



**TOWN COUNCIL MEETING**  
**6401 E. LINCOLN DRIVE**  
**PARADISE VALLEY, ARIZONA 85253**  
**SUMMARIZED MINUTES**  
**MAY 27, 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, May 27, 2010 at 5:00 PM.

**COUNCIL MEMBERS PRESENT**

Mayor Vernon B. Parker attended by telephone conference call  
Vice Mayor Virginia "Jini" Simpson  
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**

Councilmembers-elect Paul Dembow and Lisa Trueblood

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**Motion and vote** – Council Member Hamway moved to go into executive session at 5:01 p.m. Council Member Barry seconded the motion which passed by a vote of 7-0.

**EXECUTIVE SESSION**

- a.** Legal advice from the Town Attorney as authorized by A.R.S. §38-431.03.A.3 and discussion and consultation with Town Attorney regarding pending or potential litigation or contract negotiations as authorized by A.R.S. §38-431.03.A.4 related to a **treat and transport agreement between Arizona American Water Company and the City of Scottsdale.**
- b.** Discussion of **Town Attorney performance review** as authorized by A.R.S. §38-431.03.A.1.

**RECONVENE FOR REGULAR BUSINESS MEETING**

**CALL TO ORDER**

Mayor Parker attended the meeting by telephone conference call. Vice Mayor Simpson chaired the meeting which reconvened at 5:48 P.M.

**COUNCIL MEMBERS PRESENT**

Mayor Vernon B. Parker attended by telephone conference call  
Vice Mayor Virginia "Jini" Simpson  
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  
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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**

Vice Mayor Simpson, Council Member Clarke, and Council Member Barry led the Pledge of Allegiance.

**PRESENTATIONS**

Chief Bennett honored the memory of fallen Phoenix Police Officer Travis Murphy. The Council and audience observed a moment of silence.

**Recognition of Retiring Police Sergeant Edwin "Bucky" Boehm**

The Council recognized Sergeant Boehm for his 25 years and 10 months of service to the Town of Paradise Valley, upon his retirement. Vice Mayor Simpson presented him with a proclamation and a gift from the Town.

**CALL TO THE PUBLIC**

Dan Quigley, Editor of the Paradise Valley Independent Newspaper, apologized for a misleading headline in last week's edition of the Independent Newspaper regarding approval of the bed tax. He encouraged Council Members to submit letters to the editor.

**MAYOR / COUNCIL / MANAGER REPORT**

James Bacon expressed appreciation to Bernie Barry for his willingness to serve on Council following Brian Cooney's resignation. He stated that Mr. Barry was an active participant and has left his mark on recent policy decisions. He also thanked Council Member Clarke and Vice Mayor Simpson for their distinguished service and for voting to hire him for the position of Town Manager. He stated his appreciation for their assistance in making him "job-ready".

Andrew Miller thanked Council Member Clarke and Vice Mayor Simpson for their service, not only on the Town Council but also on the Planning Commission. He said the Town benefitted from decades of free service willingly offered by these two model public officials.

Council Member Bernie Barry stated that he would be out of state on June 10<sup>th</sup> and unable to attend the Council meeting. He thanked Vice Mayor Simpson for suggesting him to fill the Council vacancy and for the other Council Member's trust in appointing him. He said it was a wonderful experience to work with such hard working and competent council members and staff. He wished that the county and federal government could operate with the same level of effectiveness.

**CONSENT AGENDA**

- a. Minutes of Town Council Meeting May 13, 2010**
- b. Adoption of Resolution Number 1218 Certifying the Results of the May 18, 2010 General Election**  
*Recommendation:* Adopt Resolution Number 1218.
- c. Approval of Board of Adjustment Chair**  
*Recommendation:* Confirm Hope Ozer to serve as Chair of the Board of Adjustment for a one-year term.
- d. Adoption of Resolution Number 1221 Establishing Procedures for the Election of the Mayor for the Term June 2010 – June 2012**  
*Recommendation:* Adopt Resolution Number 1221, which will establish procedures for the election of the mayor for the 2010-2012 term.

