



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

NOVEMBER 18, 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, November 18, 2010 at 3:30 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 arrived at 3:50 p.m.
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
Budget & Finance Director David Andrews
Community Development Director Eva Cutro
Planner George Burton
Police Chief John Bennett
Human Resources Manager Jinnett Hancock

Tree Planting Ceremony

The Council planted an indigenous tree at the Town Hall Complex in honor of National Arbor Day. Planting a tree is necessary for the Town to be eligible for the Tree City USA designation. The Town has been recognized as a Tree City since 1997.

General Plan Update

Councilmember Collins updated the Council on the work of the General Plan Advisory Committee (GPAC) which met for the first time on November 16, 2010. GPAC is made up of residents John Meunier, Linda Peterson-Warren, and David Sherf; Planning Commissioners Rick Mahrle, Dolf Strom, and Louis Werner; and Councilmembers Mary Hamway, Paul Dembow, and Michael Collins who chairs the Committee.

He stated that the General Plan is the primary tool for guiding the future of the town in its efforts to enhance a livable and sustainable built environment that is sensitive to issues which impact the people who live, learn, work, and play in Paradise Valley. He said the General Plan also provides a guide for making choices about day to day decisions about resort redevelopment, transportation, neighborhood improvement, housing, and service delivery.

Ms. Cutro stated that the Town's first General Plan was adopted in 1980 and included 2 elements – land use and transportation. In 1997, the second General Plan was adopted with 3 elements – land use, circulation, and conservation. Both plans were written by citizens, commissioners, and staff and approved by the Town Council. In 2003, following state Growing Smarter Legislation, the Town adopted a Plan with 7 elements – water resources, growth areas, cost of development, environmental planning, land use, circulation, and conservation. The plan was written by consultants with input from the Planning Commission, citizens, and staff. It was approved by Council and ratified by the voters. An update is required every 10 years.

The 2012 Plan will include most of the elements from the 2003 Plan with the addition of “housing types” which identifies existing housing types and development standards and designates new housing alternatives. Secondly, “Community Character and Urban Design” will take into consideration the character of any new or redeveloped areas so that they are compatible and integrate with the surrounding community.

Councilmember Collins explained that the General Plan development process will involve the Visioning Committee, Town residents, the Planning Commission, and the Town Council working collectively. He anticipated that GPAC will work on the General Plan through May of 2011 and hand it off to the Planning Commission in June. The Planning Commission should complete its work by September 2011 so that the Council can vote on the Plan and call a Special Election by the middle of November 2011. The ratification election is scheduled for March of 2012.

He concluded by announcing that the first GPAC meeting went well. He said there is a good mix with members. He anticipated that there will be good cross communication between Visioning, GPAC, and the Commission. He noted that Ed Gawf, who was hired by the Town to provide consulting services for the Visioning Committee, may be brought on to help GPAC.

Discussion of Town Finances

Mr. Bacon stated that this meeting constitutes the first in a series of meetings devoted to developing the Fiscal Year 2011-2012 budget. He said this meeting would focus on the 2009 Financial Audit, FY 2011 first quarter financial report, revenue options update, and draft 5-year capital improvement program. He said the report shows that revenue continues to decline and it is projected that the decline will continue into the next fiscal year.

Fiscal Year 2009-2010 Audit Results

Mr. Andrews announced that the independent auditor's report found that the financial statements fairly present the Town's financial position. It was a clean audit with no management letter findings. In terms of budget to actual performance he said the General Fund revenues were under budget by \$107,000 and expenditures were under budget by \$1,267,000. The combined General Fund, HURF, and Capital Projects fund balance decreased by \$4,150,495 in FY 2010 ending on June 30 at \$19,117,658. He said a little over \$5 million was transferred to debt service. The debt services fund balance at June 30 was \$6,314,000.

Mr. Bacon stated in the past four years, the Town has spent \$14 million from the fund balance. He noted in past years the funds were spent on actual projects, but this year funds were transferred out of the fund balance to provide a "sinking fund" for debt service.

First Quarter Financial Report

Mr. Andrews reported that seasonally adjusted revenues for the first quarter were \$3,333,000 which is \$125,000 under budget. Revenues are estimated to be \$131,000 under budget at fiscal year end. Resort sales and bed taxes are over budget but construction sales taxes and state shared revenue are below budget. He noted that the year-end revenue estimate includes a positive variance of \$287,000 from unbudgeted revenue sources for the AT&T hub site and NewPath.

He said seasonally adjusted expenditures for the first quarter were \$3,668,000 or \$161,000 under budget. He stated expenditures were estimated to be \$347,000 under budget at fiscal year end. The Phoenix fire IGA, photo enforcement fees and the operating contingency were all under budget. In summary, revenues for the first quarter were weaker than expected. Lower revenue was offset by expenditure reductions. This quarter's financial performance was similar to first quarter performance last year.

