



**TOWN COUNCIL MEETING
6401 E. LINCOLN DRIVE
PARADISE VALLEY, ARIZONA 85253
SUMMARIZED MINUTES
MAY 13, 2010**

CALL TO ORDER

Mayor Parker called to order the Town Council meeting of the Town of Paradise Valley, Arizona, held at Town Hall 6401 E. Lincoln Drive, on Thursday, May 13, 2010 at 3:00 PM.

COUNCIL MEMBERS PRESENT

Mayor Vernon B. Parker
Vice Mayor Virginia "Jini" Simpson arrived at 3:05 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

ALSO PRESENT

Council Candidate Larry Fink, Council Candidate Paul Dembow, Council Candidate Russ Mosser, Council Candidate Lisa Trueblood, Council Candidate Jim Baker

Motion and vote – Councilmember Hamway moved to go into executive session at 3:01 p.m. Councilmember Barry seconded the motion which passed by a vote of 6-0.

EXECUTIVE SESSION

- a. Legal advice from the Town Attorney regarding **code enforcement matters related to distressed properties** as authorized by A.R.S. §38-431.03.A.3.
- b. Discussion and consultation with Town representatives regarding **lease of real property in the vicinity of 6400 E Lincoln Drive** as authorized by A.R.S. §38-431.03.A.7; and discussion and consultation with Town Attorney regarding **potential contract negotiations with PMT Ambulance** as authorized by A.R.S. §38-431.03.A.4.

Mayor Parker departed at 3:53 p.m.

Vice Mayor Simpson reconvened the public meeting at 4:05 p.m.

Discussion of Bed and Sales Tax Rate Changes

Councilmember Hamway presented a proposal to increase the Town's bed tax rate. She stated that Scottsdale voters approved a proposition in March increasing their bed tax from 3% to 5%. The increase will largely be dedicated to funding tourism promotion. The resort community in Paradise Valley asked the Town to consider a similar increase in tourism funding.

She reported that a study group was established to determine if the Town should increase its contribution to the Scottsdale Convention and Visitors Bureau (SCVB) and if so by how much. The group included: Vice Mayor Simpson, Council Member Hamway, Council Member Barry, Rachel Sacco, SCVB President and CEO, Mike Surguine, General Manager of The Sanctuary and SCVB Chair, and John Dawson, owner of the Scottsdale Plaza Resort.

The study group met three times. They considered if the SCVB was critical to the success of Town resorts, if tax parity with Scottsdale was important, and if taxes should be raised to pay for increased funding for the SCVB. She said taxable sales in Paradise Valley from the resort community equaled \$71 million in FY 2010. This is a significant portion of the Town's revenue. The Group concluded that the Town and its resorts benefit greatly from the SCVB's marketing efforts. They leverage the Town's investment and combine it with funding from Scottsdale, state tourism funds, member investment, and Fort McDowell & Salt River Indian Communities to create a marketing and tourism program worth about \$10 million. The Group also reasoned that tax parity with Scottsdale may not be as important as previously believed. Today, with online travel sites and other incentives, checkout rates may fluctuate from customer to customer.

She said the Group's recommendation was to increase the bed tax by .4%, from 3.0% to 3.4% and to give the entire increase to the SCVB. It is anticipated that this increase will generate an additional \$283,600 in Fiscal Year 2010-2011.

She said the SCVB and the resort community believed that when the bed tax was raised by 1% in 1987, the SCVB would receive 100% of the increase, or 1/3 of the current collections. This has not historically been the case. In consequence, the Group recommended that over the next five years the Town's contribution to the SCVB migrate toward 33% of current revenue generated by the 3% bed tax. This would be achieved through a multi-year agreement in which funding in the first three years would be a fixed amount, but starting in year four the SCVB would receive 33% of 3% plus 100% of .4%. In FY 2010-2011, the proposed funding amount would be \$900,000 and increase by \$25,000 a year until FY2013-2014 when the amount would be based on the percentage of actual tax revenues for the previous two years.

The multi-year agreement would also provide for performance measures that will be considered when determining whether or not to renew the agreement. In the interim, she stated that she is

working with the SCVB to develop an executive summary of information already provided by SCVB in order to make the data more meaningful for Paradise Valley.

Council noted that in addition to funding the SCVB, the Town further supports the resort community by not assessing a local property tax and by paying for fire and emergency services.

Councilmember Hamway introduced Michael Surguine, The Sanctuary; Doug Heaton, Doubletree Paradise Valley Resort; Valeriano Antonioli, Montelucia; Dave Lunt, Scottsdale Plaza Resort, and Rachel Pearson, SCVB.

Mr. Surguine spoke in favor of the proposed agreement and tax increase. He summarized the operations of the SCVB. He said the SCVB is a full service sales and marketing operation with a \$9 million budget this year. He reported on the number of SCVB bookings specifically in Paradise Valley and on the number of promotional articles in national publications generated by the SCVB. He presented a possible budget showing how the Town's \$900,000 contribution may be allocated in FY 2010-2011.

