TOWN
Of
PARADISE VALLEY

TOWN COUNCIL

Vernon B. Parker, Mayor

Virginia "Jini" Simpson, Vice Mayor
Ronald B. Clarke
Pam Kirby
Bernie Barry
Mary Hamway
Scott LeMarr

Thursday, January 14, 2010
3:00 pm

Meeting Location:
Town Hall 6401 E. Lincoln Drive
Boardroom
MEETING AGENDA

1. **CALL TO ORDER / ROLL CALL**

2. **WORK/STUDY DISCUSSION ITEMS**
Work/Study is open to the public however the following items are scheduled for discussion only. The Town Council will be briefed by staff and other Town representatives. There will be no votes and no final action taken on discussion items. The Council may give direction to staff and request that items be scheduled for consideration and final action at a later date. The order of discussion items and the estimated time scheduled to hear each item is subject to change.

   a. **Discussion of Mountain Shadows**
   Staff Contact: James C. Bacon, Jr., Town Manager, 480-348-3690

3. **EXECUTIVE SESSION**
The Town Council may adjourn into Executive Session at one or more times during the meeting. Executive Sessions are not open to the public.

   a. Discussion and consultation with Town Attorney **regarding pending or potential litigation and/or potential contract negotiations with NewPath Networks, LLC** as authorized by A.R.S. §38-431.03.A.4; legal advice **regarding the Tele-communications Act** as authorized by A.R.S. §38-431.03.A.3; and discussion and consultation with Town representatives concerning potential negotiations for the purchase, sale, or lease of in various locations as authorized by A.R.S. §38-431.03(A)(7).

   b. Discussion of **Town Manager and Town Attorney performance reviews** as authorized by A.R.S. §38-431.03.A.1.

   c. Discussion and consultation with the Town Attorney regarding pending or potential litigation and current development agreement with **Potomac Hotel Limited Partnership and/or MTS Land LLC related to Mountain Shadows and potential future development agreement with HB Equities** as authorized by A.R.S. §38-431.03.A.4 and legal advice **regarding redevelopment zone laws** as authorized by A.R.S. §38-431.03.A.3.

Meeting Location: Town Hall Council Chambers
Approximate Start Time: 5:30 p.m.

4. RECONVENE FOR REGULAR MEETING

5. ROLL CALL

6. PLEDGE OF ALLEGIANCE

7. PRESENTATIONS

9. CALL TO THE PUBLIC

Citizens may address the Council on any matter not on the agenda. In conformance with Open Meeting Laws, Council may not have discussion or take action on this matter at this Council meeting, but may respond to criticism, ask that staff review a matter raised, or ask that it be put on a future agenda. Those making comments shall limit their remarks to three (3) minutes. **Please fill out a Speaker Request form prior to addressing the Council.**

10. MAYOR / COUNCIL / MANAGER REPORTS

The Mayor, Council or Town Manager may provide a summary of current events. In conformance with Open Meeting Laws, Council may not have discussion or take action at this Council meeting on any matter discussed during the summary.

11. CONSENT AGENDA

All items on the Consent Agenda are considered by the Town Council to be routine and will be enacted by a single motion. There will be no separate discussion of these items. If a member of the Council or public desires discussion on any item it will be removed from the Consent Agenda and considered separately.

a. Minutes of Town Council Work Session December 10, 2009

b. Minutes of Town Council Meeting December 17, 2009

c. Report on Investments
Recommendation: Receive and file the report.
Staff Contact: Lenore P. Lancaster, Management Services Director, 480-348-3532

d. Approval of Use of Town Hall for Annual Martin Luther King, Jr. Day Celebration
Recommendation: Approve the use of the Town Hall Council Chamber for the Martin Luther King Jr. Day Celebration on Monday, January 18, 2010, and each third Monday in January beyond that as long as the event is a partnership between the Town and the Paradise Valley Baha'i Community.
Staff Contact: James C. Bacon, Jr., Town Manager, 480-348-3690

e. **Authorization to Purchase a PM-10 Certified Street Sweeper**
Recommendation: Authorize the purchase of a PM-10 certified street sweeper in an amount not to exceed $187,423.
Staff Contact: Andrew Cooper, Jr., Public Works Director, 480-348-3573

12. PUBLIC HEARINGS

None

13. ACTION ITEMS – The Town Council May Take Action on Any of These Matters.

None

14. ADJOURN

AGENDA IS SUBJECT TO CHANGE

The Town of Paradise Valley endeavors to make all public meetings accessible to persons with disabilities. With 72 hours advance notice, special assistance can also be provided for disabled persons at public meetings. Please call 480-948-7411 (voice) or 480-483-1811 (TDD) to request accommodation to participate in the Town Council meeting.

2a

MEMORANDUM

TO: Mayor and Council

FROM: James C. Bacon Jr., Town Manager

DATE: January 8, 2010

SUBJECT: MOUNTAIN SHADOWS

I have been asked a series of questions over the past six weeks which makes it clear that there is widespread confusion and misunderstanding about the ownership status of the property, the SUP review process, and the relationship between a possible redevelopment area determination with the SUP review process. The purpose of this memorandum is to provide clarity on all three of those items.

SUMMARY

Mountain Shadows Resort is owned by an LLC controlled by Crown Development Company. The resort property does not presently have a special use permit (SUP) development agreement. While HB Equities has acted like the owner in many respects, they are not currently able to apply for a SUP. The permit application will be processed under newly adopted procedures and will not involve a redevelopment area designation. Even though discussions regarding the creation of a redevelopment area may be done concurrently with the SUP application processing, any decision to adopt a redevelopment area can and should be made after the special use permit application is final and the Town has thoroughly reviewed the applicant's business plan.

