

**TOWN OF PARADISE VALLEY
MINUTES
TOWN COUNCIL WORK STUDY SESSION
MAY 9, 2006**

CALL TO ORDER

A work-study session of the Town Council of the Town of Paradise Valley, Arizona, was called to order by Mayor Clarke at 3:02 p.m. on Tuesday, May 9, 2006, in the Public Safety Auditorium, 6433 East Lincoln Drive, Paradise Valley, Arizona, 85253.

COUNCIL MEMBERS PRESENT

Council Member Ron Clarke
Vice Mayor Ed Winkler
Council Member Mary Hamway
Council Member Scott LeMarr
Council Member Dan Schweiker attended by telephone conference call
Council Member Virginia "Jini" Simpson (arrived at 3:10 p.m.)

Council Member Rick Coffman was not present

STAFF MEMBERS PRESENT

Town Manager Thomas M. Martinsen
Town Attorney Andrew Miller
Management Services Director Lenore Lancaster
Police Chief John D. Wintersteen
Assistant Chief Larry Scott
Public Works Director Andrew Cooper
Public Works Superintendent Bob Senita
Planning & Building Director Eva Cutro
Accounting Supervisor Karen Gregoire
Information Technology Administrator Carl Hollish
Management Analyst Duncan Miller
Human Resources Administrator Jinnett Hancock
Executive Assistant Natalie Montenegro

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 2005-06 budget by department.

Five-Year Financial Forecast

Ms. Lancaster presented the five-year financial forecast. She stated that the Town's financial position is healthy. She noted that the forecast assumes the following impacts: the temporary closure of Mountain Shadows Resort and Montelucia; increase in construction sales tax revenues and building permits due to redevelopment of Montelucia, redevelopment of Mountain Shadows, and development of Ritz Carlton; addition of revenue from plan review program; and purchase and renovation of Fire Stations and associated equipment.

She stated that at the end of five years the funds available for General Government and Capital Projects will exceed the Council's previously stated goal of maintaining a fund balance that would equal or exceed the Town's operating expenses.

Open Budget Issues

Chief Wintersteen started the discussion of open budget issues with a proposal for police department administrative staffing. Chief Wintersteen reminded the Council that, previously, consideration was given to the creation of a civilian Administrative Manager position to directly oversee the day-to-day administrative, logistical and financial functions of the department. However, with the recent retirement of the Office Support Supervisor, it is possible to instead reclassify and consolidate responsibilities and avoid hiring additional personnel. The net financial effect of the position reclassifications is approximately \$15,000. The Council expressed support.

The next open budget issue was presented Management Services Director Lenore Lancaster. She stated that the position of Accounts Payable Clerk has been vacant for two years. The 2005-06 budget includes 16 hours weekly for accounts payable support. She suggested that there is a need to hire one full-time employee that can be shared by the Management Services Department, Planning & Building Department and Engineering Department. Council directed that the budget include 16 hours weekly for accounts payable support and revisit the issue of increasing the hours until after implementation of in-house plan review. The Town Manager suggested that sufficient funds would be included in contingency should the Council wish to approve the enhanced position in the future.

Human Resources Administrator Jinnett Hancock presented a proposal for a market salary adjustment. She provided Council with a matrix of Valley cities and towns indicating their proposed market adjustments. There was Council consensus to include a 3.25% market adjustment in the budget to be inline with other Valley cities and to address the increase in ASRS employee deductions next fiscal year.

Ms. Hancock stated that the Town's healthcare provider quoted a 10% increase for next year. This percent is less than anticipated. The dental plan renewal will increase by 5.5%. There would be no increase in life insurance, accidental death and dismemberment insurance or in any of the other benefits. She also stated that the Town would change the

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third party administrators of the successful and popular Health Reimbursement Account. She stated there may be one-time plan start up costs and would provide a full report at an upcoming Council Meeting. The Council expressed support.

The final open budget issue was presented by Mr. Martinsen. He stated that there are a number of budget allocations related to fire and emergency medical services in the 06/07 budget. As such, it was appropriate to establish a specific fire department budget in the annual budget document. He recommended an allocation of \$4.5 million for fire station acquisition and improvements, \$382,000 for fire equipment lease purchases, and allowance for transition costs, and one time start up costs of \$250,000 should the Council choose a service provider other than Rural/Metro. The Council expressed support.

Budget Review

Next, the Council reviewed the proposed Fiscal Year 2006-2007 Budget. 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.

The Management Services Department budget enhanced and special projects for the next year include implementation of investment services, WebEx Web Conferencing, and transition to a 4 year life cycle for workstation/fileserver hardware.

The Council then discussed the Non-Departmental budget. This budget includes funds for a MAG anti-litter campaign, \$575,000 in annual funding for the Scottsdale CVB and a one time payment of \$75,000 to support the Fiesta Bowl. Ms. Lancaster also noted that maintenance for Kiva Field has been moved to the Public Works budget.

The Planning & Building budget was discussed next. Ms. Cutro explained the various staffing changes that will be made in the next year including a contract Planner to assist with project workload and the hiring of a 4th Building Inspector.

The Engineering budget was considered next. The Department will contract for a surveyor to replace missing bench marks and check existing bench marks for correct elevations. Wissel Consulting will also be retained to oversee demolition, grading, dust control, NPDES, and haul route issues for Mountain Shadows remodel.

Enhanced programs in the Municipal Court included the implementation of an information interface.

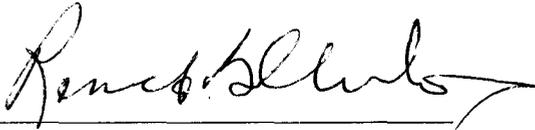
The Public Works budget included the following enhancements: additional contract landscape maintenance; weekly maintenance of dog stations & quarterly landscape

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maintenance of Berneil Wash; and grounds maintenance of Kiva field. Special projects included: silt removal form Berneil Wash; rewire traffic signals; re-carpet Town Hall; re-roof Town Hall; and install new security gates at the Police Department. Finally, Mr. Cooper stated that the budget for resurfacing residential streets increased from \$500,000 to \$1,100,000 per year.

The Police Department budget proposed overtime for burglary prevention, electronic file conversion to migrate old data to the new records management computer system, the hiring of a radio system consultant, and the installation of a photo enforcement camera on west-bound Lincoln Drive at Mockingbird Lane.

Mayor Clarke adjourned the meeting at 5:10 p.m.



Ronald B. Clarke, Mayor

ATTEST:



Lenore P. Lancaster, Town Clerk

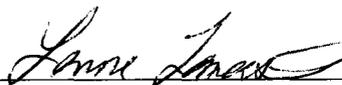


OFFICIAL SEAL
OFFICE OF TOWN CLERK
TOWN OF PARADISE VALLEY
LENORE LANCASTER, TOWN CLERK

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 9th day of May 2006. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 26th day of May, 2006.



Lenore P. Lancaster, Town Clerk