



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

**SUMMARIZED BUDGET MEETING MINUTES
APRIL 28, 2009**

CALL TO ORDER

Mayor Parker called to order the Town Council meeting of the Town of Paradise Valley, Arizona, held at Town Hall 6401 E. Lincoln Drive, on Thursday, April 28, 2009 at 1:30 PM.

COUNCIL MEMBERS PRESENT

Mayor Vernon B. Parker
Vice Mayor Ron Clarke
Council Member Brian Cooney arrived at 1:35 p.m.
Council Member Mary Hamway
Council Member Pam Kirby
Council Member Scott LeMarr arrived at 1:38 p.m.
Council Member Virginia "Jini" Simpson arrived at 1:35 p.m.

STAFF MEMBERS PRESENT

Town Manager James C. Bacon, Jr.
Town Manager Andrew M. Miller
Management Services Director Lenore P. Lancaster
Town Clerk Duncan Miller
Town Engineer William Mead
Planning & Building Director Eva Cutro
Public Works Director Andrew Cooper, Jr.
Chief of Police John Bennett
Assistant Police Chief Larry Scott
Human Resources Manager Jinnett Hancock
Public Safety Director John D. Wintersteen
Streets Superintendent Brent Skoglund
Court Services Manager Elsa Lynch

WORK/STUDY SESSION**Fiscal Year 2009 – 2010 Recommended Budget**

Mr. Bacon presented his 2009 – 2010 Budget recommendations. He said the budget follows the direction given by Council at its August 4 and December 10 budget policy meetings. The recommended budget implements the new financial policies, uses revenue estimates based on Town Council feedback, minimizes impact on community services, and presents information in a “user-friendly” format.

Pursuant to the new financial policies this budget provides for reserves equal to 110% of operating expenses. Additionally, it creates an operating expenses contingency equal to 1.9% of General Fund and HURF expenses or \$309,585. Finally an “emergency” contingency of \$3 million is provided.

He said General Fund Revenues are forecasted to be \$16.3 million in FY 2009-2010. This is 25.7% lower than current budget. Franchise fees are the only revenue source that is expected to be higher. All other revenues sources are expected to be lower: local sales tax, permit revenues, bed tax, and intergovernmental.

He said the recommended budget seeks to minimize the effects of revenue reductions on the community in three ways: it reduces staff salary and benefit costs; reduces contracted services; and uses reserves to finance capital projects. Specifically, the budget calls for 15 fewer authorized positions, it eliminates the annual market adjustment, and eliminates merit increases. Regarding outside professional services he stated that contracts for public information, legislative affairs, median maintenance, and slurry seal have all been eliminated. The budget for human services was reduced 20%. However, funding for custodial services, fire service, and the Scottsdale Convention and Visitors Bureau remain unchanged.

The Council then reviewed revenue in detail.

Mr. Bacon said the projected sales and use tax revenue for 2009 is \$7,620,066 and the 2010 budget is \$5,307,594. Projected bed tax revenue for 2009 is \$2,056,407 and the budgeted amount for 2010 is \$2,104,012. He said the numbers reflect a trending down and is a realistic number given current economic factors. He said the nearly 26% budget revenue drop is consistent with prior Council discussions. He added, given this budget, it would still be possible for the Town to offer the same services. However, a further reduction in revenue might require service cuts.

There was Council discussion about contingencies for lower than expected revenue. Mr. Bacon responded that the first level of defense is the \$309,000 operating contingency. The second line

of defense would be for the Council to change its policy with regard to maintaining reserves of at least 110% of operating expenses.

The Council also discussed the possibility of losing intergovernmental revenues if the state does not have the revenue to make the disbursements.

There was Council concern that the budgeted revenues were too optimistic. They felt it was prudent to wait for a report on third quarter revenue prior to approving the Tentative Budget. It was the Council's preference to push the tentative budget adoption back to take advantage of another months worth of revenue data. Accordingly, it was agreed that Council would receive an update on third quarter budget numbers on May 14 and consider the Tentative Budget on May 28.

The Mayor called a recess. The Mayor reconvened the meeting at 3:15 p.m.

The Council then considered each department budget in detail.

The Council discussed the Non-Departmental budget, specifically funding for the Convention and Visitors Bureau. There was discussion regarding the fairness of not cutting CVB funding if other programs and services are being cut. There was consensus that the CVB provides a valuable service but it cannot be determined if an increase in CVB funding would generate an increase in bed tax revenue.

There was direction to reduce CVB funding to \$525,000 plus the \$75,000 for Fiesta Bowl funding and move \$100,000 to the operating contingency. This level of funding would be consistent with contributing 25% of the bed tax revenue. The Council agreed to revisit revenue projections mid-budget year. Once more is known the Council could approve additional funding for CVB.

Council discussed the Sustainability program, specifically the turf removal fund. The Council adopted a resolution appropriating \$30,000 this year and next year. Only \$5,000 has been spent this year. It was agreed that the remaining funding for this year and next year would be eliminated.

Vice Mayor Clarke left the meeting at 3:47 p.m.

Mr. Bacon reviewed the budgets for Mayor & Council, Town Manager, Town Attorney, Municipal Court, Police, Fire, Public Works, Planning & Building, Engineering, and Management Services. He focused on eliminated positions, budget savings, and any other significant changes.

He noted that the Town has made a significant investment in streets this year. Approximately 25% of streets were resurfaced this year. The majority of Town streets have been resurfaced

within 10 years or less. He estimated that it would cost approximately \$1 million to resurface all remaining roads 10 or more years old.

Mr. Bacon stated that the Public Works Department eliminated the fleet technician position and moved a code compliance officer to Planning & Building Department. He said a case could be made to add an additional street technician to handle median maintenance duties, but due to revenue concerns no position was added. Council asked if employees have the proper training and equipment to adequately maintain the medians at the same level as currently provided by the outside contractor. Mr. Cooper responded that the public works technicians are certified.

There was discussion about the Alarm Monitoring service which was being transferred from the Police Department to the Management Services Department. Mr. Bacon stated that Council will discuss the service at a future work session. At that time, the Council will give direction whether to eliminate the service, maintain current market share, or increase market share. Mr. Bacon recommended that the Alarm Fund balance be designated as a revenue source for future capital projects, should the Council decide to continue the service.

There was Council discussion regarding how to fund debt service and capital projects in the future. Mr. Bacon said Council agreed at the budget policy retreat to fund debt service and capital projects out of the fund balance. Concurrently, however, the Town has attempted to minimize the difference between the budget and actual revenue and expenditures for each line item. The more successful the Town is at achieving that goal, the less money will be transferred into the fund balance to be used for future capital projects. As a result the Town will need to identify revenue sources starting in FY 2011 to fund capital projects and debt service.

Councilmember LeMarr left the meeting at 5:30 p.m.

Mr. Bacon stated that the debt service budget assumes no refunding of existing capital leases and MPC debt. However, in all likelihood, the bonds will be refinanced and the Town will realized \$500,000 in savings in FY 2009-2010.

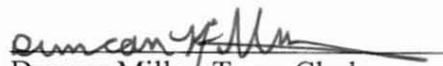
ADJOURNMENT

Mayor Parker adjourned the meeting at 5:43 p.m.



Vernon B. Parker, Mayor

ATTEST:



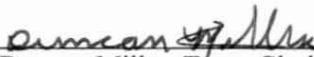
Duncan Miller, Town Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the regular meeting of the Paradise Valley Town Council held on then 28th day April 2009. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 19 day of May, 2009.





Duncan Miller, Town Clerk