



**TOWN COUNCIL MEETING  
6401 E. LINCOLN DRIVE  
PARADISE VALLEY, ARIZONA 85253**

**SUMMARIZED MINUTES  
APRIL 22, 2010**

**CALL TO ORDER**

Vice Mayor Simpson called to order the Town Council meeting of the Town of Paradise Valley, Arizona, held at Town Hall 6401 E. Lincoln Drive, on Thursday, April 22, 2010 at 1:00 PM.

**COUNCIL MEMBERS PRESENT**

Mayor Vernon B. Parker arrived at 1:11 p.m.  
Vice Mayor Virginia "Jini" Simpson departed at 1:45 p.m.  
Council Member Bernie Barry  
Council Member Ron Clarke  
Council Member Mary Hamway  
Council Member Pam Kirby  
Council Member Scott LeMarr

**STAFF MEMBERS PRESENT**

Town Manager James C. Bacon, Jr.  
Town Attorney Andrew Miller  
Town Clerk Duncan Miller  
Town Engineer William C. Mead  
Police Chief John Bennett  
Budget & Finance Director David Andrews  
Planning & Building Director Eva Cutro  
Management Services Director Lenore Lancaster  
Public Works Director Andrew Cooper

**ALSO PRESENT**

Council Candidate Larry Fink  
Council Candidate Paul Dembow  
Council Candidate Russ Mosser  
Council Candidate Michael Collins  
Council Candidate Lisa Trueblood  
Council Candidate Jim Baker  
Water Utility Committee Member Janice Stoney

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**ACTION ITEMS**

**Agreement for Contract Prosecution Services**

Mr. Miller stated that, as part of the organizational restructuring plan, Council authorized staff to issue a request for proposal to provide prosecution services. The review and selection process started in January. He said 12 proposals were received and seven applicants were selected for interview. The selection committee rated Patrick Gann as the best overall proposal based on the selection criteria. Mr. Miller introduced Patrick Gann and Richard Speer. He described their background, the details of their proposal, and the scope of services to be provided.

He noted that the contract calls for a fixed rate of \$2,450 per month which includes 34.5 set hours per month plus 8 hours of free training for police and code enforcement officers.

Responding to a question from Council, Mr. Miller stated that if they go over 34.5 hours in a month the fee is \$75 per hour.

**Motion and vote** – Councilmember LeMarr moved to authorize the Town Manager to execute an agreement for prosecution services with Patrick Gann, with said services to include a fixed rate of \$2,450 per month for 34.5 hours of service per month plus \$75 per hour over 34.5 hours, not including appellate time, and the provision of additional services should the Town require such additional services. Councilmember Kirby seconded the motion which passed by a vote of 7-0.

Vice Mayor Simpson yielded to Mayor Parker to chair the meeting.

**Discussion and Direction on the Town Position on Arizona American Water Company Rate District Consolidation; and Adoption of Resolution Number 1215**

Mr. Miller briefed Council on the status of the Arizona Corporation Commission's (ACC) hearing regarding Arizona American Water Company (AAWC) rate district consolidation. During the prior rate case the Town filed as an intervener to provide testimony on the proposed rate structure. At that time, the Town took no position on rate district consolidation.

The Water Utility Committee met on April 14 to review ACC Staff's recommendation and AAWC's response. Essentially ACC Staff and AAWC agreed that the status quo should be maintained at this time. The Committee discussed key arguments both for and against rate consolidation based upon the assembled pro and con arguments previously submitted by committee members. Most of the Committee's discussion centered on the lack of physical interconnection between any of the eight separate water districts and the lack of any real justification for consolidating the districts at the time. Moreover, consolidation could lead to a lack of accountability in any one district regarding the actual need for certain improvements.

The Committee unanimously voted to forward a recommendation to Council that the Town adopt a position opposing the consolidation of the PV District with other AAWC rate districts.

Mr. Miller stated that if Council agrees with the Committee's recommendation the next step would be to adopt Resolution Number 1215 changing the Town's position from "no position" to "opposed". The Town would enter the resolution into the ACC's docket and designate Town Manager Bacon to provide oral testimony at the hearing.

There was Council discussion that rate district consolidation would not benefit Paradise Valley customers. It seems only to make rate cases easier for the ACC and AAWC.

**Motion and vote** – Councilmember Hamway moved to adopt Resolution Number 1215 opposing the consolidation of the Paradise Valley Water District with other water districts owned by Arizona-American Water Company. Vice Mayor Simpson seconded the motion which passed by a vote of 7-0.

**EXECUTIVE SESSION**

- a.** Discussion and consultation with Town Attorney regarding pending or contemplated litigation as authorized by and A.R.S. §38-431.03.A.4 and discussion of legal advice as authorized by A.R.S. §38-431.03.A.3 related to **Arizona Corporation Commission Docket No. W-01303A-09-0343 regarding Arizona American Water rate consolidation.**

This item was not considered.

