

**TOWN OF PARADISE VALLEY
MINUTES
TOWN COUNCIL WORK STUDY SESSION
MAY 6, 2007**

CALL TO ORDER

A work-study session of the Town Council of the Town of Paradise Valley, Arizona, was called to order by Mayor Winkler at 3:02 p.m. on Tuesday, May 6, 2008, in the Public Safety Auditorium, 6433 East Lincoln Drive, Paradise Valley, Arizona, 85253.

COUNCIL MEMBERS PRESENT

Mayor Ed Winkler
Vice Mayor Scott LeMarr
Council Member Ron Clarke
Council Member Brian Cooney
Council Member Mary Hamway
Council Member Dan Schweiker
Council Member Virginia "Jini" Simpson
Council Member Elect Pam Kirby
Council Member Elect Vernon Parker

STAFF MEMBERS PRESENT

Town Manager James C. Bacon, Jr.
Town Attorney Andrew Miller
Town Clerk Duncan Miller
Management Services Director Lenore Lancaster
Town Engineer William C. Mead
Police Chief John D. Wintersteen
Assistant Police Chief Larry Scott
Police Lieutenant Alan Laitsch
Public Works Director Andrew Cooper
Streets Superintendent Brent Skoglund
Planning & Building Director Eva Cutro
Accounting Supervisor Karen Gregoire
Human Resources Manager Jinnett Hancock
Information Technology Manager Carl Hollish
Human Resources Manager Jinnett Hancock
Executive Assistant Natalie Montenegro

WORK STUDY SESSION ITEMS

Mr. Bacon stated that the Budget Work Study Session would include an update on the five-year financial forecast, a discussion of open budget issues, and finally a review of the fiscal

year 2008-09 budget by department.

Five-Year Financial Forecast

Ms. Lancaster stated that the five-year financial forecast is in full compliance with the state expenditure limitation but expenditures do not comply with the Town Council policy on maintaining a reserve equal to one-year for Fiscal Year 2012 and Fiscal Year 2013. She explained that the forecasted revenues are conservative but does account for new resorts coming on line.

Open Budget Issues

The first open budget issue was the employee pay plan. Mr. Bacon stated that a Council Committee met to discuss employee compensation with the goals of transitioning away from annual police retention bonuses and moving toward a pay for performance system for all employees. Mr. Bacon proposed a 3.6% range adjustment with no blanket salary increase. The percentage was based on actual market data for calendar year 2007 from the Town's benchmark cities. All employees would be eligible for merit increase up to the maximum salary range. If the employee was at the top of the range, the employee would receive a one-time cash payment for the amount over the maximum. He proposed a one-time payment of \$3,000 to employees July 1 with a commitment that the committee would further refine the employee pay plan during FY 2009 including review of internal relationships. There was no consensus on the proposal. The Council directed that funds be budgeted to implement the proposal, but directed the committee to meet again to reconsider alternatives.

The second budget issue was insurance benefits. Ms. Hancock stated that the renewal rate increase for United Health Care will be a maximum of 9.6%. It is likely that the renewal rate will be less because other rate design options will be offered which will lower costs. There will be no increase in Delta Dental fees and Standard Insurance will only see a slight increase. The employee committee reviewing insurance renewals will also recommend to Council the authorization of two volunteer benefit programs including a vision program and AFLAC.

The third budget issue was fire service. The Town is still working with the City of Phoenix on budget numbers for personnel. Phoenix will set up separate cost center for the two stations in Paradise Valley.

The fourth budget issue was the police radio system. Chief Wintersteen stated that a radio system updated would be provided at the next Council work session. He said \$936,000 was budgeted for phases 1 & 2 this fiscal year. The FY 2009 budget for Phase 3 is \$194,000 to purchase mobile radios.

Budget Review

Next, the Council reviewed the proposed Fiscal Year 2008-2009 Budget by department. Ms. Lancaster described the enhanced services and special projects for each department. The Council gave special attention to the street maintenance budget. The Council directed that if bids come in over budget, the maintenance schedule should not be delayed. Rather staff should bring the matter back to Council to authorize additional funding. Conversely, if bids come in under budget, the number of streets repaired should be increased to exhaust the funds budgeted.

Regarding fire department budget, the Council directed Staff to closely scrutinize fire service expenses.

Finally, a councilmember suggested that \$30,000 be included in the budget for a water conservation incentive program to be considered by Council in the coming months.

Mayor Winkler adjourned the meeting at 5:30 p.m.



Ed Winkler, Mayor

ATTEST:



Duncan Milley, Town Clerk