**e. Authorization to Extend Ambulance Transportation Agreement between the Town and Professional Medical Transportation, Inc**

*Recommendation:* Authorize the Town Manager to execute a two-year extension of the Ambulance Transportation Agreement between the Town and Professional Medical Transportation, Inc, said extension to run to February 17, 2013

**f. Approval of Lease of a Town Owned Building Located at 6517 E Lincoln Drive to Professional Medical Transportation, Inc**

*Recommendation:* Authorize the Town Manager to execute a lease between the Town and Professional Medical Transportation, Inc. for the use of a Town owned building located at 6517 E. Lincoln Drive as a 24-hour ambulance service facility.

**g. Approval of Request by AGL Networks, LLC to Transfer Control of License Agreement from AGL Networks, LLC to Zayo Group, LLC**

*Recommendation:* Authorize the Town Manager to approve the transfer of control of the AGL Networks License agreement from AGL to Zayo Group.

**h. Adoption of Ordinance Number 623 Amending the Town Code to Reflect New Administrative Structure**

*Recommendation:* Adopt Ordinance Number 623, amending the Paradise Valley Town Code to reflect a new administrative structure which takes effect July 1, 2010.

Mr. Bacon summarized the items on the Consent Agenda.

Vice Mayor Simpson removed item "f".

**Motion and vote** – Councilmember LeMarr moved to approve the Consent Agenda with the exception of item f. Councilmember Hamway seconded the motion which passed by a vote of 7-0.

**f. Approval of Lease of a Town Owned Building Located at 6517 E Lincoln Drive to Professional Medical Transportation, Inc**

*Recommendation:* Authorize the Town Manager to execute a lease between the Town and Professional Medical Transportation, Inc. for the use of a Town owned building located at 6517 E. Lincoln Drive as a 24-hour ambulance service facility.

Vice Mayor Simpson noted that with the approval of this lease, the Town will have an ambulance stationed in Town 24/7 for the very first time. She said this will improve emergency medical response times and further demonstrates the improvements which have been made in emergency services over the last few years.

Council Member Clarke agreed that residents are much better served than previously.

**Motion and vote** – Councilmember LeMarr moved to authorize the Town Manager to execute a lease between the Town and Professional Medical Transportation, Inc. for the use of a Town owned building located at 6517 E. Lincoln Drive as a 24-hour ambulance service facility. Councilmember Clarke seconded the motion which passed by a vote of 7-0.

Vice Mayor Simpson asked unanimous consent to switch the order of business with the purpose of considering the Action Items prior to the Public Hearing. There was no objection.

### **ACTION ITEMS**

#### **Adoption of Ordinance Number 624 Increasing the Bed Tax by 0.4% from 3.0% to 3.4%**

Mr. Bacon stated that this was discussed in a work session on May 13<sup>th</sup>. The Council consensus appeared to favor increasing the Town's bed tax rate from 3.0% to 3.4%. He explained that 100% of the increase would be used to support the Scottsdale Convention and Visitors Bureau. He said if approved the increase would become effective on August 1, 2010.

Council Member Kirby stated that the reason for the bed tax increase was to increase the Town's contribution to the Scottsdale Convention and Visitors Bureau (SCVB). The new agreement with the SCVB has a five year term with guaranteed payments in years one (\$900,000), two (\$925,000), and three (\$950,000). In contrast, in FY 2010 the Town contributed \$600,000. This essentially represents a 50% increase over what was paid in FY 2010. She noted that since the payments are guaranteed in the first three years and not based on bed tax revenue it is possible for there to be a shortfall in revenue for this expense. She said over the past three years the Town successfully cut expenditures by 30% without sacrificing service, yet this will represent a significant increase in spending. She continued that the total checkout rate in Paradise Valley will be 13.32% which compares to Las Vegas and Tampa at 12% and Orlando and San Diego at 12.5%. She said this could leave Paradise Valley exposed to travel agents who book large events. Finally, she suggested that it might be better for the Council to consider the Town's revenue sources holistically instead of raising the bed tax now and possibly the sales tax later.

