



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

OCTOBER 21, 2010

CALL TO ORDER

Mayor LeMarr called to order the Town Council meeting of the Town of Paradise Valley, Arizona, held at Town Hall 6401 E. Lincoln Drive, on Thursday, October 21, 2010 at 4:00 PM.

COUNCIL MEMBERS PRESENT

Mayor Scott P. LeMarr
Vice Mayor Mary Hamway
Council Member Michael Collins
Council Member Paul E. Dembow
Council Member Pam Kirby
Council Member Vernon B. Parker
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
Public Works Director Andrew Cooper
Budget & Finance Director / Assistant Town Manager David Andrews
Community Development Director Eva Cutro
Town Engineer William C. Mead
Planner George Burton

Discussion of the Town's 50th Anniversary Celebration

Mr. Bacon announced that the Town will celebrate its 50th anniversary on May 24, 2011. The Historical Advisory Committee was given the responsibility of planning an appropriate celebration. He said the Committee presented its initial suggestions for an event at a work session on July 8, 2010. Based on that discussion and direction, the Committee developed a recommended budget of \$5,000 which will cover the cost of food entertainment, decorations, invitations, and production of a commemorative DVD.

He introduced Kathryn Kaufman, Chair of the Historical Advisory Committee and noted that Councilmember Dembow is the new Council liaison to the Committee.

Ms. Kaufman explained that the DVD would be an updated version of a video made in 1998 called "Another Kind of Paradise" and include excerpts from Interviews published in 2001. She said that the video would be made available on the Town's website.

There was discussion about moving the actual date of the celebration since it is the same night as Scottsdale Unified School District's graduation. The Committee was asked to consider alternative dates.

There was Council consensus that the Committee should plan to hold the event at the Town Complex with approximately 200 attendees, that \$5,000 was an acceptable budget, and that the draft script for the DVD was fine.

Discussion of Community Visioning & General Plan Update

Vice Mayor Hamway briefed the Council on the newly created Visioning Committee. She stated that the Committee was created for three reasons. First, the Town is will celebrate its 50th Anniversary in May 2011 and the Town should consider what actions were taken in the past to make Paradise Valley a special place to live. Second, the Town must update the General Plan by 2013 and it is necessary to develop shared vision value statements for inclusion in the Plan. Third, based on new census data, Paradise Valley is changing demographically and policies should be developed to respond to these changes.

She introduced Jan Dolan and Ed Gawf who will facilitate committee discussions. She stated that she and Lisa Trueblood will serve as co-chairs. She introduced the other members of the Committee:

Becky Bennett, Robert LeMarr, Steve Benson, Katie Lincoln, Rhett Butler, Russ Mosser
Melvin Comstock, Bruce Mowery, William Cook, Carl Munding, Francine Davids, Kathy
Murphy, Dennis Fennessey, Scott O'Connor, Larry Fink, Mary O'Hanlon, JayHeiler ,
Herschell Parent, Charles Herf, Bill Post, Pat Hurley, Jim Rose, Mary Kostrivas, Rachel
Sacco, Stan Levine, and Pam Ward

She summarized that the Committee will hold several meetings throughout the winter to discuss vision statements for the General Plan, develop a core values statement, develop a questionnaire, and prepare an executive summary. She said the Visioning Committee will complete its work by March of 2011.

Mr. Bacon stated that it is important to understand that the Visioning Committee and the General Plan Advisory Committee are interrelated. The Committee's work will dominate the Planning Commission's time for much of 2011. The goal is to have the General Plan completed in time to go on the March 2012 ballot.

Discussion of Public Safety Communications

Chief Bennett updated Council on the three-phase program to improve the Town's public safety communications system. He stated that improvements to the radio communications system are required for at least two reasons. First, following the 9/11 attacks, the Department of Homeland Security made it a priority for public safety agencies to achieve interoperability. Secondly, the intergovernmental agreement for fire and emergency services between the Town and the City of Phoenix requires the Town to provide radio transmitting and receiving equipment that covers most areas of the Town.

In 2007, the Council approved a plan to upgrade the public safety communications master plan in three phases. Phase 1 (equipment relocation) and Phase 2 (communications center renovation) were completed in November 2008 at a cost of \$855,741. Phase 3, which includes building an interoperable radio infrastructure, joining the Regional Wireless Cooperative (RWC), and purchasing new radio equipment for the police fleet, is in the planning stage.

