered with the Town on special events such as Passport to Discovery. They had a Broadway production of Cats perform at the Queen Creek Performing Arts Center and were able to bring people from other areas to our community. In addition to musicals, they put on a country music series. Because they are able draw these acts, they are able to lower their admittance price. Last year they had a 15% cut, and took out one show from the Broadway series and lowered advertising. If the Town cut their funding by 20%, they would need to cut 2 of the main theater shows. By cutting 2 of the main theater shows, they would not be able to have a series. We could

not provide sound and staging for the Town at community events with this funding reduction.

Jason Barney, Board Member of the Queen Creek Cultural Foundation, sees a direct corollary benefit with economic development. He wants to raise awareness that Queen Creek is a good place for a business. He showed a form with a formula that showed ancillary benefits that goes back to the government from people coming from other places to shop in Queen Creek.

Wendy Feldman-Kerr said this year they are going to offer incentives with the restaurants in town. They will give ticket stubs to people who purchase admission tickets to the Queen Creek Performing Arts Center which will work with larger retailers in town to see if they shop here on their way to a show.

Doreen Cott said they are working on a services agreement for this year. Molly Jacobs added they have normally exceeded their goals. Their funding goal is \$50,000 with grants and donations. The school is going through deep cuts this year.

Wendy Feldman-Kerr said every year when they go into the season, we have the money for that season. They are paid forward. If the Town keeps this year's funding and they have a signature event and take on the incentive ticketing, the ticketing fee would be added to their budget.

c. Boys and Girls Club

Parks and Recreation Director Debbie Gomez said their goal is to develop premium afterschool programs. The Boys & Girls Club is an important partnership serving our youth before and after school. Last year they were provided additional funding for the teen program. They currently operate out of Desert Mountain Elementary and the Town's youth center for the teen program. They offer structure education programs for the youth and Youth Commission.

Sandi Dial, Boys & Girls Club, said they are requesting to continue the funding of \$81,000 for next fiscal year. The Town is 25% of the overall operating revenue. Other revenue is raised through the board, federal grants from the Boys & Girls Club of America, and businesses. For each dollar from Town, 3 dollars are raised. Our back to school shopping spree donations raised money for clothing and backpacks. We did take over the youth program from 5 hours to 15 hours. They are open during fall and spring break. There are 441 active members and 68% are Town of Queen Creek residents based on zip code. The teen program averages 7-10 members per day and during spring break they had 49 participants.

With a 20% reduction, which averages \$16,000-\$20,000, the Keystone teen club would be removed. Our youth of the year program is the premier teen recognition program. The Keystone members have created a fan page on Facebook and there are over 200 members.

They would have to look at the before and after school program cuts if there is a 20% reduction.

Dennis Marcello said they value this partnership with the Town of Queen Creek. In their 47 years of existence they have not turned one kid away.

Debbie Gomez said the Town does audit their program monthly and they are in compliance with all of the audits. The Town has a draft agreement in place and all the programs are outlined in the agreement.

Council Member Brown wants to see quantifiable numbers. Sandi can get the specific statistics from Boys & Girls of America.

B. Discussion and possible action on the not-for-profit funding requests for FY 10/11

Council Member Brown suggested Council Member Wootten could meet with Town staff for a recap on the first part of this meeting. He would like to see a couple of questions answered and have quantifiable information.

Vice Mayor Mortensen recapped the committee's intent was to hear the not-for-profit reports and meet on April 26 at 4 p.m. to make final decision on the funding requests. The Chamber of Commerce wanted to increase their funding to \$60,000. The next presentation was from the Arts Cultural Foundation and the third presentation was from the Boys & Girls Club.

Assistant Town Manager/CFO Patrick Flynn said on April 26 staff will bring the Town Manager's recommended budget to the committee and how staff has addressed the gap. The Town will need to take a 13% reduction to close the gap. We are looking at a tentative budget adoption by the Town Council on May 5 and final budget adoption May 19.

The lump sum for not-for-profits is \$269,400 and the committee may look at a possible 13% reduction for FY 10/11.

Vice Mayor Mortensen reviewed all of funding the requests.

Council Member Wooten wanted to discuss how each of the requests impacts economic development in the town.

The committee wanted to know if any of the East Valley Partnership's funding requests was for in-kind services.

Council Member Brown asked what was the percentage of the Town's general fund budget or proposed budget from last year was for not-for-profit funding? Patrick Flynn said it is 1.33% of our budget. Staff did survey of 4 cities regarding their budgets. Tempe contracts with a community council and they are looking at a 17 % decrease in funding.