Vice Mayor Simpson responded that when the study group was formed to discuss SCVB funding debt service and sales taxes were not part of the mission. The decision to schedule consideration of the bed tax increase and SCVB funding was the Mayor's and Manager's decision. It was felt that bed tax issue was more pressing and that the new council would be able to devote more time to the Town's overall revenue budget.

Mayor Parker agreed that Council discussed and agreed to consider the two taxes separately. He stated he was opposed to raising the tax but agreed to proceed with the proposal and schedule a vote.

**Motion:** Council Member Kirby moved to table Ordinance Number 624. The motion died for lack of a second.

Council Member Barry stated that he was initially opposed to increasing SCVB funding and stated as much when the Council interviewed him prior to his appointment. However, after meeting with the SCVB and the resort community he recognized the important role SCVB plays in the vitality of the Town's resort. At first, he also agreed that any bed and/or sales tax increases should have been considered together, but realized that it was appropriate to move ahead with the bed tax because the resorts need the help now. He said, in his opinion, it may not be necessary to increase the sales tax for at least 2 or 3 years.

Council Member LeMarr stated that the resort community is the largest and most reliable source of revenue for the Town. Although he was skeptical of the proposal to raise taxes for the sole purpose of increasing funding for the SCVB, it was demonstrated that the resorts, and thereby the Town, receive a significant promotional benefit that would not otherwise be achieved.

Council Member Hamway thanked Council Members Simpson and Barry for participating on the study group along with Rachel Sacco, Michael Surguine, and John Dawson. She said it was a collaborative process that yielded positive results. She said the SCVB provides a good return for the investment. She said the SCVB agreement represents the completion of a longstanding Council goal. The agreement also corrects a historical misunderstanding about SCVB funding and affirms a policy that the SCVB will receive 33% of current revenue generated by the 3% bed tax and 100% of the newly adopted .4% increase.

Council Member Kirby stated she would vote against Ordinance 624 because she disagreed with the process to consider bed and sales taxes separately.

Mayor Parker agreed with Council Member Kirby and stated he would vote "no".

**Motion and vote** – Councilmember LeMarr moved to adopt Ordinance Number 624. Council Member Hamway seconded the motion which passed by a vote of 5 - 2.

<u>Council Member</u>	<u>Vote</u>
Barry	Yes
Clarke	Yes
Hamway	Yes
Kirby	No
LeMarr	Yes
Simpson	Yes
Parker	No

**Authorization to Execute a Five-Year Agreement between the Town and the Scottsdale Convention & Visitors Bureau Increasing the Percentage of Yearly Contributions Made as a Result of an Increase to the Bed Tax**

Mr. Bacon summarized the proposed 5-year agreement between the Town and the Scottsdale Convention and Visitors Bureau (SCVB). He said beginning on August 1, 2010, the Town's bed tax rate will be raised from 3% to 3.4%. The increase is not on parity with Scottsdale, which in March voted to increase its bed tax from 3% to 5%. Under the agreement, the SCVB will receive \$900,000 in FY 2011, \$925,000 in FY 2012, and \$950,000 in FY 2013. Starting in 2014 the SCVB will receive 40.9% of bed tax revenue based on actual revenues for the two prior years. (40.9% of the total collections represents one-third of the Town's 3% bed tax and 100% of the 0.4% increase). He stated that when the bed tax was raised previously, the SCVB and the resort community were under the impression that the SCVB would receive 100% of the increase. However, the only funding contracts entered into between SCVB and the Town were for negotiated amounts and not based on revenue collection.

Mr. Miller summarized changes that were made between the draft agreement and the final agreement.

Council Member LeMarr asked for clarification about the media impressions item in the contract performance provision. Council Member Hamway responded that establishing the value of media impressions is very difficult so the item was removed.