PROPERTY STATUS

The applicant for a special use permit in the Town of Paradise Valley must be the real property owner or have obtained an authorization to file on behalf of the owner (Zoning Code Section 1102.4(A)).The Mountain Shadows resort property is presently owned by a limited liability company(LLC) which is entirely controlled by Crown Development. The LLC is represented by Robert Flaxman and Rick Carpinelli. To the Town's knowledge, Mr. Flaxman is an officer of the LLC; Mr. Carpinelli is not. Earlier this year, the LLC entered into a purchase and sale agreement with an entity known as HB Equities to purchase the property. That agreement has been placed in escrow. It is not scheduled to close for approximately another eighteen months. Therefore, it is inaccurate to say that HB Equities owns the property. They do not; Crown Development Company's LLC does. Further, Dodd Mitchell is not part of the HB Equities group; the group is a partnership of Bob Banovac and Danny Hendon. They are being represented by Nick Wood. Angela Carmitchel is the project manager.

At this time, Crown Development Company's LLC is the owner and would be the applicant. Therefore, the Town would not accept an application from HB Equities because it is not the property owner. Crown has sent the Town a letter that allows HB Equities to work with the Town on an SUP application but prevents HB Equities from completing the

process. That letter specifically reserves approval of a SUP until after a close of escrow between HB Equities and Crown LLC. Since SUP approval is explicitly reserved to Crown's LLC, the present letter is unacceptable to the Town as a basis for accepting an application. Mr. Wood and Town staff have discussed this fact on multiple occasions. In every instance, he acknowledges that the Town staff's position is correct and that he will provide an appropriate authorization letter so that HB Equities will be the legal applicant. To date, that has not happened.

REVIEW PROCESS

Mountain Shadows currently does not have a special use permit (SUP). Once an application is received from the owner, the special use permit (SUP) review process will follow the steps established in the recently adopted procedure for a major amendment. A pre-application with the Planning and Building Department will be held and pre-filing requirements will be identified. Once those requirements are met, a formal application will be made to the Town and that application will be reviewed by staff for completeness and to identify a preliminary list of topics which the Town Council may wish to raise in providing review direction to the Planning Commission. Once staff review is completed, the matter will be set for a study session with the Town Council. (The Planning Commission will be invited to observe but not participate.) Following the study session, the matter will be set for consideration at a regularly scheduled Town Council meeting. Public comment will be taken at that meeting and a statement of direction will be adopted for use by the Planning Commission. The Commission will conduct their review and forward their findings and recommendations to the Town Council. Depending on the extent of the Planning Commission's feedback, the Town Council may wish to schedule study sessions on the application before it sets the matter for consideration at a Town Council meeting. Once the application for a new SUP is ready for final Council consideration, an ordinance proposing its adoption will be prepared. The ordinance will include all appropriate stipulations. If the ordinance is adopted, the real property owner will be required to execute a Proposition 207 waiver before the Mayor signs the ordinance. Once the waiver is executed, the Mayor signs the ordinance. Thirty days after that, the rezoning will take effect unless the matter is properly referred to the voters. If it is referred to the voters, the status of the application will be decided after the election results are known.

Based on concept plans presented to Town staff by HB Equities, it is clear that the Town Council's statement of direction will need to address the proposed relocation of 56th Street; proposed changes to the location of the golf course clubhouse; the Lincoln Drive perimeter; as well as the usual considerations about the types of uses, density and height. While the Planning Commission's review will be based on that direction, it will be typical of other major SUP amendment review processes in all other respects.

HB Equities hoped to resolve the ownership question and initiate the application process in early December. They envisioned completing it in May, 2010. A copy of their project schedule dated November 20, 2009 is attached. While Town staff saw such a schedule as unrealistically ambitious, it is impossible for an application which has yet to be filed to be

completely processed and approved by June 2010. You will notice that the questions of creating a redevelopment area or resolutions supporting financing for the project have not been identified as a task in the SUP review process. That is because neither topic should be. Both questions ought to be considered separately from the essential land use request which is represented by the SUP application. This is not to suggest that it is inappropriate for the Town to ask the applicant questions about the private market's acceptance of the proposed products and services which are identified in the SUP application. Rather, it is to say that any approval of financial support for the project and/or approval of a redevelopment area should be done after the project is approved. "Project approval" means at least thirty days after the Mayor signs the Town Council's approval of the SUP application or an affirmative vote by the Town's electors, whichever comes later.

REDEVELOPMENT AREAS

Redevelopment areas are allowed in the state of Arizona by statute. Although the Town of Paradise Valley has never used this authority, many cities in the Phoenix metropolitan area use them and would consider their project areas to be success stories. Essentially, a redevelopment area is a high-level public-private partnership in which the public sector is attempting to modify the rate and/or intensity of development for a specific area beyond what the private sector is likely to do on their own. That is why the municipality is required to determine that an area is either a slum or blighted. It may be more useful to think of the determination as a determination that the highest and best land uses for the redevelopment area require different development than presently exists. Typically, the municipal government is an active partner in helping to achieve the goals of the redevelopment area. For example, construction of new or relocated roadways would be done by the government rather than the private developer. This dynamic also helps explain why the statutes specifically provide for the ability to buy and sell property.

A second key feature of redevelopment areas is their reliance on a plan. If the Town decided to establish a redevelopment area, it will need to adopt a plan for the area. An SUP should be part of the plan but the plan may extend beyond the SUP document. In the case of Mountain Shadows, it may well address 56th Street and eventual public ownership of open space.