Not-for-profit funding is about 1% of their budget. Gilbert's not-for profit requests are still on the table. This year their requests are .4% of their budget. Samantha McPike said the city of Chandler's funding is just under 2% of their budget. They did ask for a 10% decrease. However, it did not impact the youth or social services programs.

Council Member Brown wants to see more small towns valley wide and statewide to get an accurate picture of the budget percentage for not-for profits. He wants to match community size with Queen Creek.

East Valley Partnership:

Patrick Flynn said in FY 09/10 East Valley Partnership's (EVP) request was for \$20,000 cash and there was another \$20,000 of in-kind services for IT. They do not need our IT services this year. They looked at next year's budget and with some of the studies they were doing and the \$5,000 is what they need to sustain themselves.

Council Member Brown asked how East Valley Partnership is an economic benefit to Queen Creek. Council Member Wootten sees the money for East Valley Partnership going out of town and does not see the benefit. Vice Mayor Mortensen sat on that board. EVP is a representation from all the cities. The East Valley Partnership works toward legislation. We are part of a larger planning team in the east valley. It is a good chance to network with other cities and we should be at the table.

Town Manager John Kross said East Valley Partnership is a public and private partnership entity. Its mission is to advance and promote the east valley. This request is for the Superstition Vistas project which is 280 square miles of state land. They took the leadership role to master plan this area. The Town borders that area and we have an interest in seeing that master plan. They have completed most of the planning which is a broad base vision. The next phase is a continuation of that effort to get to the next steps of implementation. The land is owned by the state of Arizona.

Council Member Brown said if he had a chance to fund \$5,000 to East Valley Partnership Superstition Vistas project or London's run in Queen Creek, he would prefer the money to go to London's run. He would support an in-kind service for East Valley Partnership but not and a dollar amount.

Vice Mayor Mortensen needs more data. He asked if East Valley Partnership could use in-kind services and what is the impact on Town staff. He asked if the entire funding request for \$5,000 was for the Superstition Vistas project or to be a member of the East Valley Partnership board. Town Manager Kross said the Town is still on East Valley Partnership's board. This funding request is for a special project.

Council Member Brown moved to not fund this item this year. Council Member Wootten seconded the motion. Motion carried 2-1, Vice Mayor Mortensen opposed the motion.

Child Crisis Center:

Council Member Wootten said they are great programs. Given where we are today with the poor economy and our priorities, he cannot see supporting them. Council Member Brown thought it would be good keep this funding request at last year's amount of \$3,400 or at 13% less. In these economic times, these services are called on more.

Debbie Gomez will find out if they are a member of the not-for-profit coalition.

Council Member Brown moved to allocate \$3,400 less 13% (\$2,958) for the Child Crisis Center Family Resource Center and \$2,500 for the Child Crisis Center Arizona Adoption and Foster Care.

Vice Mayor Mortensen wants see how many people they support specific to Queen Creek.

Motion carried 3-0 on tentative vote of \$2,958 for Family Resource Center and \$2,500 for AZ Adoption and Foster Care.

Equine Foundation of America:

Council Member Brown moved to remove Festival of Horses funding request for this year.

Debbie Gomez said they are asking for in-kind services for Horseshoe Park & Equestrian Centre (HPEC). There would be staff time involved with the donation of the park.

Council Member Wooten wants to talk with the Town Council about donating parks in general to non-profits.

Council Member Brown asked who is this going to bring into town versus the holiday parade and festival. Vice Mayor Mortensen also has concern. We have an event center (HPEC) which has an economic development impact on the community. If a park is booked for these types of requests, it takes away from other requests that have an economic development impact.

Council Member Wootten said they rented the HPEC facility last year. This program is a state-wide job fair. He would like to talk about the general policy of our facilities.

Council Member Brown would be okay with a policy that says we are open to it, but would like to consider each specific item individually.

Council Member Brown remade motion to not fund this line item but would be willing to donate parks if it has an economic impact. Motion carried 3-0 on a voice vote. He asked staff to review the policy of non-profits use of all parks.

Positive Impact London's Run:

Parks and Recreation Director Debbie Gomez said they usually ask for fire and medical in-kind services.

Council Member Wootten would like them to ask for the in-kind services. At the rate this event is growing, it is a great event for the town.

Assistant Town Manager Patrick Flynn said they are asking for money this year to go towards supplies, timing company, t-shirts, awards, permits, advertising and portable toilets. In the past, their request has strictly been for in-kind services for Fire department services and traffic safety help.

Council Member Brown asked if the Town is a signature sponsor at that level of funding. This is a big draw of people to our town from all over the state.

Council Member Mortensen is inclined to leave the funding as it was last year. Council Member Brown said their funding request was at zero last year, but we are trying to recognize potential economic impact on the town.