He said Phase 3 calls for upgrading existing radio facilities on Mummy Mountain to achieve an acceptable service level to join the RWC. RWC is a valley-wide group of municipalities using their trunked, digital 700-800 Mhz radio systems in cooperation with each other. Currently, the radio repeater runs on solar and battery power. The new system would include installation of a power line. Additionally, mobile radios would be purchased for each police department vehicle. He recommended that Council consider this for capital improvement project funding for FY 2012 and FY 2013.

Responding to a question from Council regarding the possibility of utilizing the NewPath DAS network, Chief Bennett said the backup power is not sufficient for a public safety system. Additionally, such a solution would require installation of a 4-foot whip antenna on each cactus. Even so, there would still be blind spots in Town. Councilmember Collins stated that the Planning Commission reviewed a public safety use for the NewPath system but dismissed it as an option.

Responding to a question about the Phase 3 budget, Chief Bennett stated that the total cost would be approximately \$3.6 million. He recommended funding the Mummy Mountain site in FY 2011-12 and funding the radios in FY 12-13.

Council asked when the IGA with Phoenix requires the Town to provide interoperability. Chief Bennett responded that there is no deadline in the IGA and that Phoenix has been very patient with the Town. However, as Phoenix changes out their old radios with digital ones over the next couple years their vehicles will only be able to communicate with the digital RWC system and will not be able to communicate with the Paradise Valley Police Department.

Water Committee Update

Councilmember Kirby, Chair of the Water Utility Committee, introduced other former and current members of the Committee including: Town Engineer Bill Mead, Community Development Director Eva Cutro, resident Bill Plummer, Robert Hayes, Armitry Simon, and Robert Hobbs.

She noted that on October 26, 2010 at 1:00 p.m. the Committee would hold a special meeting to brief new Committeemembers and members of the public on the three water providers in Town. In addition there will be a tour of the AAWC Miller Road Water Treatment Facility. She assumed for the purposes of this presentation that everyone understood the issues associated with the TCE contamination of well PCX-1 and AAWC's plans to enter into an agreement with Scottsdale to treat their CAP water allocation and transfer it into their system.

She said the intention of the presentation was to respond to a letter sent to the Council by Mayor LeMarr and Vice Mayor Hamway regarding a meeting they had with Arizona-American Water Company (AAWC) President Paul Townsley. The letter proposed an alternate strategy to respond to AAWC's next rate increase application than the one recommended by the Water Utility Committee (Committee).

She said it is anticipated that AAWC will file a rate case with the Arizona Corporation Commission on October 25, 2010 proposing to increase rates in the Paradise Valley Water District between 15% and 22%. The effective date would be on or before December 1, 2011. AAWC is requesting the rate adjustment for the following reasons:

- declining residential water usage due to conservation is causing revenue to decline
- pre-approval of a treat and transport agreement with the City of Scottsdale which enables direct use of the Company's existing CAP allocation
- infrastructure replacement surcharge

The Town has already agreed to file as an intervener in the rate case. To prepare for the rate case, the Committee recommends retaining an engineering expert to evaluate alternatives to prevent or minimize the costs associated with the treat and transport agreement from being transferred to customers. This strategy would not impact the City of Scottsdale and would benefit all customers within the PV Water District. The letter from the Mayor and Vice Mayor suggests retaining a rate expert instead to attempt to influence which customer base bears the costs of delivery and treatment of water.

She provided a timeline of the Committee's work on this issue as well as data on declining residential water usage and increasing commercial usage during the time period. She also provided data on AAWC water capacity versus usage. She said a key question to ask is how much available capacity does AAWC need when usage is declining and can a simple blending solution address the low usage months? She suggested that the answers to these questions would be useful in challenging whether AAWC even needs additional capacity at this time. She said

the Town does not have the expertise to answer these questions which is why the Committee recommends retaining an engineering expert.

On October 6, 2010, the Committee approved the scope of work and identified consultants who will perform the work for less than \$25,000, which is within the Town Manager’s administrative authority. She said the main objective was to prevent or minimize the costs of the treat and transport agreement from being transferred to the customer.

She reviewed the following approved engineering scope of work approved by the committee.