The third key feature of redevelopment areas in Arizona is that they become the foundation for applying other financial incentive programs to the redevelopment area. Loans, grants, and tax waivers are three such examples. These tools are authorized in different parts of Arizona state law other than the section authorizing the redevelopment area. It is entirely possible that an approved redevelopment area can have a private sector project which is financed with a below-market loan and that the infrastructure is financed with a grant from some governmental entity. To assist the project in its efforts to become successful, the project would receive waivers of taxes. In Arizona, these are usually done under the Government Property Lease Excise Tax(GPLET) program. (Remember, the goal of creating a redevelopment area is to allow an area to be developed differently than the private markets would do if left to make their own choices.)

HB Equities has not yet asked the Town to create a redevelopment area. They applied to La Paz County for a financing tool which can only be used if the project is in a "designated area." A redevelopment area created by the Town of Paradise Valley would be one of those "designated areas". Other alternatives are provided for in the state law authorizing industrial revenue bonds. However, HB Equities was unsuccessful in their efforts to have the project area be authorized as a "designated area" by any other entity. That is when HB Equities told Town staff that it would be necessary for the Town to create a redevelopment area. That is the closest the Town has ever come to them making a formal request to create a redevelopment area. It is the Town that makes the determination to create a redevelopment area. It is not necessary for private property owners to make a request to form a redevelopment area and the Town is not legally bound to adopt the requested boundaries if such a request is made.

The Mountain Shadows project was listed with other projects when HB Equities made an application in La Paz County. In fact the other projects accounted for about ninety percent of the total amount. Town staff has been told that the bonds will be privately placed. As of this writing, staff has no indication that any bonds have been sold to finance any project included on the list which they submitted to La Paz County. However, we were told last week that the Mountain Shadows project has been removed from the others identified in the La Paz County application and referred to in the attached December 11, 2009 Business Journal article. While several reasons may exist for this decision, the most important reason is that the land use approvals are not in place. As you know, in the Town of Paradise Valley, that requires a SUP. You should also remember that La Paz County will not sell the bonds; the county's approval will be limited to an authorization to sell the bonds.

I have told Mr. Wood that his clients should expect the Town to require detailed information on the financial feasibility of the project if it wants the Town to create a redevelopment area. He has said that he understands that position to be fair and that he has conveyed those expectations to his clients. No financial feasibility information has been provided to Town staff either. In addition, HB Equities has recently separated the Mountain Shadows project from the other projects in hopes of securing funding for those projects sooner. One of the reasons they would do that is that funding is not likely to be awarded for a project that does not have its land use approvals in place.

The Town does not have a legal obligation to create a redevelopment area. That decision is entirely within your legislative discretion. If the Town Council is open to forming one, it should address three questions directly: 1) geographic boundaries of the district; 2) the Town's ability to adopt a resolution creating the district boundaries *but not* adopt a resolution to create the district itself; and 3) the use of outside resources to assist the Town in preparing the redevelopment plan, assessing the applicant's business plan, and providing legal advice to the Town.

The geographic boundaries for a redevelopment area can be, and usually are, larger than just one property. In addition, not every property needs to benefit from the same redevelopment tool. The fact that the Mountain Shadows residences cannot be built or improved with the proceeds from an IRB does not mean that the residences should be excluded from the redevelopment area. A similar case could be made for including 56th Street in the area. Remember that the actual scope of the area to be included in a redevelopment area is a policy issue which is left solely to the legislative discretion of the Town Council.

Representatives of the HB Equities team have recently suggested that the Town can meet the applicant's needs by simply adopting a resolution that identifies the geographic boundaries of the area but not adopting a second resolution giving the redevelopment area any authority. I have asked the Town Attorney to provide you a legal opinion on this question. While you should know his opinion, it is difficult for me to understand why a municipality would want to merely adopt a resolution describing the geographic boundaries of a district it does not intend to make operational. Both resolutions also need to be adopted by supermajority of the Town Council, in our case the number of "yes" votes needs to be five or more Council members.

The third question which needs to be addressed is the use of outside resources. In addition to the two firms you have already used for legal advice and bond placement requirements, the Town should contract with a firm to assist in developing the area boundaries and to evaluate that area against the statutory criteria. This firm may also be used to conduct the statutorily required study of the area to determine that if approved, it meets the legal tests for slum and/or blight. The other resource is a firm which can evaluate the adequacy of the applicant's business plan and its ability to repay the debt which would ultimately be issued. This resource along with the two you have already heard from on the subject should also be able to provide the Council with information about the level of financial risk the Town and members of the Town Council are assuming by approving the district. HB Equities has indicated it is willing to provide the Town with the financial resources to engage the planning firm. They should be willing to do the same for the financial consultant. The questions these consultants address are the ones the Scottsdale Republic identified in their November 18, 2009 editorial (see attached). The outside resources should selected and hired by the Town.