Mr. Bacon presented a comparison of municipal tax rates in the Valley. He stated that, even if the Town increases the bed tax rate, the Town's rate would still be lower than average for the Valley. He noted that the proposed tentative budget includes the increased funding for the SCVB.

He suggested that the Town could also increase the sales tax and still be at parity with other cities. He offered the following examples of sales tax rate impacts:

- 0.1% increase in sales tax rate would generate approximately \$350,303 annually
- 0.1% increase in bed tax rate would generate approximately \$70,900 annually
- 0.6% increase in sales tax rate would generate about \$2,101,818 and would provide funding for capital, debt service, and operating needs in FY 2011-12

Discussion of Code Revisions Regarding Distressed Properties

This item was not discussed.

Third Quarter Budget Review

Ms. Lancaster stated that revenues are on target as of March 31, 2010. Intergovernmental revenues, fines & forfeitures and interest continue to present problems. Construction sales & use taxes and permits continue to be strong. Sales tax audit revenue also continues to show strong favorable variances.

She reported that year-to-date expenditure savings equals \$428,189, much of which is due to reductions in force. The budgeted expenses do not include any portion of the \$88,800 operating contingency.

Responding to a question from Council, Mr. Bacon stated that intergovernmental revenues and fines & forfeitures are expected to continue to decline over the next couple of years.

Vice Mayor Simpson recessed the meeting at 5:10 p.m.

RECONVENE FOR REGULAR BUSINESS MEETING

CALL TO ORDER

Mayor Parker reconvened the meeting of the Town Council at 5:13 P.M.

COUNCIL MEMBERS PRESENT

Mayor Vernon B. Parker
Vice Mayor Virginia "Jini" Simpson
Council Member Bernie Barry departed at 5:42 p.m.
Council Member Ron Clarke
Council Member Mary Hamway
Council Member Pam Kirby departed at 5:42 p.m.
Council Member Scott LeMarr

STAFF MEMBERS PRESENT

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

PLEDGE OF ALLEGIANCE

Mayor Parker led the Pledge of Allegiance.

PRESENTATIONS

Recognition of Jack Niles

The Mayor and Council recognized Jack Niles for his service to the Town on the occasion of his retirement. The Town presented him with a proclamation and a gift from the employees.

Recognition of Lenore Lancaster

Mr. Bacon recognized Lenore Lancaster for receiving the Town's first Certificate of Achievement from the Governmental Finance Officers Association for excellence in financial reporting. She thanked other members of the department including Karen Gregoire, Sue Walenga, and Angie Hisler for their hard work.

CALL TO THE PUBLIC

Resident Russ Mosser spoke on behalf of Betty Crawford who requested that a bus stop bench and shade structure be erected at the northwest corner of Doubletree Ranch Road and Scottsdale Road. Mr. Bacon responded that that the bus stop it is located in the City of Scottsdale. He said he would forward the request to the proper authority in Scottsdale.

MAYOR / COUNCIL / MANAGER REPORT

There were no reports.

CONSENT AGENDA

a. Minutes of Town Council Meeting April 8, 2010

b. Minutes of Town Council Meeting April 22, 2010

c. Report on Investments

Recommendation: Receive and file the report

Staff Contact: Lenore Lancaster, Management Services Director, 480-348-3532

d. Authorization to Enter into a Contract for CARFAX

Recommendation: Authorize the Town Manager to execute a contract with CARFAX.

Staff Contact: John Bennett, Police Chief, 480-948-7418

e. Approval of Resolution Number 1217 Transfer of Funds within the 2009-2010 Fiscal Year Budget

Recommendation: Finalize the Fiscal Year 2009-2010 budget by adopting Resolution Number 1217 transferring funds between departments as authorized by the Town Manager or Council conformance with Town Council Financial Policy.

Staff Contact: Lenore Lancaster, Management Services Director, 480-348-3532

f. Approval of Special Event Liquor Licenses for Cystic Fibrosis Foundation Fundraising Events on May 15, 2010 and June 5, 2010

Recommendation: Approve the Special Event Liquor License applications for the Cystic Fibrosis Foundation subject to the following stipulations:

- Only those people authorized by law be allowed to dispense and/or consume alcoholic beverages
- Consumption shall be limited to the premises as indicated in the application
- Town Code Section 10-7 Control of Excess Noise be observed

Mr. Bacon summarized the items on the Consent Agenda.

Motion and vote – Councilmember Clarke moved to approve the Consent Agenda as submitted. Vice Mayor Simpson seconded the motion which passed by a vote of 7-0.

PUBLIC HEARINGS

There were no public hearings.