Scope	Address Sustainability?	Use CAP?	Gallons of Groundwater saved per day	Cost
Understand Treat and Transport	NO	YES	3 million	\$1,700,000/yr
Understand the Long Term Agreement	YES	NO	3 million	?
Evaluate “Do Nothing”	NO	NO	0	Groundwater
Evaluate “Do Nothing + Recharge CAP”	YES	YES	3 million	minimal
Evaluate “Do Nothing + Recharge CAP + Recharge PCX1”	YES	YES	6 million	minimal
Evaluate redundant treatment alternatives for PCX1 to be implemented as growth necessitates Recharge CAP	YES, when used in conjunction with recharging CAP	YES	3 million	?

Alternatively, the Mayor LeMarr and Vice Mayor Hamway suggested that the treat and transport agreement is not necessary if AAWC refurbishes of Well 12, initiates an aggressive conservation program, and injects PCX1 into the aquifer. They advocated the following:

1. Immediately hire a rate analyst to work with the Water Committee to design a rate structure that is sensitive to our residents and resorts

2. In the next few weeks, the ACC will hear the consolidation case and we need to be prepared, if necessary, to submit a tiered rate structure that encourages conservation, but protects our residents and resorts from subsidizing other communities if consolidation is the recommendation.
3. Formally define a conservation program with goals that are measureable and can be presented to the ACC. For example, if the PVWD (Paradise Valley Water District) can cut consumption by 6% over the next two years, then make a recommendation that Treat and Transport be removed from the case.
4. Support plans for PCX1 to be recharged into the aquifer as soon as possible.
5. Question why the City of Scottsdale has refused to give a permit to AAWC to refurbish Well 12.

Councilmember Kirby responded:

1. Residential usage is declining; commercial usage is increasing. Recommendation is divisive between COS and the Town. Recommendation is divisive between Town commercial and Town residential. Additionally, resorts have historically been represented by their own legal counsel.
2. Rate Consolidation case has already been heard. Testimony has already been given. The Town formally opposed consolidation. We are simply waiting on the ALJ/ACC to give their recommended order. The current consolidated recommendation on the table has minimal impact to PV rates.
3. The “measureable goals” is simply water usage. We already have results to present to the ACC. We are implementing BMPS (as directed by the ACC). The results are real and speak for themselves.
4. Recharging PCX1 is a possibility. We also believe AAW’s CAP allocation can be recharged into the aquifer.
5. The Treat and Transport arrangement provides insight to this question.

There was general agreement that it is reasonable for AAWC to seek remedy to provide for excess capacity in the event of a well failure. What is not known is how much excess capacity is appropriate to maintain and how much time is reasonable before a well failure causes water outages?

There was Council discussion that the Town cannot stop the treat and transport agreement. The agreement has already been approved by the Scottsdale City Council. The purpose in retaining an engineering expert is to provide expert testimony to the Arizona Corporation Commission that the costs of the treat and transport agreement should not be passed on to the customers because AAWC did not evaluate other less-costly alternatives.

Responding to a question from the Council regarding the timeline, Ms. Kirby stated that AAWC will file its rate case next week but it is unlikely the Commission will schedule hearings on the

case until January after the elections. She said the plan is to hire the consultant and have a final report in January in time for the hearings.

Another concern raised by the Mayor and Vice Mayor is to eventual development of the Ritz-Carlton property. It was agreed that additional capacity will be required to serve that parcel. If AAWC is using the treat and transport agreement to provide that future capacity then perhaps a rate expert should be retained to consider rate alternatives that take into consideration future development. It was suggested that because this rate case will have a large impact on residents that the Town should retain a rate analyst to work concurrently with an engineer.

There was Council consensus to direct the Water Utility Committee to develop both a preemptive strategy by retaining an engineering consultant, and a reactive strategy by retaining a rate consultant.

Resident George Johnson suggested entering into a long-term deal with the City of Phoenix for water capacity.

Discussion of Legislative Agenda Process

Mr. Bacon stated that the Town has not had a coordinated intergovernmental relations program in the past. He said it was more important now than ever before to develop a legislative strategy to preserve local control and state shared revenues. Accordingly, he assigned Assistant Town Manager Andrews to develop an Intergovernmental Relations Program for the Town.