I hope this information is useful to you. Please contact me if you have any questions.

cc: Eva Cutro, Director of Planning and Building
Andrew Miller, Town Attorney

Attachments (3)

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November 20, 2009

DRAFT Shadow Mountain Special Use Permit ("SUP") Project Schedule

	Target Dates	Milestone
PHASE I	November 20	Discovery Meeting with Town Staff - Review Draft Project Schedule, Application Table of Contents and Pre-Application Package Components
	November 23	File "Pre-Application" Package with Town of Paradise Valley
	November 23 to December 4	Staff Review of Pre-Application Package
	December 7	Staff "Initial Assessment" Received – Hold "Pre-Application" Review Conference with Town Staff
	December 7 to December 18	Undertake Plan Revisions per "Initial Assessment" Comments - Complete Formal Application Materials
	December 10	Neighborhood Meeting Held – 1,200 Foot Notification Area & Any Neighborhood Groups/Associations Registered with the Town
PHASE II	December 21	File Formal SUP Application with Town of Paradise Valley
	December 21 to January 8	Town Staff Review of Formal SUP Application
	January 11	Town Staff Comments Received – Hold "Post-Application" Conference with Town Staff to Review Comments *Note: Per Town Code (Section 1102.3C.5.b), Staff has 30 Calendar Days from Formal Application to Inform Applicant if Application is Complete or Requires Additional Information (Deadline Would be January 20)*
	January 11 to January 15	Make Additional Revisions to the Formal Application (As Necessary) and Applicant Team Prepares Written Responses to Town Staff Comments

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January 19	Applicant Submits "Public Hearing Draft" of SUP Application and Provides Multiple Copies (# TBD) to Town for Distribution to Planning Commission and Town Council Members
January 21	Presentation of Application to Town Council by Town Staff *Note: Per Town Code (Section 1102.3C.3.c), the Town Council has 45 days After Presentation to Issue "Statement of Direction" – Deadline March 7th*
February 2	First Planning Commission Work Study Session
February 3	Applicant Prepares Public Comment and Applicant Response Matrix to Track Public Comments and Applicant Team Adjustments to Formal Application – Planning Commission Work Study Comments are Logged onto Matrix
February 16	Second Planning Commission Work Study Session
February 17	Applicant Updates Public Comment and Applicant Response Matrix
March 2	Third Planning Commission Work Study Session
March 3	Applicant Updates Public Comment and Applicant Response Matrix
March 16	Fourth Planning Commission Work Study Session
March 17	Applicant Updates Public Comment and Applicant Response Matrix
Late March	Neighborhood Meeting Prior to Planning Commission Hearing
Late March	Applicant Updates Public Comment and Applicant Response Matrix
April 1	Town Council Work Study Session
April 2	Applicant Updates Public Comment and Applicant Response Matrix
March 30	Site Posting Deadline - PC (7 Days Per Section 1102.3C.4.b)
April 6	Planning Commission Hearing & Recommendation
April 7	Site Posting Deadline – TC (7 Days Per Section 1102.3C.4.b)

April 15	Town Council Hearing & Decision
April 19 to April 26	Applicant Makes Final Adjustments to SUP Materials Based on Town Council decisions and Submits Final Version to Town Staff for the Official Public Record
May 15	30 Days Post Ordinance Signing – Referendum Period Concluded; SUP Effective

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Friday, December 11, 2009

Secret group backing $1.2B in bonds

Phoenix Business Journal - by Jan Buchholz and Mike Sunnucks

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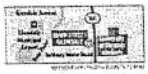

Officials with **HB Equities** LLC, developer of the proposed 500-acre Main Street Glendale mixed-use project, say they have signed agreements with a group of European investors who will purchase $1.2 billion in revenue bonds through the tiny La Paz County Industrial Development Authority.

The announcement comes after months of speculation about whether HB would be able to secure that kind of funding, with the global capital markets in a deep freeze and many investors with deep pockets giving Phoenix the cold shoulder.

The identity of the new investors is cloaked in mystery, however.

"We met with them the weekend before Thanksgiving in Miami. It's a European group that has signed a joint venture agreement with HB Equities to provide the financing," said local businessman Bob Banovac, a partner in the HB venture with Danny Hendon, owner of the Danny's Car Wash chain. "You will never know their identity because they are adamant about total secrecy."

The $1.2 billion IDA deal is unconventional because of its size and scope. The money will be channeled to several projects directed by HB, including the $792 million Main Street Glendale, which will include the **USA Basketball** headquarters, a basketball museum, specialty retail, three hotels, 2,000 apartments and an 18-hole championship golf course. A water park has also been discussed.

In addition, HB will use some of the proceeds to expand the Danny's Car Wash brand; renovate and reopen the Mountain Shadows Resort in Paradise Valley; build developments at the Glendale Municipal, Yuma International and Goodyear airports; and pay off a loan the company received from local commercial lender Mortgages Ltd. to acquire the land for the Main Street project.

Twice this year, Banovac has told the Phoenix Business Journal that financing for the bonds was imminent. In June, he said a private equity group based in New York was days away from signing. Nothing happened. Then, in early October, Banovac told the Business Journal the money was being wired to his firm and would be in hand within a week. It was not.

This time, Banovac insists every detail has been ironed out and that the investors will deposit $10 million in a trust account Dec. 15, and then $100 million each week thereafter until the $1.2 billion total is reached.

Hendon said he and Banovac had traveled extensively for the past several months in search of funding.

Banovac said it has been difficult hearing people say the deal is dead, and that he looks forward to proving naysayers wrong.

"Everybody was criticizing us. We were catching a lot of heat, but the economy in the state has been very difficult," he said.

Banovac and Hendon were determined to find backers, regardless of the flack they were catching. Banovac describes the European financing as an ironclad deal.

"They have signed the agreement," he said.

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Pat Ray, an attorney with **Kutak Rock** LLP in Scottsdale, said this is news to him. Ray represents the La Paz County IDA, which would have to approve the financing, as would the La Paz County Board of Commissioners.

"I'm unaware of any signing before Thanksgiving. (HB) has had several false starts on this," Ray said. "I met with some investors in New York awhile back, and they didn't come through."

