

**TOWN OF PARADISE VALLEY
MINUTES
TOWN COUNCIL WORK STUDY SESSION
MAY 8, 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 8, 2007, in the Public Safety Auditorium, 6433 East Lincoln Drive, Paradise Valley, Arizona, 85253.

COUNCIL MEMBERS PRESENT

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

STAFF MEMBERS PRESENT

Town Manager Thomas M. Martinsen
Town Attorney Andrew Miller
Town Clerk Duncan Miller
Management Services Director Lenore Lancaster
Police Chief John D. Wintersteen
Assistant Police Chief Larry Scott
Public Works Director Andrew Cooper
Planning & Building Director Eva Cutro
Accounting Supervisor Karen Gregoire
Human Resources Manager Jinnett Hancock
Information Technology Manager Carl Hollish
Human Resources Manager Jinnett Hancock
Court Services Manager Elsa Lynch
Associate Presiding Judge John Auran
Judge Ty Taber
Administrative & Communications Supervisor Jim Tortora
Building Safety Manager Robert Lee

WORK STUDY SESSION ITEMS

Mr. Martinsen 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 2007-08 budget by department.

Five-Year Financial Forecast

Ms. Lancaster stated that the five-year financial forecast is in full compliance with the expenditure limitation and complies with the Town Council adopted financial policy. 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 discussed was Fire and Emergency Service expenses. Ms. Lancaster reported that capital improvement costs for fire service will include the Fire Station 1 land acquisition, fire station architectural services, construction, and construction management. Additionally, \$308,230 was budgeted for relocation costs, \$30,860 for the temporary fire station, \$190,000 for furniture, \$40,000 for commodities/EMS lockers, \$184,948 for training, and \$60,000 to install a traffic alert signal at Fire Station 2. She said it is likely that costs for training, furniture and equipment will be under budget.

She said fire service operating expenses will include:

- Phoenix IGA \$1,657,198
- Phoenix Dispatch/Communications \$29,523
- Utilities/Trash \$24,349 50/50 split
- Major Repairs \$20,000
- Fire Marshal Salary/Benefits - \$102,552
- Fire Marshal Expenses - \$7,972
- Capital lease of fire apparatus \$393,561

The second open budget issue discussed was group insurance renewal costs. Ms. Hancock stated that there will be no rate increase for life insurance, AD&D, STD or LTD. She reported that there will be a 5.5% increase in the Delta Dental renewal. She recommended that the Town accept these proposed insurance renewal plans.

She explained that the United Healthcare proposal is an increase of 19%. She stated that this increase is unacceptable. The Town met with its benefits consultant and considered alternative plan designs and new product series which would reduce the increase from 19% to 10.7%. The plan design changes would increase employee co-pays and require employees to pay more for extended hospital care. As a means of offsetting the increase in co-payments, she recommended that the Town increase the Health Reimbursement Account benefit from \$75 a month to \$100 a month. She also suggested that the Town renew the policy for six months and go out for bid for a new plan.

The third budget issue discussed was a market salary adjustment. She noted that market

adjustments serve as an important recruitment and retention tool. Moreover, it is important to consider that there will be increases in health and dental renewal costs and the ASRS mandatory employee contribution will increase from 9.1% to 9.6%. This is in addition to CPI increases and the cost of fuel for the 96% of employees who commute to work. She provided information from other municipalities who are recommending market adjustment increases from between 2.5% and 6%. There was Council consensus to budget for a 3% market adjustment.

Budget Review

Next, the Council reviewed the proposed Fiscal Year 2007-2008 Budget by department. Ms. Lancaster stated that the budget was developed using the same zero-based strategy used in previous years. The budget was presented in layers: the base budget is comprised of administrative and ongoing operating costs; enhanced services are proposed new programs or increased service levels that would be folded into the base budget in future years; special projects are one-time costs for services or projects that can be completed in one-year; and, finally, capital projects are major physical improvements to the Town's public infrastructure.

In the Town Manager's budget she explained that funds were budgeted for costs associated with the Town Manager recruitment and transitions expenses, including relocation and salary overlap. The Town Attorney's budget included increases in professional services and process service fees. The Management Services budget increased to account for Spring 2008 Council elections. In the Non-Departmental budget she said the \$75,000 for Fiesta Bowl funding had been listed as a special project last year but is being moved to an enhanced service this year.

Ms. Cutro stated that a contract planner was budgeted to assist with project workload. She reported that 5 of 9 resort special use permits are in the application process and it is putting stress on department workload. She noted that the recent special use permit applications are more innovative with resort residential and other private ownership components which may require assistance from professional consultants.

Mr. Lee discussed the Building budget. He reported that the priorities for the Building division is to provide customers with the best level of service by providing next day inspections and 15 business day minimum plan review. It is anticipated that there will be a need for after-hours or Saturday inspections and multiple inspections in one day to keep up with resort development. He said additional fees will be charged for weekend inspections.

Mr. Cooper discussed the Public Works budget. He explained four budget enhancements for the next year including \$31,878 to remove buffelgrass from the Town's rights-of-way, \$15,000 for general professional services, \$606 for maintenance of landscaping on Northern Ave, and \$7,200 for janitorial services for the Kiva field restrooms.

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Mr. Cooper said there are two Public Works Special Projects for next year. The first is the replacement of Town Hall climate control computer software and hardware, duct work changes, and control valves and hardware cards for each air handling units. Each office will be able to control its own temperature. The cost will be \$77,600. The second special project is the replacement of carpeting in the Police Department for a cost of \$16,459.

Chief Wintersteen reported on the Police Department budget. He stated that there are three priorities for the Department: hiring and retention, radio system improvements, and photo enforcement.

He said the hiring and retention of police officers continues to be competitive. Allowances have been made to remain attractive in the market, including increasing the maximum salary range for police officers by 10%.

He explained that the police radio system is over 10 years old and must be upgraded. Interoperability demands placed on the public safety community requires a major investment. He said \$88,685 was budgeted for a consultant and that the actual radio system will cost approximately \$1 million but it will be lease purchased over 8 years.

He noted that the photo enforcement vendor will replace one van add a second part-time van to Paradise Valley at not cost to the Town. Finally, he stated that there will be an increase in hours for one of the part-time police clerks from 27 to 32 hours in order to assist in processing Fire Marshal related permits previously processed by Rural/Metro.

The last item discussed was Capital Projects. Ms. Lancaster noted that additional funds were budgeted for Town entry monument construction. Also funds were added for project administration costs associated with the construction of the fire stations.

Mayor Winkler adjourned the meeting at 4:50 p.m.



Ed Winkler, Mayor

ATTEST:

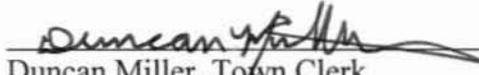

Duncan Miller, Town Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the work-study session of the Town Council of Paradise Valley held on the 8th day of May 2007. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 25 day of May, 2007.




Duncan Miller, Town Clerk