Council Member Brown moved to authorize the \$5,000 request to Positive Impact for London's Run & Ride.

Council Member Wootten said it bothers him to give money for t-shirts. He does support this program but more with in-kind services.

Council Member Brown amended motion to fund London's Run at no greater than \$5,000 and to deduct in-kind services from this amount with the balance to be given in cash.

Town Manager John Kross said the amount for Fire services last year was \$1,400, but as London's Run grows there will be a larger request for Fire services.

Council Member Wootten seconded the motion.

Council Member Wootten said they need to understand they will not see any cash until after the event. Debbie Gomez said they have coordinated separately with Maricopa County Sheriff's Office (MCSO), but she will verify that is the case for this year. MCSO has been paid separately for past events.

The Budget Committee agrees to not include MCSO as part of the in-kind services. Motion carried 3-0 on a voice vote.

Holiday Festival and Parade Committee:

Council Member Brown made a motion similar to previous item because it has an economic impact on the town.

Council Member Brown moved to approve the funding request not to exceed \$5,000 with in-kind services deducted first and the balance paid in cash. Council Member Wootten seconded the motion. Motion carried 3-0 on a voice vote.

Council Member Wootten asked what is the cycle time for talking policy for non profits use of Town parks. Town Manager Kross said this can be scheduled for an upcoming study session. Staff will report on what the practices are today and what is adopted.

Joe Gibson Memorial:

Assistant Manager Patrick Flynn said this is a race honoring the late Dr. Joe Gibson who was an emergency room doctor. Samantha McPike said they want to close down Combs and would require Pinal county permits because they wanted to start the run at Banner Ironwood Hospital.

Council Member Brown said it is not in our jurisdiction. Council Member Wootten said given it does not have a non-profit status and it is a first year event, he would not provide in-kind service.

Committee consensus to not provide in-kind services for the Joe Gibson Memorial run.

Assistant Town Manager Flynn said the committee can wait on making a decision on the funding requests for Queen Creek Cultural Foundation, Boys and Girls Club of the East Valley and the Queen Creek Chamber of Commerce at the April 26 Budget Committee meeting.

Council Member Brown wants quantifiable information on these three requests at the April 26 meeting.

Council Member Wootten struggles with cutting these requests another 13%. He wants to keep them close to were they were last fiscal year. Vice Mayor Mortensen is willing keep their funding the same as last year and not increase their funding.

Assistant Town Manager Flynn said staff will come back with a report on not-for-profits which will include the percentage of total general fund and look at valley wide cities. Council Member Brown wants a more applicable and similar cities to Queen Creek.

Assistant Town Manager Flynn said staff will come back on what the dollar amount is for Superstition Vista in-kind services. Town Manager Kross said the committee took a 2-1 vote to not provide dollar amount funding for Superstition Vistas. Vice Mayor Mortensen would like staff to make a phone call to them, and ask if there are some in-kind services.

Assistant Town Manager Flynn said staff will bring back more data on drug use and drop outs that justify the funding request for Boys and Girls Club.

Assistant Town Manager Flynn asked the committee if they want anything more on the Queen Creek Chamber of Commerce.

Vice Mayor Mortensen wants to see the basic service agreements from the Queen Creek Chamber of Commerce, Boys and Girls Club, Queen Creek Cultural Foundation. It would be nice to see what we are projecting in the service agreements. What are our

goals and services for all three? If we give them a certain dollar amount, what are going to get in return?

Council Member Brown said we had 156 of the potential 222 Queen Creek Chamber of Commerce members. How do we get a better buy in from the businesses in Queen Creek? Look at what size are those businesses. If 20% join the Chamber of Commerce, what would that benefit?

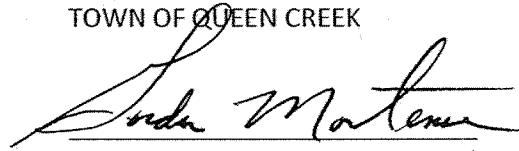
3. **Announcements**

None

4. **Adjournment**

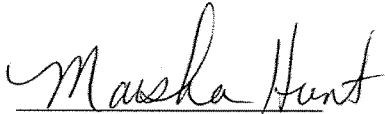
Vice Mayor Mortensen moved to adjourn. Council Member Wootten seconded the motion. Motion carried and the meeting adjourned at 6:25 p.m.

TOWN OF QUEEN CREEK



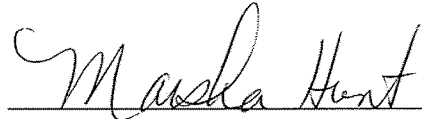
Vice Mayor Gordon Mortensen, Chair

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 April 8, 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 April 26, 2010.