Rock said if HB has a legitimate agreement, he should hear about it soon.

One of the primary stakeholders in Main Street Glendale is Arizona sports honcho Jerry Colangelo, chairman of USA Basketball. That organization, currently based in Colorado Springs, Colo., oversees and trains athletes for the men's and women's basketball teams that represent the U.S. in the Summer Olympics. The next summer games are scheduled for 2012 in London. HB had promised the new facility would be ready for move-in by summer 2011.

Banovac acknowledged that Colangelo had been worried about whether HB would be able to secure financing and build the facility within the necessary time frame.

"I talked to (Colangelo) last week, and yes, he was a little concerned. But we told him about the new deal, and he's comfortable with that," Banovac said.

Colangelo could not be reached for comment by press time.

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READER COMMENTS

(2) Comments

Ben Bethel December 15, 2009 10:39AM EST

So is this project going to include a Universal Islands of Adventure or their new Harry-Potter-themed theme park prototype? Or Six Flags? It cannot be a water park, especially with Wave Yard still pushing forward, although delayed a few years. We're the only metro area with more than 4 million people without a theme park... but we do have the Arizona State Fair which draws 1.2 million people in 18 days every year... if that's not proof that a theme park would work here in the Valley then I don't know what is

Ted King December 12, 2009 11:27AM EST

There are no Bond buyers ... who could this group be? Is the bond market being shored -up?

Comments 1 to 2 of 2
Page 1 of 1

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BUSINESS PULSE SURVEY

Should companies be spending money on holiday parties this year? Please add your comments below.

- Yes. It's been a tough year.
- No. It's been a tough year.

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Council must call blight what it is, move on

OUR VIEW

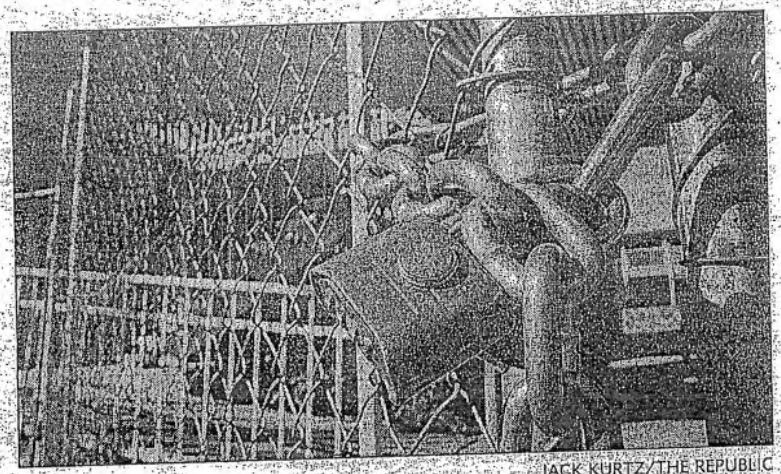
The Paradise Valley Town Council will soon face a moment of truth: Can the seven members bring themselves to use the "b" word?

B as in blighted. It's not a word normally associated with Paradise Valley, the community with the Valley's highest median home values. But it is a word the council may have to use to get rid of an eyesore and embarrassment.

The Mountain Shadows resort was padlocked five years ago. Buildings show neglect. Weeds grow throughout the property. Rats abound, attracting hawks that nest where once local residents and upscale travelers relaxed. Behind the chain-link fence that surrounds it, the resort is returning to nature.

There's a reason residents call it Los Arcos on Lincoln.

Robert Flaxman, who also developed the InterContinental Montelucia Resort & Spa, tried for years to renovate Mountain Shadows. He never really understood the town. Every plan he advanced ran into stiff opposition over height, lot size and ownership issues.



JACK KURTZ/THE REPUBLIC

A Paradise Valley Town Council vote may help determine the future of the shuttered and padlocked Mountain Shadows resort.

The resort continued to deteriorate.

Flaxman gave up. He negotiated an option to sell the property to hotel designer Dodd Mitchell and his partners, Robert Banovac and Daniel Hendon of HB Equities. The trio propose a $150 million project including a 180-room hotel and 46 privately owned homes. Plans, expected to go to town officials before Thanksgiving, were drawn in consultation with the resort's neighbors. There will be no request for additional height.

The partners want to finance construction with industrial development authority bonds. And that's where the Town Council faces its moment of truth.

To use the bonds requires a two-thirds vote of the council designating the resort a redevelopment area that is blighted. The council also has to approve a redevelopment plan.

Questions immediately arose. What does it do to Paradise Valley's reputation if it declares 68 acres as blighted? What does it do to nearby home values?

These questions are easily answered with less hypothetical ones. What does having a rotting Mountain Shadows, obvious to anyone traveling on Lincoln Drive, do to the town's reputation? What does all that chain-link fencing do to nearby home values? In both cases, nothing good.

The truth should be obvious. Mountain Shadows is blighted. It is beyond saving in its current form. If acknowledging this truth is the first step toward replacing blight with a resort that matches Paradise Valley's reputation, then this should be an easy vote for the council.

This doesn't mean the council should rush approval. That isn't the Paradise Valley way.

The council needs to see Mitchell's drawings and a precise redevelopment plan. It needs to see evidence the project would generate the revenue to retire the bonds, which can be paid only with income from the redevelopment project.

But if these conditions are met, nothing should prevent the council from voting for the blight designation. The vote would not give the town a black eye. The black eye is already there, a blot in the middle of Paradise Valley.

