



TOWN COUNCIL MEETING
6401 E. LINCOLN DRIVE
PARADISE VALLEY, ARIZONA 85253
SUMMARIZED MINUTES
NOVEMBER 19, 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, November 19, 2009 at 3:00 PM.

COUNCIL MEMBERS PRESENT

Mayor Vernon B. Parker
Council Member Bernie Barry arrived at 3:07 p.m.
Council Member Ron Clarke
Council Member Mary Hamway
Council Member Pam Kirby
Council Member Scott LeMarr

Vice Mayor Virginia "Jini" Simpson was not present

STAFF MEMBERS PRESENT

Town Manager James C. Bacon, Jr.
Town Attorney Andrew Miller
Town Clerk Duncan Miller
Management Services Director Lenore Lancaster

Fiscal Year 2008-2009 Financial Report

Mr. Bacon described the multi-stage budget process for Fiscal Year 2010-2011. He said this meeting would focus on last year's financial audit, first quarter budget numbers from this fiscal year, and a discussion of budget policies for next year. On December 3rd Council will discuss Capital Budget priorities. On December 10 Council will discuss and provide guidance on revenue forecasts and strategic initiative goals. He said the budget would be presented in early April with tentative budget approval on May 13 and final approval on May 27.

Ms. Lancaster presented the draft Fiscal Year 2008-2009 Comprehensive Annual Financial Report. It shows that revenues were lower than budget but the Town managed expenses to meet the lower revenues. She said that the Town ended the year with General Fund and HURF revenues over expenses. There was a positive variance compared to budget of \$436,220.

She noted that the General Fund balance decreased \$7 million during FY 2009 to pay for various capital projects including three years worth of street overlay projects.

She stressed that no recurring revenue source exists to fund future capital projects or debt service. She said that this year and next year debt service will be paid from the General Fund.

First Quarter Budget Review

Ms. Lancaster explained how the Town tracks revenue and expenses to generate quarterly budget reports. She said the Town now develops monthly targets for revenues and expenditures. Local taxes, franchise fees, and certain miscellaneous revenues are developed by month. This accounts for seasonal changes in revenue collection. All other revenues are straight-lined.

On the expenditure side, salaries, social security/medicare, and retirement are allocated based on the number of work weeks per month. Workers compensation is based on quarterly payroll figures and all other benefits are straight-lined. Capital leases are allocated based on due dates. Other expenses are straight-lined except certain line items where there is a reasonable expectation that the expense will occur in a certain month. For example, Fiesta Bowl funding is paid to the Scottsdale Convention and Visitors Bureau in July.

She questioned the predictability of forecasting revenue in future quarters because of unusual variances in fines & forfeitures, low interest rates on treasuries and US instrumentalities, and uncertain future for state shared revenues.

She reported that there was a favorable expenditure variance of \$69,996 in the first quarter. It was largely due to savings in salaries and benefits resulting from early retirements and unfilled vacancies.

Fiscal Year 2010-2011 Budget Policy Workshop

Mr. Bacon explained that next year's budget would be discussed in three parts: budget policies; capital projects; and revenue estimates.

He said successful budget processes are driven by policies adopted by the Town Council. A budget is a policy document, financial plan, operating guide, and communication tool. He presented the following budget calendar which was agreed to by the Council:

- Budget Policy Workshop I November 19, 2009
- Budget Policy Workshop II December 10, 2009
- Presentation of FY 2010-2011 April 8, 2010
- Adopt Tentative Budget May 13, 2010
- Adopt Final Budget May 27, 2010

Council noted that the calendar takes into consideration that the budget would approved prior to the new council taking office.

Mr. Bacon said budgeting is a shared responsibility. The Town Council establishes financial policies and provides direction. They review the recommended budget based on policy direction and the adopt budget. The Town Manager refines revenue estimates based on policy direction and recommends spending levels based on revenues and organizational needs.

He said the current economic situation presents an opportunity for the Town to position itself for success over the long term by making certain structural changes. He said the FY 2011 Budget would reflect new administrative changes and continuing budget reductions.

He reported that the Municipal Court plans to change to a 4-day work schedule in March and be open for service from 7 AM to 6 PM. This change would allow for more efficient use of resources and improve service. Mr. Bacon previewed that Council will discuss the option of extending the 4-day work week to include Town Hall. Council will also consider changes to the number of authorized positions. Council requested that the Town Manager provide details regarding the 4-day work week proposal in advance of the December 10 meeting.

Mr. Bacon said that the Financial Policies were revised in 2008 and adopted in 2009. Collectively, the new policies establish an early warning system about the Town's financial condition and allow time for appropriate Council action.