**BUDGET REVIEW**

Mr. Bacon presented his recommended budget for Fiscal Year 2010-2011. He stated that the recommended budget does not rely on new revenue sources or higher rates on current revenue sources. It reduces authorized staffing by 9 positions (9.7%) and General Fund / HURF spending by \$998,393 (6.1%). It follows the policy direction given to staff in December 2009. It uses revenue estimates based on Town Council feedback and minimizes impact on community services.

He said revenues are forecasted to be \$15.498 million. This amount is a 4.9% reduction from FY 2009-10. This also includes a \$442,000 decrease in state shared income tax and LTAF funds eliminated by state legislature. Budgeted interest income is down approximately \$515,000. Budgeted construction sales tax and permit fees are projected to increase but will be similar to estimated actual collections in FY 2009-10.

He reviewed General Fund / HURF Revenues by source. Responding to a question from Council regarding Prop 100, Mr. Bacon said that the proposed temporary sales tax increase will not impact the Town whether it is approved or denied. The bigger concern is a bill being considered in this legislative session to shift taxes on construction materials from where it is used to where it is purchased. If this passes, the Town will lose significant revenue. He continued that the Town's three main revenue sources (state shared revenue, resort bed tax, and construction sales tax) are all in jeopardy either from state legislative actions or from a weakened economy.

There was Council discussion about the Town's investment strategy.

Mr. Bacon stated that the Expenditure Budget seeks to minimize the effects of revenue reductions on the community in three ways:

1. Reduce salary and benefit costs
2. Implement administrative restructuring plan
3. Use reserve to finance capital projects and debt service

He said there will be 9 fewer authorized positions; there will be no salary increases; and salary and benefit costs will be \$708,300 less than current budget.

Mr. Bacon then summarized departmental expenditures.

The Mayor & Council budget will be reduced by 33%. Projects will include funding for the Mary Ann Brines Exceptional Performance Award luncheon but other recognition events and meal expenses were reduced.

Funding for Town Clerk position was transferred to Town Manager's budget. The Town Attorney's budget reflects savings of \$60,000 through use of contract prosecutor. A total of \$30,000 budgeted for outside civil legal services.

The Municipal Court staff was reduced by one court clerk position. Court enhancement funds will be used to design a new municipal court building.

The police department will maintain 4 squads; each squad includes a sergeant and 3 officers. A total of 5 administrative and patrol positions will be eliminated. Overtime was also reduced.

The fire budget was reduced by 4.4% largely from a reduction in equipment lease payments. There will be a projected 2.6% increase in the Phoenix Fire contract.

The Public Works budget was reduced by 1.5%. Four linear miles of roadway will be paved using ARRA funds. The Berneil Channel floor and wall defects will be repaired.

The Planning, Building, and Engineering budget includes \$45,000 for the update of the General Plan. The building division budget was reduced by 30.3% resulting from the retirement of a building inspector and a code enforcement officer. One code enforcement officer position is authorized but will not be funded.

The Finance budget was reduced by 9.6% as a result of administrative restructuring and elimination of two positions. The 4-year replacement program for IT equipment will be reinstated.

The Non-Departmental budget was reduced by 8.8%. Human services funding was included at \$50,000 and \$525,000 budgeted for the Scottsdale Convention and Visitor's Bureau.

The Capital Projects budget included underground utilities, road improvements, and design of court building.

There was Council discussion about undergrounding districts 32 and 6. Mr. Bacon said District 32 will be constructed but District 6 will be designed only. He said there are no funds available to construct it in 2011. There was Council consensus to proceed with the design and address the funding issue in the future. Mr. Bacon noted that the APS undergrounding agreement expires in 2014.

He said the debt service fund and the capital projects fund do not have current revenue sources to support the expenditure levels. He said the capital projects fund will be exhausted by June 30, 2011 and all debt service payments are financed from the fund balance.

Mr. Bacon reviewed the financial policies.

- Operating Contingency shall be not less than 1% but not more than 3% of total expenditures
- Emergency Contingency shall be at least 15% of total expenditures
- Reserves shall be at least 90% but not more than 110% of total expenditures
- Any funds in excess of the 110% shall be transferred to the Capital Projects Fund

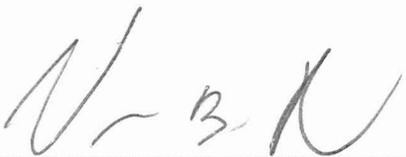
He said to suggest that the Council has sat on the fund balance and not use it to fund services is incorrect. He noted that the fund balance has been reduced by \$11 million over the last 2 years.

He concluded by saying the operating budget has been reduced without reducing services to the public, but the need to fund capital projects and debt service remains. The next Town Council should closely review future revenue generation strategies because the Town's fragile economic environment will likely continue for several years.

**ADJOURNMENT**

**Motion and vote** – Councilmember Clarke moved to adjourn. Councilmember Hamway seconded the motion which passed by a vote of 6-0

Mayor Parker adjourned the meeting at 3:02 p.m.

  
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Vernon B. Parker, Mayor

ATTEST:

  
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Duncan Miller, Town Clerk

**CERTIFICATION**

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the regular meeting of the Paradise Valley Town Council held on then 22<sup>nd</sup> day April 2010. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 13 day of May, 2010.



  
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Duncan Miller, Town Clerk