Whether they're 'fees' or 'taxes,' we're tired of them

YOUR VIEWS

Every day we read about another tax. In the past week, there have been at least three more: the false-alarm fee for smoke detectors, the increased fee for photo-enforcement cases and the pro-

» A portion of the proposed bed tax will go to attracting more tourists so they can pay more bed tax, and the cycle continues.

Our elected officials (federal, state

vitality and resident satisfaction to not just maintain our cachet and global reputation for the arts but to build upon that cachet and further enhance our strength.

That can be achieved by supporting McCullagh's suggestion to change the

tree. What is up with that?

Christmas is about Christ. If you are not a Christian, then don't celebrate it and don't be offended by us wishing you a Merry Christmas. This country was founded on God and freedom of religion.

I support everyone's beliefs but I do

11a

TOWN OF PARADISE VALLEY
6401 E. LINCOLN DRIVE
PARADISE VALLEY, ARIZONA 85253
BUDGET POLICY WORKSHOP
SUMMARY MINUTES
DECEMBER 10, 2009

Draft

CALL TO ORDER

Mayor Parker called to order the Council Budget Policy Workshop of the Town of Paradise Valley, Arizona, held in the Town Hall Boardroom, 6401 E Lincoln Dr, Paradise Valley on December 10, 2009 at 9:00 A.M.

COUNCILMEMBERS PRESENT

Mayor Vernon B. Parker
Vice Mayor Virginia "Jini" Simpson
Councilmember Bernie Barry
Councilmember Ron Clarke
Councilmember Mary Hamway
Councilmember Pam Kirby
Councilmember Scott LeMarr

STAFF MEMBERS PRESENT

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

Review of Revenue Forecast Assumptions

Mr. Bacon stated that the Town's bed and sales tax revenues which represent about one-half of total revenues are decreasing. Revenues are no longer able to fund debt service and the capital budget. Budgeted governmental revenues for FY 2010-11 will be lower than this FY 2009-10. Estimated total revenue for FY 2009-10 is $16.3 million. The range for next year is estimated at between $14.394 million to $16.273 million. Staff suggested that the budget estimate should be $15.474. This means operating expenditures will need to be reduced to meet lower revenue totals. Moreover, no revenues are expected to be available for capital improvement projects or debt service.

Council discussed various revenue assumptions that will be used to build the budget. Staff recommended a 2.5% increase in resort sales and use tax and a 0% increase in bed tax. It was assumed that State shared revenues will decrease by approximately $440,000.

Service Changes in FY 2010-2011

Mr. Bacon summarized potential service changes in the next fiscal year. The Municipal Court plans to offer service between 7:00 am and 6:00 pm Monday through Thursday and be closed on Fridays. The new schedule reduces costs and will take effect on February 1, 2010.

He recommended that the Town's contract post office adopt a Monday through Thursday schedule and open at 7:00 am. This would reduce costs. The Town is already subsidizing the current schedule while usage continues to decrease. He suggested that the Town Hall work schedule could also be converted to a 4 day -10 hour schedule.

He said there are currently two code enforcement officers. However, the recommended budget will only include one position. He said the impact on service delivery is unclear. He said long-term the Town should have two positions.

The Council discussed agency funding targets. Staff recommended budgeting $50,000 for human services funding; $450,000 for Scottsdale Convention and Visitors Bureau; and $75,000 for the Fiesta Bowl.

Discussion of Amendments to Financial Policies

Mr. Bacon underscored that current revenues do not provide funding for this year or next year's capital budget. Debt service is being paid from the fund balance which will be entirely depleted in June 2011. He suggested that the Town's debt service fund needs a permanent, ongoing source of revenue to meets its needs. He recommended that the Council consider modifying the local sales tax rate to match the City of Phoenix rate effective July 1, 2011. Additionally, the Town should include the emergency appropriation in the fund balance and transfer the difference to the capital projects and debt service funds.

ADJOURNMENT

Mayor Parker adjourned the meeting at 12:50 p.m.

_____
Vernon B. Parker, Mayor

ATTEST:

_____
Duncan Miller, Town Clerk

Draft

11b TOWN
Of
PARADISE VALLEY

TOWN COUNCIL MEETING
6401 E. LINCOLN DRIVE
PARADISE VALLEY, ARIZONA 85253
SUMMARIZED MINUTES
DECEMBER 17, 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, December 17, 2009 at 4:30 PM.

COUNCIL MEMBERS PRESENT

Mayor Vernon B. Parker
Vice Mayor Virginia "Jini" Simpson arrived at 4:41 p.m.
Council Member Bernie Barry
Council Member Ron Clarke
Council Member Mary Hamway
Council Member Pam Kirby
Council Member Scott LeMarr

STAFF MEMBERS PRESENT

Town Manager James C. Bacon, Jr.
Town Attorney Andrew Miller
Town Clerk Duncan Miller
Management Services Director Lenore Lancaster
Information Technology Manager Carl Hollish
Information Technology Technician Jason Drobish
Public Works Director Andrew Cooper, Jr.
Police Chief John Bennett

Presentation of New Town Website

Mr. Bacon said that the redesign of the Town's official website was discussed at last year's budget retreat. This showed the importance the Council placed on the topic sense many new programs were cut from the budget in an effort to reduce expenditures. Moreover, there was a desire that the updated website would provide a better vehicle to improve resident communications. A team of 5 staff members worked with a professional firm to redesign the site based on the Council's feedback.