Mr. Andrews provided an overview of the program and discussed a draft legislative agenda for the 2011 State Legislative Session. He said the core functions of the program would be the following:

- Communicate at the regional, state, & federal levels of government
- Develop and maintain strong relations with regional leaders and various stakeholders
- Coordinate all relevant intergovernmental information and issues including the monitoring of bills and potential requests for legislation or appropriations
- Identify and strategize how to best position the Town for the future (regional leadership positions, equitable distribution of regional funding, identification of policy issues)
- Coordinate meetings, events, and correspondence

He discussed the following list of guiding principles:

- Preserve local funding - Protect state-shared revenues and municipal fees and oppose legislation that would increase costs to the Town
- Protect Local Authority - Support the retention and oppose preemption of local decision-making authority

He also recommended a list of priorities covering public safety, economic development, open space, water resources and energy. There was Council discussion about adding specificity to the water resources priority regarding conservation.

He recommended that the Town hold a legislative reception in December after the elections but before the session to meet with legislators and discuss the Town's priorities.

Mr. Bacon recommended that the Council adopt a legislative policy statement by resolution. This would make it easier for the Council and staff to provide a consistent message. Mr. Bacon stressed the important role the Mayor and Councilmembers play in advocating the Town's legislative agenda. He said legislators often give more deference to elected policy makers than they do to lobbyists.

There was Council consensus to bring back the Legislative policy statement for adoption. They asked for a copy of the Arizona League of Cities and Towns' legislative policy document. Further, they asked staff to prepare bill summaries and updates during the legislative session.

Motion and vote – Councilmember Kirby moved to go into executive session at 6:48 p.m. Vice Mayor Hamway seconded the motion which passed by a vote of 7-0.

EXECUTIVE SESSION

- a. Discussion and consultation with Town representatives regarding **sale or lease of property in the vicinity of Scottsdale Road and Doubletree Ranch Road** as authorized by A.R.S. §38-431.03.A.7 and legal advice from Town Attorney as authorized by A.R.S. §38-431.03.A.3.
- b. Legal advice from Attorney **regarding Town Ordinances regarding code violations** as authorized by A.R.S. §38-431.03.A.3. Discussion and consultation with Attorney regarding pending or threatened claims and litigation related to **potential code violations in the vicinity of Lincoln Drive and 56th Street** as authorized by A.R.S. §38-431.03.A.4.
- c. Legal advice from Town Attorney regarding **water rate cases** as authorized by A.R.S. §38-431.03.A.3 and discussion and consultation with Attorney regarding potential or threatened litigation regarding **Arizona-American Water Company Notice of Intent to file a new Rate Case** as authorized by A.R.S. §38-431.03.A.4

RECONVENE FOR REGULAR BUSINESS MEETING

CALL TO ORDER

Mayor LeMarr reconvened the meeting of the Town Council at 7:16 P.M.

COUNCIL MEMBERS PRESENT

Mayor Scott P. LeMarr

Vice Mayor Mary Hamway

Council Member Michael Collins

Council Member Paul E. Dembow

Council Member Pam Kirby

Council Member Vernon B. Parker

Council Member Lisa Trueblood

STAFF MEMBERS PRESENT

Town Manager James C. Bacon., Jr

Town Attorney Andrew Miller

Town Clerk Duncan Miller

Public Works Director Andrew Cooper, Jr.

Community Development Director Eva Cutro

Budget & Finance Director David Andrews

Accounting Services Manager Lenore Lancaster

PLEDGE OF ALLEGIANCE

Mayor LeMarr led the Pledge of Allegiance.

PRESENTATIONS

There were no presentations.

CALL TO THE PUBLIC

There were no public comments.

MAYOR / COUNCIL / MANAGER REPORT

There were no reports.