Mr. Bacon added that the Town did a much better job at shrinking variances in departmental budget versus actual expenses. Moreover, departments were directed to transfer money within their own budget to cover budget overruns before funds were transferred from the operating contingency.

He explained that the Town Financial Policy requires that the operating contingency is not less than 1% but not more than 3% of the operating budget. This is different from the \$3 million emergency contingency which is money budgeted to pay for unanticipated one-time

emergencies. This fund is necessary since the constitutional expenditure limitation prohibits cities from spending more than what was budgeted.

Responding to a question from the Council, Mr. Bacon stated that the Town's debt service is fully funded but it is funded using the fund balance, not from a revenue source.

Council asked what accounted for the positive variance on the Phoenix Fire IGA. Mr. Bacon answered that the Town pays Phoenix on a quarterly basis. When the budget was developed the Town did not know what the labor costs would be. The fire union agreed to a two-year wage agreement that was less than what the Town had estimated.

Updated Revenue Options

Mr. Bacon stated that following the July budget meeting, the Council narrowed the potential new revenue options down to two: sales tax rate increase of 0.6% and establishment of a fire service fee.

The proposed sales tax rate would be 2.25%, which is the statewide average. It would be effective July 1, 2011. It is anticipated that it would generate approximately \$2.1 million annually. The rate would still be below Scottsdale's tax rate. Because of a new state law that requires 60-day notice prior to a hearing to raise taxes or fees, the Town advertised a hearing on December 16 to increase the sales tax.

The second option would be a Fire Services Fee. Development of the fee depends on which expenditures the Council wishes to fund. The fee could be used to pay for Phoenix Fire IGA expenses, administrative costs to collect the fee, all or part of debt service, or some combination of these.

He said the Town reviewed expenditures and identified three rate structure methodologies:

- Flat fee per household or business
- By square footage in tiers
- Replicate Rural/Metro model
- Or develop a mix of flat fee for residential and square footage for commercial

He stated, if the Council selected the flat fee, property owners would pay approximately \$371 per year to cover IGA operating expenses, and/or \$178 per year to cover debt service, and/or \$73 per year to cover debt service for public safety communications.

Council asked for a list of expenditure reduction options prior to making a decision on revenue increases. They also asked for a high level analysis of the pros and cons of each option for the December 9 budget meeting.

Five-Year Capital Improvement Program

Mr. Bacon presented three capital project funding options: less than \$2 million annually; more than \$2 million but less than \$3.5 million annually; and greater than \$3.5 million annually. He noted that no funding is currently available for any of the options.

He said there are 18 projects programmed over 5 years excluding capital equipment like police cars and computer equipment. It also excludes major projects such as the Berneil Channel and Doubletree Ranch Road reconstruction. He said the Public Safety Communications system could be debt financed, split between two fiscal years, or folded into the proposed Fire Service Fee.

He said Council will be asked to rate project priorities at the budget meeting on December 9.

Motion and vote – Council Kirby moved to go into executive session at 5:30 p.m. Councilmember Dembow seconded the motion which passed by a vote of 7-0.

EXECUTIVE SESSION

Legal advice from Town Attorney regarding **bond covenants** as authorized by A.R.S. §38-431.03.A.3.

RECONVENE FOR REGULAR BUSINESS MEETING

CALL TO ORDER

Mayor LeMarr reconvened the meeting of the Town Council at 6:00 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 departed at 6:15
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
Budget & Finance Director/Assistant Town Manager David Andrews
Public Works Director Andrew Cooper, Jr.
Community Development Director Eva Cutro
Plans Examiner/Deputy Fire Marshal Russ Louman

PLEDGE OF ALLEGIANCE

Councilmember Parker led the Pledge of Allegiance.

PRESENTATIONS

Recognition of Dave McGary

The Council recognized local artist Dave McGary for exhibiting his bronze sculptures in Town Hall from October 2009 through September 2010. Mayor LeMarr presented Mr. McGary with a certificate of recognition and a gift from the Town.

Recognition of Officers Greg Smith, Don Blume, and Kevin Albert

The Council recognized three Paradise Valley Police Officers for their meritorious achievements. Officer Don Blume was recognized for his promotion to Sergeant effective October 31, 2010. Sgt Blume had been assigned to the canine unit. Police Dog Abbot was retired after 8 years of service.

Officer Greg Smith was recognized for being awarded the “Looking Beyond the License Plate” Honorable Mention Award by the International Chiefs of Police Association. He was the first Paradise Valley Officer to receive the award. He was nominated for his actions which ultimately lead to the arrest of suspects wanted in a series of home invasions.

