

Cave Creek's budget provides flexibility to complete new and overdue projects

by Mayor Ernie Bunch

June 17, 2019

Cave Creek is our community. We love it for many different reasons. Our FY2020 budget reflects the essential elements of a healthy community: community safety, economic and educational opportunities, environmental quality, parks and recreation, community design, social and cultural interconnection, transportation options, and quality housing. As your Mayor, I can assure you the Council and I are actively participating and overseeing the expenditures that are associated with these goals. You have entrusted us with this responsibility and we are doing so with pride.

Each year, the Cave Creek Town Council adopts a budget that is based on a fiscal year that begins on July 1 and ends June 30. The majority of your Town Council and I (6-1) voted on June 3, 2019 to adopt the proposed tentative budget that **CAPS** expenditures at \$30,397.132. This cap means the Town cannot exceed this figure but it may not spend it all if time and human resources do not permit. When compared to the FY2019 budget, it is an increase of \$8,944.543. This is primarily attributed to capital improvements and modifications to our water and waste water systems, road maintenance and construction, and other essential projects and improvements as summarized below. The entire Budget document is posted for public review on the Cave Creek website under the Finance tab, www.cavecreek.org.

In some ways, the Town is playing "catch up" on projects that were put on hold due to the recession and its repercussions over the last decade. We are continuing to invest millions of dollars in our water infrastructure because nothing is more important than our CAP water supply for the health, welfare and economic viability of our Town and its residents.

I support this budget and its transparency with our community. I'll begin this summary with a quick profile of Cave Creek from the 2010 Census, which was last updated in 2017.

Profile of Cave Creek

Cave Creek's population is 5,423. 53.3% of residents are female and 46.7% are male. 11.4% are under 19 years old, 32.9% are 65 and older. The median income is \$76,149. There are 1.79 persons per household. 48.3% have a Bachelor's degree or higher. The median value of owner-occupied housing is \$465,500. There are 2,787 housing units in Cave Creek.

Budget assumptions and trends

In terms of revenue, the continued economic growth in Arizona is highlighted by the increase in real estate and construction activity over the previous year. Tied with consumer confidence and an above average population of well-educated and higher income households, Cave Creek and its residents are well positioned to benefit from our growing economy.

In addition to the day to day programs and activities of each department in Town Hall, notable expenditures in this year's budget include the following.

1. **Administration:** The Town Manager's FY2020 budget is \$372,850 compared with \$364,750 in FY 2019. The Town is increasing its staffing by four--two in Administration and two in Utilities, which will

address the increased demand in water service and maintenance, staff performance and communication with residents, visitors, and customers. Items like fuel and electricity are projected to increase in cost. Labor costs are expected to increase by 2%. Medical benefit costs are expected to increase by 5% and retirement benefit costs are also expected to increase as determined by the State.

2. **Legal services:** \$585,000 from \$225,000 in FY2019, primarily due to the Condemnation proceeding against the Town of Carefree.

3. **Planning, Zoning and Economic Development:** \$755,300 from \$521,600, primarily due to projects related to Right of Way surveying and mapping, updating the General Plan which has not been approved since 2005, and planning strategies for staff succession.

4. **Building and Fire Safety, Facilities, Parks and Rodeo Grounds:** \$1,875,400 from \$1,074,700 in FY2019. The Town Hall parking lot will be paved, physical improvements to the Town Hall annex building will be made, and an additional parking lot will be leased. The Town's rodeo grounds will receive two additional light poles, a septic system and new restrooms. The Desert Awareness Park's 26 acres of trails, amphitheater, picnic tables and playground equipment are in need of an engineering design to stabilize a bank from erosion and then construct the bank.

5. **Finance:** \$606,500 as compared with \$408,150 in FY2019. Notable expenses include a wage and benefit market study, a financial advisor to examine debt and capital improvement project demands and financing alternatives for them, production of the annual financial report, software maintenance agreements, bank service fees and a contract auditor to audit transaction privilege taxes.

6. **Town Council:** FY2020 budget is reduced to \$40,500 from \$47,000 in FY2019 to cover attendance at an annual educational conference for elected officials throughout the state and grant monies for non-profits in Cave Creek. There is a Contingency Fund for emergencies, which is not expected to be spent, in the amount of \$769,700, an increase from 617,000 in FY2019.

7. **Public Works/Engineering Division:** \$2,807,936 as compared with \$1,569,104 in FY2019. Planned expenditures include on-call engineering services, a right-of-way study, a pedestrian traffic study, a pavement management study, reimbursement for costs-associated with the Cahava Springs development, a wash crossing stabilization project (phase 1 of 4) at Spur Cross, School House and Galloway/Grapevine Road washes. Investments will also be made on roadways at Saguaro West development and the final phase of rehabilitation for Wilderness Trail, Yahoo Trail, and paving of 94,000 SF of crumbling residential roadways. Paving of Spur Cross Road will also be completed as well as repaving roads on Black Mountain. Special events will be hosted for the Taste of Cave Creek as well as the 150th Cave Creek Anniversary. Public Works also includes oversight and expenses related to the Spur Cross Ranch Conservation Area, Trails Fund, and Open Space Acquisition Fund.

Funding for Cave Creek's Water Infrastructure Capital Projects is \$1,240,453 to construct and maintain Cave Creek water system related projects including water transmission, treatment and distribution systems within Cave Creek's water system. Planned projects include pipeline replacement projects (\$165,000), water line interconnections with Phoenix (\$600,000), water treatment plant backwash treatment (\$100,000), SCADA system for 24/7 automated monitoring (\$300,000), construction of new CAP pump stations (\$4,500,000). There are additional costs for shade structures, chlorination systems, water line replacements, vehicle replacements, and contract and professional services for major system wide maintenance and repairs.

Desert Hills Water System is a separate line item with similar projects and expenses as described above. Cave Creek's wastewater system is in need of a push camera to examine smaller diameter lines, installation of sewer shield lining, rerouting lift stations, collecting system flow studies and video documentation of wastewater collection systems.

As mentioned earlier, all of this information and more detail is available on the Town's website, www.cavecreek.org. I would be happy to answer or direct your questions to the appropriate people within Town Hall.