ACTION ITEMS

Adoption of Resolution Number 1216 Approving the Tentative Budget for Fiscal Year 2010-2011

Ms. Lancaster presented the Fiscal Year 2010-2011 Tentative Budget. She said revenues are projected to be \$15.8 million in FY 2010/11, 3.2% lower than current budget. Bed tax revenue was based on approval of an increase in the tax rate from 3% to 3.4% (\$2,127,000 to \$2,410,600). She noted that Intergovernmental revenues reflected a \$441,000 reduction in State Shared Income taxes. She said Fines & Forfeitures and Interest were expected to be \$965,000 lower than FY 09/10.

On the expenditure side she summarized that there will be a savings of \$710,000 from the reduction of 9 positions. Also, capital lease payments will be reduced by \$330,000. The budget includes a \$900,000 payment to the Scottsdale Convention and Visitors Bureau, assuming the Council passes an increase in the bed tax.

She stated that the final budget will be considered on May 27th.

Motion and vote – Councilmember Clarke moved to adopt Resolution 1216. Councilmember Hamway seconded the motion which passed by a vote of 7-0.

Approval of Renewal of Group Medical, Dental, Life, AD&D, and Disability Insurance Contracts and Health Reimbursement Account for Fiscal Year 2010-2011

Ms. Hancock presented the medical benefit renewals for FY 2010-2011. She stated the goal was to offer competitive benefits and contain costs.

She said Segal Group, the Town's benefits consultant, helped the Town secure a renewal agreement with United Healthcare. The premium will only increase by 10.5% which is less than the 18%-22% average. There will be no increase in the dental, HRA, life, AD&D, and disability benefits.

She summarized:

▪ Medical	\$800,700
▪ Dental	\$52,600
▪ Life, ADD, Short & Long Term Disability	\$57,000
▪ Health Reimbursement Account	<u>\$104,400</u>
TOTAL	\$1,014,700

This amount is \$71,000 less than the FY 2009-10 budget.

She concluded that a Benefits Committee will be formed this year to conduct a comprehensive review of all employee benefits and determine the impact of the federal healthcare reform law on the Town.

Council noted the value that Segal Group provides the Town.

Motion and vote – Councilmember Hamway moved to approve the renewal of the group medical insurance contracts with United Healthcare and Delta Dental; the life, AD&D, and disability contracts with Standard Insurance; and the Health Reimbursement Account. Councilmember LeMarr seconded the motion which passed by a vote of 7-0.

Approval of Ordinance Number 621 Amending Town Code Chapter 2, Mayor and Council

Mr. Mead stated that over the last year many requests have been made to install roof mounted solar panels on Hillside homes. Several of these requests have been administratively denied because the addition of solar panels raised the overall height of the house beyond the allowable 24-foot height limitation. Given the Town's strategic initiative to encourage sustainability, Council directed Staff to consider options to reduce obstacles for solar device installations. In February 2010, Council voted to reduce Hillside solar application fees from \$1,400 to \$200. Proposed ordinance 621 amends Section 2-5-3(E) to authorize the Planning & Building Director to consider administrative relief of development standards in Article XXII of up to 10%. This

would allow a hillside home already 24-feet high to install solar panels up to an additional height of 2.4 feet.

There was Council concern that the proposed ordinance was too broad and might allow administrative relief for a purpose other than installation of solar devices. Mr. Miller reminded Council that the original intent of the administrative relief section of the Code was precisely to allow existing homes to exceed height and setback limits to encourage remodeling instead of demolishing homes. However, the original ordinance only applies to flatland homes and excluded hillside properties. He suggested that if it is still the Council's desire to limit administrative relief on hillside properties to solar devices only, the ordinance should be amended to clarify that it shall only apply to solar device installations.

Councilmembers Kirby and Barry departed at 5:42 p.m.

Motion and vote – Councilmember LeMarr moved to adopt Ordinance Number 621, amending Section 2-5-3(E) of the Town Code as shown below.

Administrative Relief.

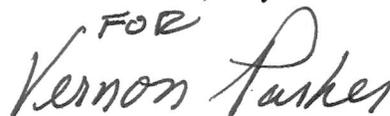
*1. The Planning and Building Director may authorize administrative relief to a property owner in the Town of Paradise Valley of up to ten (10) percent of any development standard contained in Article X, **and for solar device installations only, Article XXII of the Town Zoning Code, unless specifically restricted elsewhere in this ordinance, subject to the following requirements and limitations:***

Vice Mayor Simpson seconded the motion which passed by a vote of 5-0.

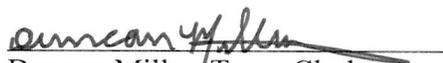
ADJOURNMENT

Motion and vote – Vice Mayor Simpson moved to adjourn. Councilmember Hamway seconded the motion which passed by a vote of 5-0

Mayor Parker adjourned the meeting at 5:46 p.m.


Vernon B. Parker, Mayor
FOR


ATTEST:


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 13th day May 2010. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 28 day of May, 2010.



Duncan Miller
Duncan Miller, Town Clerk