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Mr. Hollish stated that the Town contracted with the professional firm CivicPlus which has an extensive national presence with over 500 local government clients. He presented the redesigned website which included the following features:

- Notify Me emails subscription lists
- Events Calendar
- Frequently asked questions
- Service Requests
- Staff Directory
- News and Announcements
- Document and Archive Centers
- Opinion Polls
- Bid Postings
- ADA and Accessibility Compliance

Council suggested that service requests should be based on the problem area and not departmentally based. They also requested that the Town develop a process policy on service requests detailing who would be responsible for responding for following up with the requests.

Discussion of Sales Tax Audit Program

Mr. Bacon stated that the Council requested information on the Towns sales tax audit program. He said the Town's program is more like forensic accounting and not just identification of tax reporting errors. Thus it requires someone with extensive auditing experience and someone equally knowledgeable with tax court rulings.

Ms. Lancaster explained the scope of services performed by the Town's current auditor including:

- Conducts between 15 and 17 construction sales tax audits
- Coordinates audits with AZ Dept of Revenue
- Interfaces with Unified Audit Committee which drafts amendments to the Model City Tax Code
- Conducts tax research and provides tax advice collection for Town
- Provides Taxpayer assistance
- Represents the Town before the Municipal Tax Hearing Office

She explained how the auditor identifies potential audits and the general process by which audits are conducted. She noted that there are a number of steps involved beyond a normal audit. Most notably, audit notices must first be submitted through the Municipal Joint Audit Committee to give the Taxpayer the option of having a multijurisdictional audit performed.

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Ms. Lancaster noted that when the Town first implemented the program there were only two auditing firms providing local tax auditing services. The Town contacted with one of the firms for 40 months and the other firm for 59 months. She provided a comparison showing that net collections during the tenure of the first firm equaled $114,422 and net collections during the tenure of the second firm equaled $1,478,721.

She said the current contract expires in 2011. She noted that there is now a third out-of-state firm providing this service. Council suggested that given the significant reduction in the number of building permits being issued the Town should reduce the number of construction audits required by the new contract.

There was concern among some members of the Council that the contract fee was too high and that auditing could be done in-house by existing staff. Mr. Bacon said he would research municipalities who conduct in-house tax audits and determine appropriate staffing levels, salary and compensation costs, and collections experience.

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

EXECUTIVE SESSION

There was no executive session.

RECONVENE FOR REGULAR BUSINESS MEETING

CALL TO ORDER

Mayor Parker reconvened the meeting of the Town Council at 5:50 P.M.

COUNCIL MEMBERS PRESENT

Mayor Vernon B. Parker
Vice Mayor Virginia "Jini" Simpson
Council Member Bernie Barry
Council Member Ron Clarke
Council Member Mary Hamway
Council Member Pam Kirby
Council Member Scott LeMarr

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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.
Planning & Building Director Eva Cutro

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 December 3, 2009**

b. **Adoption of Resolution Number 1208, Authorizing the Town to Enter into an Intergovernmental Agreement with Arizona Department of Transportation to Provide Engineering and Construction Administration Services**
Recommendation: Adopt Resolution Number 1208 authorizing the Mayor to execute an intergovernmental agreement with the Arizona Department of Transportation to utilize American Recovery and Reinvestment Act funding to resurface various streets in the Town.

c. **Adoption of Resolution 1209 Regarding Guardgates**
Recommendation: Adopt Resolution Number 1209, clarifying the Town's interpretation of Policy 1.7.8 of the Town of Paradise Valley General Plan so as to exempt subdivisions with existing gates as of March 20, 2003 from "open access" requirements when amending their SUP(s) to improve or relocate guardhouses and/or gates.

Mr. Bacon summarized the items on the Consent Agenda.

Council Member Hamway asked that item 11c be removed.

Motion and vote – Councilmember Clarke moved to approve the Consent Agenda with the exception of item 11c. Vice Mayor Simpson seconded the motion which passed by a vote of 7-0.

11c. Adoption of Resolution 1209 Regarding Guardgates

Council Member Hamway asked to have this item removed because she was contacted by a couple residents who wanted the opportunity to speak. However, they were not present in the audience. She acknowledged and agreed with the *Independent Newspaper* article written by Vice Mayor Simpson regarding the guardgate issue. She said this Resolution allows existing communities with guardgates to renovate them without the additional pedestrian access requirement.

Council Member LeMarr noted that although the General Plan is very specific about guardgates, the intent of the General Plan Review Committee, of which he was chair, was to apply the General Plan provision to future subdivisions and not to pre-existing ones. He supported the proposed Resolution and suggested that when the General Plan is re-adopted the language be further clarified.

Vice Mayor Simpson stated that this issue came up because an existing subdivision submitted an SUP amendment application to renovate a guardgate. She believed that the Planning Commission misinterpreted the intent of the General Plan to require pedestrian access to the subdivision as a condition of approval. She said the General Plan is simply a vision statement. It does not carry the weight of ordinance. She supported the Resolution to clarify the intent of the policy.

Council Member Clarke stated that he and the late George Adams also served on the General Plan Review Committee. He supported the Resolution.

Council Member Kirby announced that she, like a couple other councilmembers live in a gated community. Prior to the meeting she asked the Town Attorney if she had an obligation to recuse herself from voting on this item, particularly since she lives in the gated community that was the catalyst for this policy change. The Town Attorney advised that living in a gated community does not create a conflict for any councilmember.

Mayor Parker stated that this item was fully discussed and vetted in a work study session and there was ample opportunity for the public to comment on the proposed resolution.

Draft

Motion and vote - Vice Mayor Simpson moved to approve Resolution Number 1209. Council Member Hamway seconded the motion which passed by a vote of 7-0.

