



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

March 30, 2012

CALL TO ORDER

Mayor LeMarr called to order the Town Council meeting in the Camelback Inn Boardroom, 5402 E. Lincoln Dr, Paradise Valley, Arizona. on Thursday, March 30, 2012 at 8:45 AM.

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
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
Community Development Director Eva Cutro
Municipal Court Director Jeanette Wiesenhofer
Acting Public Works Director Brent Skoglund
Senior Accountant Christine Covell

ALSO PRESENT

Councilmember-Elect Dan Schweiker

Discussion of Town Manager's Recommended Budget for FY 2012-2013

Town Manager Jim Bacon presented his recommended budget for Fiscal Year 2012-2013. He stated the budget is balanced and answers the two basic public policy questions every city and town faces: which revenue sources will be relied on to provide the necessary funds to provide public services; and how will those resources be allocated?

He stated that revenue will be drawn from present permanent sources, reserves, the new fire service fee, and the temporary sales tax increase. He stated that governmental fund revenues are up 19.8% and bed tax revenues are up 12.5% (largely as a result of the temporary sales tax increase). The only revenue source to show significant decrease was interest income - down 15.2%.

He summarized and compared revenues as follows:

Category	FY 2011-12	FY 2012-13
Local Sales Tax	5,675,000	8,164,900
Bed Tax	2,402,000	2,703,000
State Shared	3,129,798	3,124,200
License/Fees	917,500	905,000
Fines	1,080,000	1,275,000
Interest	295,000	250,000
Misc.	555,000	570,000
Total	15,078,298	18,059,020

He reminded Council about the financial policy to keep between 90% and 110% of operating expenses in the fund balance. He stated that his recommended budget meets the policy requirement at the 90% level. The revenue estimate also assumes half a year of fire service fee payments. Responding to a question from the Council he stated that the revenue estimate is not dependant on the collection method. If the bill in the state legislation allowing the fire service fee to be collected by the County Treasurer fails, the Town would identify another third party to collect the fee. The fee schedule would account for the higher administrative and collection fees.

He explained that expenditures in the FY 2012-13 budget are almost equally divided among employee compensation, operating expenses, and capital improvements. The capital improvement program is the largest since FY 2008-09. The emphasis will be on public safety and public works.

He reported that the expenditure budget reflects the new organizational structure in Community Development, Finance, and Public Works. There will be less reliance on cost allocation for items such as vehicle repairs. This will result in reducing the police budget and increasing the Public Works budget. In addition recurring capital improvement items such as street resurfacing were moved to the operating budget.

He stated that 6 of the 10 department budgets are lower than last year. The budgets for Public Works and the Police Department are up significantly.

The Police budget maintains all services at present levels, provides resources to pursue technology initiatives, completes the updating of the patrol fleet, and absorbs cost increases for higher pension and health care costs.

Chief Bennett stated that the alarm service is a burden on police staffing. He said he is working on a proposal to outsource the administrative functions of alarm monitoring and billing. Mr. Bacon stated that the outside vendors identified so far charge a high processing fees. Mr. Bacon also reported that a bill pending in the legislature may eliminate the Town's ability to collect the \$20 alarm user permit fee. Regardless, he will likely recommend elimination of the fee because the information provided in the application does not add value or improve efficiency. Council asked for the budgetary impact if the alarm user permit is eliminated.

Mr. Bacon said that costs in the fire services budget are expected to increase based on higher employee costs in the City of Phoenix. The fire service fee revenues will be used for capital projects, namely the Mummy Mountain antennae replacement project.

There was Council discussion about the mechanism to fund the new police communications tower on Mummy Mountain and where in the budget to show the Phoenix Fire Services IGA revenue and expenses.

Mr. Bacon stated that the Public Works budget reflects inclusion of the engineering functions and the addition of recurring activities such as resurfacing and small drainage projects. It also absorbs the fully cost of vehicle repairs which were previously distributed among the departments.

The Non-Departmental Budget restores the operating contingency to 3% and funds increases in liability insurance and contributions to the Scottsdale Convention and Visitor's Bureau. It did not include funding for human service organizations. He noted that the operating contingency is the Town's first line of defense if anticipated revenues do not materialize and if public works change orders are higher than expected.