He said the key financial policies are:

1. Current revenues shall equal current expenses. He said the policy requires that ongoing operating expenses must be supported by ongoing stable revenue services. The adopted budget meets that test and allows revenue estimates to be based on different sets of assumptions. There are two ways to fund a shortfall in budgeted revenue: Operating Contingency (\$488,000) and Fund Balance (\$3.4 million).
2. Fund balance limits – The General Fund budget shall include an amount of no less than 1% of the adopted budget total, but no more than 3% of the adopted budget total. A reserve equal to at least 90%, but not more than 110% of the annual general governmental operating expenses will be maintained for unforeseen emergencies, such as significant loss of revenues or catastrophic impacts on the Town. He said the current Fund Balance is \$21.6 million (maximum). The minimum allowed is \$18.2 million. If FY 2010-2011 expected revenues are lower, the minimum and maximum amounts will decrease.
3. The Emergency Appropriation should be funded by reserves in an amount at least equal to 15% of the adopted budget total. The Emergency Appropriation is set annually. It uses Fund Balance beyond General Fund policy amounts. It is used because state law prevents adopted budgets from being increased.

Mr. Bacon recommended that the policy be changed to include the Emergency Appropriation as part of the Fund Balance in the General Fund. The current Emergency Appropriation should be transferred to Capital Improvement Project Fund and/or Debt Service.

4. Capital Improvement Projects should be funded by dedicated revenues, Fund Balance, and grants. The current revenue source is the Fund Balance. There are no dedicated revenues for FY 2009/2010 or 2010/2011. He said the CIP budget for FY 2009-2010 is \$334,000.
5. Debt service should be paid from current revenues. The only anticipated source of revenue for debt service in FY 2009/2010 and 2010/2011 is a sinking fund (Fund Balance) and transfers from sewer fund development fees. He said the fund would be depleted at the end of FY 2010/2011.

He made the following financial policy recommendations:

- Retain current revenues = current expenses policy but allow up to \$300,000 in fund balances to be used for “non-recurring expenses”
- Modify General Fund reserve policy to include emergency appropriation amount
- Identify and adopt Debt Service revenue sources for FY 2011/2012 budget
- Discontinue practice of using debt service sinking fund in FY 2011/2012

He then reviewed the Town’s Strategic Initiatives including:

- Preserve the Town’s special character
- Provide high quality public safety services
- Invest in public facility and infrastructure projects
- Manage the Town’s financial resources
- Identify opportunities to promote a more sustainable community

He said on December 10, the Council will identify projects that are relevant to the Strategic Initiatives. That list of projects will provide direction in developing the budget.

Mayor Parker recessed the meeting at 5:16 p.m.

EXECUTIVE SESSION

There were no executive session items.

RECONVENE FOR REGULAR MEETING

CALL TO ORDER

Mayor Parker reconvened the meeting of the Town Council at 5:37 P.M.

COUNCIL MEMBERS PRESENT

Mayor Vernon B. Parker
Council Member Bernie Barry
Council Member Mary Hamway
Council Member Scott LeMarr

Vice Mayor Virginia "Jini" Simpson, Council Member Ron Clarke, and Council Member Pam Kirby were not present

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, Jr.
Management Services Director Lenore Lancaster

PLEDGE OF ALLEGIANCE

Mayor Parker led the Pledge of Allegiance.

PRESENTATIONS

There were no presentations.

CALL TO THE PUBLIC

There were public comments.

MAYOR / COUNCIL / MANAGER REPORT

There were no reports.

CONSENT AGENDA

- a. Minutes of Town Council Meeting November 5, 2009**

b. Approval of Resolution Number 1206 Declaring the Amendments to the Alarm Services Provisions of the Town Code a Public Record; and Ordinance Number 618 Amending the Town Code Regarding Alarm Systems

Recommendation: Approve Resolution Number 1206 and Ordinance Number 618 amending the Town Code by deleting Article 9-3, creating Article 4-3 Alarm Systems, and amending Section 8-10-2(C) Burglar Alarms.

c. Adoption of Resolution Number 1203 Amending the Fee Schedule Regarding Town Alarm Monitoring Service Fees

Recommendation: Adopt Resolution Number 1203 amending the Master Fee Schedule regarding Town Alarm Monitoring and False Alarm Fees.

Mr. Bacon summarized the items on the Consent Agenda.

Councilmember LeMarr asked that Item 11a be removed.

Motion and vote – Councilmember Hamway moved to approve the Consent Agenda with the exception of item 11a. Councilmember Barry seconded the motion which passed by a vote of 4-0.

11a Minutes of Town Council Meeting November 5, 2009

Councilmember LeMarr believed that the Council's direction regarding encroachments in the right-of-way as stated at the bottom of page 4 of the minutes did not reflect the consensus of the Council. He asked that that section of the minutes be revised and brought back for approval at the next meeting.

Motion and vote - Councilmember LeMarr moved to table item 11a until December 3, 2009. Councilmember Hamway seconded the motion which passed by a vote of 4-0.

PUBLIC HEARINGS

There were no public hearings.

ACTION ITEMS

There were no action items.

ADJOURNMENT

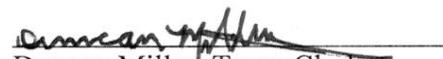
Motion and vote – Hamway moved to adjourn. Parker seconded the motion which passed unanimously. 4-0

Mayor Parker adjourned the meeting at 5:40 p.m.



Vernon B. Parker, Mayor

ATTEST:

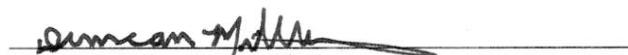


Duncan Miller, Town Clerk

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 19th day November 2009. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 3 day of December, 2009.



Duncan Miller, Town Clerk