CONSENT AGENDA

- a. Minutes of Town Council Meeting September 16, 2010**
- b. Minutes of Town Council Special Meeting September 28, 2010**
- c. Minutes of Town Council Special Meeting September 30, 2010**
- d. Minutes of Town Council Special Meeting October 7, 2010**
- e. Approval of Special Event Liquor License for Unitarian Universalist Congregation of Phoenix**
Recommendation: Approve the Special Event Liquor License for the Unitarian Universalist Congregation of Phoenix located at 4027 E. Lincoln Drive, 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; and Section 10-7 Control of Excess Noise be observed.
- f. Authorization of Town Participation in and Administrative Support for the Town of Paradise Valley Sixth Annual Classic Car Show**
Recommendation: Authorize Town participation in and administrative support for the Town of Paradise Valley 6th Annual Classic Car Show to be held on Saturday, November 13, 2010.
- g. Confirmation of Water Utility Committee Chair**
Recommendation: Confirm the selection of Pam Kirby to serve as Chair of the Water Utility Committee for a Two-Year Term.
- h. Confirmation of Planning Commission Chair**
Recommendation: Confirm Maria Syms as Chair of the Planning Commission for a One-Year Term.
- i. Award of Construction Contract for Underground Utility Conversion District 32**
Recommendation: Authorize the Town Manager to enter into a contract with Doublejack, Inc. for the installation of underground conduits, pull boxes and equipment pads for Underground Conversion District 32 in the amount of \$349,770.

Mr. Bacon summarized the items on the Consent Agenda.

Motion and vote – Councilmember Parker moved to approve the Consent Agenda as submitted. Councilmember Dembow seconded the motion which passed by a vote of 7 – 0.

PUBLIC HEARINGS

Consideration of Adoption of Resolution Number 1226 Amending the Fee Schedule Regarding Sewer Utility Fees

Ms. Lancaster stated that the Town last increased sewer rates in December 2009. The Town's financial policies are designed to ensure that the wastewater rate structure is adequate for the Wastewater Utility Fund to remain separately self-supporting and not subsidized by the Town's operating funds.

She said the proposal is to increase the minimum rate and the variable rate by 2% for both residential and non-residential customers effective December 1, 2010. The average residential rate would be \$76.91.

Mayor LeMarr opened the public hearing. There were no public comments.
Mayor LeMarr closed the public hearing.

Motion and vote – Vice Mayor Hamway moved to adopt Resolution Number 1226. Councilmember Kirby seconded the motion which passed by a vote of 7 – 0.

ACTION ITEMS

Adoption of Ordinance Number 629 Amending Chapter 2 of the Town Code Regarding Hillside Building Committee Membership

Councilmember Collins noted two minor amendments that had been made since Council last discussed the ordinance. On Page 1, Line 32 the words "Town Council" were deleted and on line 39 the words "during each one year interval" were deleted. The changes would allow a member of the Council to serve on the Hillside Building Committee should a Councilmember wish to serve or should a future Council feel it is appropriate for a Councilmember to serve.

Motion and vote - Councilmember Collins moved to adopt Ordinance Number 629. Councilmember Parker seconded the motion which passed by a vote of 7 – 0.

Approval of Appointments to the Arts Advisory Committee, Hillside Building Committee, and Mary Ann Brines Exceptional Performance Award Committee

There was no discussion.

Motion and vote – Councilmember Collins moved to make the following appointments:

- Janie Russo to fill an unexpired term on Arts Advisory Committee ending October 2011

- Linda Thompson to the Mary Ann Brines Committee for the term ending October 2013
- Vernon B. Parker to be the Council Liaison to the Mary Ann Brines Committee
- John Meunier to a one-year term on the Hillside Building Committee
- Pat Hurley to a two-year term on the Hillside Building Committee

Vice Mayor Hamway seconded the motion which passed by a vote of 7 – 0.

Adoption of Resolution Number 1227 Establishing the Visioning Committee and Appointment of Members

Councilmember Kirby asked if there was still an opportunity for residents to be appointed to the Visioning Committee after tonight either as additional members or replacement members for those who drop out. Vice Mayor Hamway responded that the membership list is set and no other appointments would be made.

There was no further discussion.

Motion and vote - Vice Mayor Hamway moved to adopt Resolution Number 1227. Councilmember Trueblood seconded the motion which passed by a vote of 7 – 0.

Adoption of Resolution Number 1228 Establishing the General Plan Advisory Committee and Appointment of Members

There was no discussion.

Motion and vote – Vice Mayor Hamway moved to adopt Resolution Number 1228. Councilmember Collins seconded the motion which passed by a vote of 7 – 0.

ADJOURNMENT

Motion and vote – Vice Mayor Hamway moved to adjourn. Council Member Trueblood seconded the motion which passed by a vote of 7-0.

Mayor LeMarr adjourned the meeting at 7:38 p.m.



Scott P. LeMarr, Mayor

ATTEST:



Duncan Miller, Town Clerk