



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

JULY 9, 2010

CALL TO ORDER

Mayor LeMarr called to order the Town Council special workshop meeting of the Town of Paradise Valley, Arizona, held in the Vista Boardroom, Sanctuary Resort, 5700 E McDonald Dr., Paradise Valley on Friday, July 9, 2010 at 8:36 AM.

COUNCIL MEMBERS PRESENT

Mayor Scott P. LeMarr
Vice Mayor Mary Hamway
Council Member Michael Collins arrived at 8:47 a.m.
Council Member Paul E. Dembow
Council Member Pam Kirby
Council Member Vernon B. Parker arrived at 11:00 a.m.
Council Member Lisa Trueblood

STAFF MEMBERS PRESENT

Town Manager James C. Bacon, Jr.
Town Attorney Andrew Miller
Town Clerk Duncan Miller
Police Chief John Bennett

Discussion of Council Understanding on Interactions with the Public and Other Council Members

Mr. Bacon stated that two years ago the Council held a retreat in Sedona. One outcome from that meeting was a document called "Foundations for Success". The purpose of the Foundations for Success agreement is to establish ground rules and conditions under which the Paradise Valley Town Council and staff will operate. The agreement includes the following seven commitments:

1. Be forward focused or concentrate on things that will be important tomorrow
2. Strengthen communication among the Council
3. Develop an understanding of other members' interests and philosophies
4. Assume honorable intentions
5. Set behavioral expectations for other members

6. Set performance expectations for Town Attorney and Town Manager and contact them directly if there are concerns
7. Provide the Town Attorney and Town Manager with clear policy direction, prioritization, and professional respect

Mr. Bacon stressed that the Town Manager and Town Attorney are the primary contacts for the Council. Council should address concerns or questions directly to them instead of contacting staff directly. This will prevent confusion or duplication of effort among staff.

As a way to improve communication among Council Members, the Mayor offered to send a weekly report to the Council on meetings attended during the week. The attorney cautioned that other council members should not respond to the email in order to avoid potential open meeting violations.

Two additions to the foundation for success document were suggested:

1. Resolve to make difficult decisions and not defer them to a future time or future council
2. Recognize the importance of being focused during meetings. It was agreed that phones and mobile devices could be left on the table to monitor text messages for emergencies but it was agreed that members would not respond to text messages or answer calls during the meeting. Instead, breaks would be scheduled. It was also agreed that phones will be placed on "silent" instead of "vibrate" during meetings.

Mr. Bacon said the document would be updated to include the two new commitments and presented to Council for their signature in September.

Discussion of Ethics Procedures

Mr. Miller discussed the ethics policy and the proposed complaint procedure process. The Town's ethics policy is not strong on detail and does not address procedures for handling complaints of alleged violations.

He described the process for handling ethics complaints. He suggested that the procedures should be in writing. He provided a draft of the procedures for members to review and comment on the draft.

He discussed penalties or sanctions for violations of ethics policies. Some violations could be felonies which would be referred to an outside counsel. Finally, he suggested that the procedures would be placed on the Town website. He also said it was important to provide education for members of the Council as well as other public bodies. His specific policy recommendations included:

1. Adopt a written procedure for the processing ethics complaints

2. Have the procedures apply to all public bodies that have a high level of engagement with the public e.g. Board of Adjustment; Hillside committee, Planning Commission and the Town Council.
3. All complaints should be delivered to the Town Attorney and must be filed in a timely manner, e.g. within one year of the alleged ethics violation
4. Have the Town Attorney be the initial processor of complaints, and have the Attorney investigate those complaints where no conflict of interest precludes such, but hire independent investigators when conflicts of interest are likely to arise
5. Require a written report of the results of all investigations; with notification of the results provided to both the complainant and the public official subject to the complaint as well as to the Town Council
6. Sanctions for violations for bodies appointed by the Council should include removal from the public body of the official who has been found to have violated the ethics policy
7. Sanctions for Council Member violations should include formal censure
8. Regular training and discussion regarding the Town's Ethics Policy as well as legal rules applicable to public bodies such as conflicts of interest and open meeting laws should be scheduled

Council suggested that the written complaint must be first hand unless it involves a minor.