PUBLIC HEARINGS

There were no public hearings.

ACTION ITEMS

There were no action items.

ADJOURNMENT

Motion and vote – Councilmember Clarke moved to adjourn. Councilmember Kirby seconded the motion which passed by a vote of 7-0

Mayor Parker adjourned the meeting at 6:00 p.m.

ATTEST:

_____
Vernon B. Parker, Mayor

_____
Duncan Miller, Town Clerk

Draft

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 17th day December 2009. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this _____ day of _____, 2009.

_____
Duncan Miller, Town Clerk

11c

TOWN OF PARADISE VALLEY
COUNCIL ACTION REPORT

TO:	MAYOR AND TOWN COUNCIL
FROM:	Lenore Lancaster, Management Services Director
SUBJECT:	Report on Investments
DATE:	January 14, 2010

RECOMMENDATION
It is recommended that the Town Council receive and file this report.

FACTS
The Town's Investment Policy adopted September 14, 2006 requires the Management Services Director to prepare and submit to the Council a report of the Town's purchases of investments.

The Town purchased the following investments:

Investment	Settlement	Maturity	Coupon	Yield	Amount	Broker
Federal National Mortgage Association	11/19/09	11/23/11	1.0%	.92%	$1,000,000	CitiGroup
Federal National Mortgage Association	12/28/09	12/28/12 callable 12/28/10	1.125% to 12/28/10 then 2.5%	1.125% YTC 2.05% YTM	$1,000,000	UBS Financial Services
Federal Farm Credit Bureau	12/30/09	12/29/11	1.05%	1.05%	$1,000,000	UBS Financial Services

FISCAL IMPACT
The fiscal year 2010 budget assumed that all maturing bonds and all potentially callable bonds would be replaced with bonds yielding 2.5%. The impact of the above investments on the FY 2010 budget is an unfavorable variance of approximately $23,800 on the General Fund.

Lenore Lancaster
Management Services Director

James C. Bacon, Jr.
Town Manager

11d

TOWN OF PARADISE VALLEY
COUNCIL ACTION REPORT

TO:	**HONORABLE MAYOR AND TOWN COUNCIL**
FROM:	**JAMES C. BACON, JR., TOWN MANAGER**
SUBJECT:	**APPROVAL OF USE OF TOWN HALL FOR MARTIN LUTHER KING JR. DAY CELEBRATION**
DATE:	**JANUARY 14, 2010**

RECOMMENDATION

It is recommended that the Town Council approve the use of the Town Hall Council Chamber for the Martin Luther King Jr. Day Celebration on Monday, January 18, 2010, and each third Monday in January beyond that as long as the event is a partnership between the Town and the Paradise Valley Baha'i Community.

DISCUSSION

Each year the Paradise Valley Baha'i Community partners with the Town to plan and organize the annual Martin Luther King Jr. Day celebration. This event is well received by the community and attendees fill the Council Chamber. The program consists of speeches honoring Dr. King, presentation the annual Diversity Award and entertainment. Following this presentation which is held in the Council Chamber, guests are invited to stay for lunch which is held in the Public Safety Building auditorium. Use of the Public Safety Building has been approved administratively by the Police Department.

FISCAL IMPACT

Most of the work related to this event is performed by employees during normal business hours; however, since the day of the event is a paid public holiday, some overtime pay for hourly employees who work the event may be necessary. Other costs to the Town are minimal (cost of utilities and fuel). The Baha'i Community donates the cost of the award, catering and flowers. The Scottsdale Plaza Resort donates the use of their tables, linens and chairs.

COMMUNITY IMPACT

Sponsoring and hosting the annual Martin Luther King Jr. Day event creates a sense of community for Town residents and the neighboring municipalities. It is well attended and well received by all those who participate.

James C. Bacon, Jr.

James C. Bacon, Jr., Town Manager

11e

TOWN OF PARADISE VALLEY
COUNCIL ACTION REPORT

TO:	MAYOR AND TOWN COUNCIL
THRU:	JAMES C. BACON, JR, TOWN MANAGER
FROM:	ANDREW COOPER, JR., PUBLIC WORKS DIRECTOR
SUBJECT:	AUTHORIZATION TO PURCHASE A PM-10 CERTIFIED STREET SWEEPER
DATE:	JANUARY 14, 2010

RECOMMENDATION:

It is recommended that the Town Council authorize the purchase of a PM-10 certified street sweeper in an amount not to exceed $187,423.

BACKGROUND

The Town Council authorized the staff at the council meeting of September 25, 2008 to apply to Maricopa Association of Governments (MAG) for grant funding to purchase of a certified PM-10 sweeper. The Town's grant application was not approved for funding at a subsequent MAG Regional Council meeting.

In a letter to the Town Manager, James C. Bacon, Jr. dated September 01, 2009; MAG authorized grant finding to the Town for the purchase of a PM-10 certified street sweeper based upon its 2008 grant application. This funding was a result of MAG's Regional Council approving additional monies for the Air Quality Improvement Project.

FISCAL IMPACT

The cost of the new sweeper is $187,423. MAG will fund 80% or $149,938 of the cost of the sweeper. The Town's cost share would be 20% or $37,485. The sweeper will be purchased through a cooperative purchasing program (HGAC Buy). This cooperative program is a competitive bid process.

We were unable to budget for the sweeper because MAG'S notification of the grant approval was after the Town's FY 09/10 budget had been approved by Council.The unbudgeted amount ($37,485) will be paid from contingency funds.

Andrew Cooper, Jr.
Public Works Director

James C. Bacon, Jr.
Town Manager