Council Member Kirby stated she was opposed to the agreement because payments in the first three years are guaranteed and as such the Town assumes 100% of the financial risk. If the tax increase results in a collapse of the revenue stream then not only do the resorts assume that risk but the Town does also.

Mayor Parker stressed that this is not a discussion about parity.

**Motion and vote** – Councilmember LeMarr moved authorize the Town Manager to execute a five-year agreement between the Town and the Scottsdale Convention and Visitors Bureau. Council Member Hamway seconded the motion which passed by a vote of 5-2.

<u>Council Member</u>	<u>Vote</u>
Barry	Yes
Clarke	Yes
Hamway	Yes
Kirby	No
LeMarr	Yes
Simpson	Yes
Parker	No

**Adoption of Resolution 1220; Specifying the Length of Terms for Members of the Water Utility Committee and Selection of a Chair**

Council Member LeMarr suggested that the Resolution be tabled so that the next Council could provide input.

Council Member Hamway agreed that membership terms on the Water Utility Committee should be clarified, but suggested that the proposed resolution be expanded clarify the scope of committee participation. She argued that the Committee should be rebalanced to include representatives from the resort community and all three water providers.

Council Member Kirby agreed in principle that the Committee should represent diverse topics and stakeholders. She said many attempts were made to invite representatives from other groups to participate. Regarding the Committee's conservation activities, she said all three water providers were asked to participate but only Arizona American Water Company responded.

Vice Mayor Simpson disagreed with the provision limiting the Committee chair to a two year term. She said institutional knowledge is important to the success of the Committee and that the chairmanship term should not be limited.

**Motion and vote** – Councilmember LeMarr moved to table Resolution Number 1220 to June 24, 2010. Council Member Clarke seconded the motion which passed by a vote of 7-0.

Mayor Parker departed the meeting at 7:02

**SPECIAL MEETING** – Vice Mayor Simpson recessed the regular meeting and convened a Special Meeting to consider the Fiscal Year 2010-2011 Budget, pursuant to A.R.S. §42-17105.

**PUBLIC HEARING - Adoption of Resolution Number 1219 Approving the Fiscal Year 2010-2011 Budget**

Mr. Bacon stated that the final budget was in conformance with the tentative budget adopted by Council on May 13<sup>th</sup>. He recommended approval of the final budget.

Vice Mayor Simpson opened the public hearing. There were no public comments.  
Vice Mayor Simpson closed the public hearing.

Council Member Kirby asked if revenue from the bed tax increase is included in the budget. Mr. Bacon responded, "yes".

Responding to a question from Council Member LeMarr, Mr. Bacon stated that the only budgeted capital projects were utility undergrounding for District 32, design of a municipal court building, computer replacement, and police vehicle replacement.

**Motion and vote** – Councilmember LeMarr moved to approve Resolution Number 1219. Councilmember Hamway seconded the motion which passed by a vote of 5-1.

<u>Council Member</u>	<u>Vote</u>
Barry	Yes
Clarke	Yes
Hamway	Yes
Kirby	No
LeMarr	Yes
Simpson	Yes
Parker	Not Present

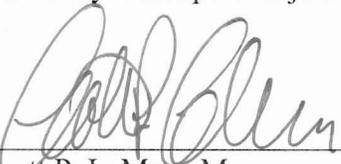
**Vice Mayor Simpson adjourned the special meeting.**

**Vice Mayor Simpson reconvened the regular meeting.**

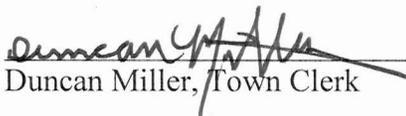
**ADJOURNMENT**

**Motion and vote** – Council Member LeMarr moved to adjourn. Vice Mayor Simpson seconded the motion which passed by a vote of 6-0

Vice Mayor Simpson adjourned the meeting at 7:10 p.m.

  
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Scott P. LeMarr, Mayor

ATTEST:

  
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Duncan Miller, Town Clerk