Officer Kevin Albert was recognized for being awarded the Elks Club Officer of the Year. In his off duty time he is the Special Olympics Law Enforcement Torch Run State Director. Chief Bennett announced that on December 3 and December 11 from 5 pm to 9 pm officers from Paradise Valley will be participating in a “Tip a Cop” event at El Charro to benefit the Special Olympics.

CALL TO THE PUBLIC

There were no public comments.

MAYOR / COUNCIL / MANAGER REPORT

Councilmember Dembow announced that the Historical Advisory Committee selected two alternative dates for the Town's 50th Anniversary Celebration. The dates were April 30 and May 14. Additionally, the Committee selected Camelback Inn and Kiva Elementary School Athletic Field as two possible venues for the event.

Vice Mayor Hamway thanked Councilmembers Collins and Trueblood for their attendance at the first Visioning Committee meeting. She reported that there was a tremendous turnout. The meeting was productive and gave members an opportunity to provide quality feedback on General Plan Elements. She invited Councilmembers to attend future meetings.

CONSENT AGENDA

- a. Minutes of Town Council Meeting November 4, 2010**
- b. Cancel December 2, 2010 Regular Meeting**
- c. Approval of Resolution Number 1229 Adopting the 2011 State and Federal Legislative Agenda**
Recommendation: Adopt Resolution Number 1229.
- d. Award of Contract for Purchase and Installation of HVAC System**
Recommendation: Award the contract for twelve HVAC replacements on the Public Safety and Public Works buildings to the lowest bidders as part of the Town's Energy and Efficiency Conservation Block Grant.

Mr. Bacon summarized the items on the Consent Agenda.

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

PUBLIC HEARINGS

There were no public hearings.

ACTION ITEMS**Adoption of Ordinance Number 626, Amending Chapter 13 by Adding Article 13-3
Fireworks**

Plans Examiner/Deputy Fire Marshal Russ Louman presented proposed Ordinance Number 626. He said effective December 1 a new state law will allow the sale of commercial fireworks to people over the age of 16. The law also allows cities the option to prohibit the use of fireworks with its jurisdiction.

Mr. Louman stated that, unlike in many parts of the country where rain is common, Arizona's desert environment presents unique fire dangers. Accordingly, many cities and towns have, or will, adopt an ordinance prohibiting the use of fireworks. These cities include Phoenix, Scottsdale, and Tempe.

He stated that the proposed ordinance would do the following:

- State that the desert environment of Paradise Valley has unique fire risks.
- Prohibit the use of consumer fireworks within the town.
- Prohibit the sale of consumer fireworks by anyone under 16 years of age.
- Require signage at the Point of Sale to explain the prohibition of their use within the Town and to require that the purchaser be at least 16 years of age.
- Create a liability for expenses for emergency responders if convicted of a violation of the ordinance. Hopefully this will act as a deterrent.

Responding to a question from Council, Mr. Louman stated that the Town's proposed ordinance is identical to the ordinances adopted by the surrounding communities.

Council asked if Police overtime would be necessary to enforce this ordinance. Mr. Bacon responded that the Town would operate normal staffing levels.

There was Council discussion about where fireworks would be used if they were prohibited in all the surrounding cities. Mr. Miller stated that the state law does not cover counties. It is possible for people to purchase fireworks and set them off on county land. There was concern that if the ordinance was not adopted the Town would become a haven for those wishing to set off fireworks.

Mr. Miller stated that a Councilmember expressed concern during the work session regarding the personal liability provision in the ordinance. It was felt that the provision was too punitive. He explained that the Town could adopt a provision similar to what is in state law for recovery of emergency response expenses which exempts ambulance costs. (ARS 13-1709)

Councilmember Parker departed at 6:16 p.m.

Motion – Councilmember Trueblood moved to adopt Ordinance Number 626 with the modification to Section 13-3-7(B) regarding “liability for emergency response” to provide that the following additional sentence be added: “The emergency response charges shall not include charges assessed by an ambulance service that is regulated pursuant to Title 36, Chapter 21.1, Article 2.” Councilmember Collins seconded the motion.

Councilmember Dembow stated that matches and cigarettes start more fires than fireworks. He suggested that the Town wait and see if fireworks usage is a problem before adopting a ban.

Vice Mayor Hamway stated that noise is a common resident complaint. If fireworks are not prohibited noise levels would increase along with the fire danger. She also suggested that once you allow something it is very difficult to regulate it late.

Councilmember Trueblood stated that Paradise Valley might become a magnet for fireworks if surrounding cities prohibit them and the Town does not.

Vote – 4 – 2 (adopted but without emergency clause)

<u>Aye</u>	<u>No</u>	<u>Not Present</u>
Hamway	LeMarr	Parker
Collins	Dembow	
Kirby		
Trueblood		

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 6:36 p.m.



Scott P. LeMarr, Mayor

ATTEST:



Duncan Miller, Town Clerk