There was discussion about Council Members making a statement prior to votes stating that they had contact with the applicant but that they can make a fair and impartial decision. The Attorney was asked to develop some draft language for Council to discuss and consider at a future meeting.

It was agreed that Mr. Miller would finalize draft procedures and bring it back to Council for adoption by Resolution at a meeting in the Fall.

Discussion of Policy Planning Process

Mr. Bacon reminded Council that the Town's Mission-Vision-Goal statements and strategic initiatives drive the policy planning process. He demonstrated this by discussing the goals for 2010 and how they apply to the strategic initiatives. The goals included:

- Develop a process to update the Town's General Plan (Applies to Strategic Initiative #1)
- Identify and evaluate options related to the development or redevelopment of Mountain Shadows Resort (Applies to Strategic Initiative #1)
- Integrate telecommunications applications with emergency communication needs (Applies to Strategic Initiative #2)
- Develop a capital improvement plan for 2011-12, 2012-13, and 2013-14 (Applies to Strategic Initiative #3)
- Identify and evaluate options for long-term sustainable revenue sources (Applies to Strategic Initiative #4)

- Identify and institute organizational performance measures (Applies to Strategic Initiative #4)
- Complete and successfully implement the administrative reorganization initiative (Applies to Strategic Initiative #4)
- Update all Town documents for both flat land and hillside homes to reflect current alternative energy technical advances (Applies to Strategic Initiative #5)
- Assist the Council in establishing a long-term planning agenda
- Complete and successfully implement the employee performance management project

He said these goals are reflected in the Manager's and Attorney's annual performance review. In turn, these goals are filtered down through the organization in employee performance reviews.

Mr. Bacon said the Town's annual policy planning cycle includes a planning workshop in the summer, a budget policy workshop in December, establishment of goals for the Manager and Attorney in January, adoption of the budget in May, and performance reviews for Manager and Attorney in December. He recommended that policy planning cycle should be adopted formally and practiced throughout the year. There was Council agreement to schedule future budget policy workshops on the second Thursday in December and the policy planning workshop on the Friday after the second meeting in June.

There was also consensus to amend Strategic Initiative 4 to read "Conscientiously manage the Town's financial and human resources".

Discussion of Revenue Options

Mr. Bacon stated that the Town's revenue policy requires that operating budget revenues must meet all operating budget expenditures. However, there is no requirement to designate revenue sources for either debt service or capital improvements.

He said staff believes the Town needs \$2.5 million to \$3 million in additional revenues to adequately fund the current operating budget and provide ongoing funding for debt service and improvement projects. He suggested that the Town Council select additional revenue sources and adopt them by December 2010.

Council discussed the following revenue options:

- Sales Tax Rate Increase
- Bed Tax Rate Increase
- Repeal Franchise Fee Credits
- Primary/Secondary Property Taxes
- Real Estate Transfer Fee
- Fire District
- Fire & EMS Fee

Increase Sales Tax Rate

The Council could vote to increase the sales tax rate by amending the tax code. He offered four rate increase alternatives with the corresponding additional revenue that would be generated:

- Increase Sales Tax Rate by .35% (\$1.2M)
- Increase Sales Tax Rate by .60% (\$2.1M)
- Increase Sales Tax Rate by 1% (\$3.5M)
- Increase Sales Tax Rate by 1.1% (\$3.9M)

He said all options would still result in a lower check out rate than Scottsdale. There was Council interest in receiving more information about increasing the sales tax by either .35% or .60%. As part of the future discussion Council wanted more information on sunseting the tax increase to coincide with retirement of debt service on the fire stations.

Increase Bed Tax Rate

Increase bed tax rate by .60 would generate \$425,000 in revenue

Increase bed tax rate by 1.60% for \$1.1 million in revenue

There was no support to raise the Bed Tax.

Repeal Franchise Fee Credit

Repealing the franchise fee tax credit would generate \$645,000 from APS. This would require adopting a model option in the Model City Tax Code. This fee would be passed on to customers.