There Council discussion about increasing the budget for outside legal services from \$80,000 to \$100,000 and moving half of it to the Mayor and Council budget. Council also asked staff to investigate adding Councilmembers to the Town's health insurance plan.

The Council developed the following "wish list" of items to add to the budget if funding can be identified:

Add another detective at \$118,000
Increase outside legal services by \$50,000

Add a uniformed administrative position in the Police Department
Add a second code enforcement officer
Provide funding for code abatement

Motion and vote – Vice Mayor Hamway moved to go into executive session at 10:20 a.m.
Councilmember Collins seconded the motion which passed by a vote of 7 – 0.

EXECUTIVE SESSION

- a. Discussion and consultation with the Town Attorney regarding pending or potential litigation and current and/or future development agreement with Potomac Hotel Limited Partnership, MTS Land LLC, and or JDM Partners, LLC related to Mountain Shadows as authorized by A.R.S. §38-431.03.A.4 and legal advice as authorized by A.R.S. §38-431.03.A.3.

WORK STUDY SESSION

Update on Municipal Fire Protection Fee Bill (HB2060)

Chip Scutari, of Scutari and Ceislak, briefed Council on the public relations effort to educate residents on the fire service fee program. If HB2060 becomes law, his firm will conduct a more intensive media relations campaign. He suggested holding open houses at the fire stations and sending out direct mailers to all households.

Mr. Bacon explained that the last day for the Council to call an election and place the fire service fee collection proposal on the ballot is July 6, 2012. Once the Council calls the election the Town will be prohibited from spending money to influence the election. He said instead it would be appropriate for Councilmembers and/or members of the resort community set up a political committee to support the ballot measure.

Mr. Scutari distributed a draft informational pamphlet on the fire service agreement with the City of Phoenix. Mr. Bacon asked Councilmembers to provide their feedback on the mailer by the middle of next week.

Discussion of Work/Study Schedule

The Council discussed the schedule for upcoming work study session items. At recent meetings work study sessions and executive sessions have run long and kept residents waiting for the business meeting to begin. Mr. Bacon suggested that the next Council consider holding only

one business meeting a month which would allow the Council to hold an extended work session once a month.

Continued Discussion of Town Manager's Recommended Budget for FY 2012-2013

Mr. Bacon presented his recommendations for the capital improvement program for FY 2012-2013. He said there were 12 projects totaling \$6 million. Of that amount, \$1.3 million was for public safety and \$2.8 million was for public works.

Mr. Bacon reviewed noteworthy CIP projects including the Mummy Mountain Public Safety Communications Tower, reconstruction of Mockingbird Lane between 52nd St and 56th St, pedestrian walkway improvements, and the purchase of a records management system for the Town and associated technology improvements.

Mr. Bacon summarized CIP Projects for FY 2013 – 14 including the police technology initiative, reconstruction of Stanford Drive, reconstruction of 56th street, and APS District 30 for an estimated cost of \$3.7 million. He said nothing was included for Camelback parking, Berneil and Indian Bend drainage projects, and SRP undergrounding.

Councilmember Parker departed the meeting at 1:20 p.m.

Council asked for the Town Manager to prepare an implementation strategy for the General Plan in time for the FY 2013-14 budget discussions.

In closing he stated that the debt service fund was fully funded through bond maturity in 2019. He stated the budget excludes restoration or expansion of services eliminated over the past three budget cycles; improvements to employee compensation; and does not solve the long term structural deficit.

He stated that staff will follow up on questions from today and schedule vote in May.

ADJOURNMENT

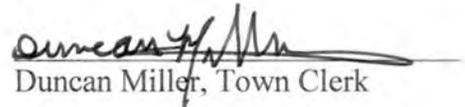
Motion and vote – Hamway moved to adjourn. Councilmember Dembow seconded the motion which passed by a vote of 6 - 0.

Mayor LeMarr adjourned the meeting at 2:08 p.m.



Scott P. LeMarr, Mayor

ATTEST:



Duncan Miller, Town Clerk