There was support to repeal the Franchise Fee Credit.

Primary and Secondary Property Tax

Mr. Bacon reported that the Town could generate \$920,000 a year with a primary property tax at \$0.10 per thousand dollars of assessed value and \$1.2 million a year with a secondary property tax at \$0.10 per thousand dollars of assessed value. He said only Paradise Valley and Carefree do not assess a property tax. He said Staff is not recommending a property tax because it is not consistent with Town's Financial Policy. He said property taxes are commonly used by cities and town to fund services but the Town has consciously chosen not to use it.

There was no support to impose a property tax.

Formation of a Fire District

Mr. Bacon stated that a fire district is a separate unit of government much like a school district. It elects its own board and issues debt funded through a secondary property tax.

There was no support to create a fire district.

Fire and EMS Fee

This revenue model would be similar to Rural/Metro subscription fees. In order to avoid the same problem with collections, the state legislature must adopt legislation granting municipalities the power to recover debt through property liens.

Council was interested in pursuing this option. Council asked for a breakdown in the number of times personnel from Fire Stations 1 and 2 were dispatched into Phoenix. They also asked for information on how much resorts in Scottsdale pay for fire service. Finally, they asked if the fee could be added to the County Assessors property tax bill as a special assessment.

Real Estate Transfer Fees

This revenue option is used in many other states but would require enabling state legislation. It would allow the Town to establish a fee every time a house was sold in Town. Mr. Bacon said it was unlikely that this would pass through the legislature.

There was no support for this option.

Summary

Council asked for additional staff work on the Fire and EMS fee, repeal of the franchise fee, and sales tax rate increase.

Council Members were asked to provide feedback to the Town Manager on their priorities for revenue generation.

Council Member Parker left the meeting at 12:45 p.m.

It was suggested that the work of the Visioning Committee could result in identification of Town structural, economic, and demographic changes that might affect future revenue. Additionally, ideas or a new consensus about other revenue generation options could be emerge.

Mr. Bacon stated that it is not realistic cut additional expenditures without reducing services levels.

Mr. Bacon announced that these options will be discussed during the second meeting in September with a decision by the end of the year.

Identification and Discussion of Future Agenda Topics

The Council made a list of goals they wanted to accomplish over the next two years. The list included:

- Adopt new sustainable revenue sources
- Revise Hillside Committee Membership & Responsibilities
- Construct Municipal Court Building
- Complete Construction of APS District 32

- Complete Design of APS District 6
- Trash Collection
- Seek Grant Funding and Install Solar Facilities at Municipal Complex
- Recreational Signage
- Develop a Legislative Agenda Process
- Mountain Shadows Redevelopment Area
- Urban Wildlife Refuge at Doubletree Ranch Road and Scottsdale Road
- Change Mayoral Term from 2 to 4 years
- Evaluate recreational transportation service (trolley)
- Complete General Plan
- Schedule Joint Sessions and Social Gatherings with Planning Commission to Improve Communication and Working Relationships
- Improve Right-of-Way Landscaping and View Corridors
- Improve Recreational Paths and Interconnection with Scottsdale and Phoenix
- Increase the number of press releases the Town prepares

There was Council consensus to prioritize the following topics: trash collection; ROW improvements; recreation paths; improve communication between Town Council / Planning Commission; and development of a legislative agenda. These priorities are in addition to the projects that have already been budgeted or scheduled for discussion in September.

Discussion of Meeting Schedule for the Balance of 2010

It was agreed that the Mayor and Manager would program these topics for future work sessions. There was discussion about whether fewer topics should be discussed during meetings but in greater detail versus multiple topics that are discussed briefly. In the latter case, members would have an opportunity to meet with the Manager to discuss the topics in greater detail. The Mayor and Manager pledged to find a compromise on the number and depth of work study topics.

ADJOURNMENT

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

Mayor LeMarr adjourned the meeting at 2:15 p.m.



Scott P. LeMarr, Mayor

ATTEST:



Duncan Miller, Town Clerk