

**TOWN OF PARADISE VALLEY
MINUTES
TOWN COUNCIL SPECIAL MEETING – BUDGET RETREAT
MARCH 5, 2005**

CALL TO ORDER

Mayor Clarke called the budget retreat of the Town Council of the Town of Paradise Valley, Arizona, to order at 8:15 p.m. on Saturday, March 5, 2005, at The Views, Sanctuary on Camelback Mountain, 5700 East McDonald Drive, Paradise Valley, Arizona 85253.

COUNCIL MEMBERS PRESENT

Mayor Ron Clarke
Vice Mayor Ed Winkler
Council Member Rick Coffman
Council Member Mary Hamway
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
Management Services Director Lenore Lancaster
Public Works Director Andrew Cooper
Community Development Director Hamid Arshadi
Town Engineer William Mead
Police Chief John Wintersteen
Court Administrator Elsa Lynch
IT Administrator Carl Hollish
Capital Projects Administrator Bob Ciccarelli
Public Works Superintendent Bob Senita

DISCUSSION ITEMS

Discussion of Five-Year Financial Forecast

Ms. Lancaster reviewed the five-year financial forecast. She stated that except for fiscal year 2007, expenditures exceed revenues. However, she believed the revenues were conservative. Revenues did not include any sales or bed tax from Mountain Shadows or

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from a resort on the Sinclair Oil property. She reviewed the assumptions for the revenues and the expenses.

Ms. Lancaster stated that the only year that there appears to be a problem with the expenditure limitation is fiscal year 2006. The reason for that problem is the carryover of a substantial number of projects from the current fiscal year.

Ms. Lancaster stated the major unknown is the impact of fire service. The Town may need an expenditure limit override and a revenue source. Ms. Lancaster stated that the total of the budget requests to be discussed today is \$500,000 in on-going costs and \$200,000 in one-time costs. Some requests have offsetting revenues, such as the in-house plan review and the La Posada construction management proposal

Discussion of Long-Range Capital Improvement Program

Mr. Mead and Mr. Ciccarelli reviewed the new capital programs. Council asked to see the traffic study for the Palo Cristi traffic calming. They felt it should be left as a priority 3 until it is discussed at the work-study session.

Council asked that Mark Fredstrom look at the work flow of the building and plan review functions. This should be a priority 1. They wanted to ensure we do not underbuild the conference room.

Council asked in the future for a GIS map that would indicate where the CIP work would be done.

Discussion of Budget Policy Issues

Fire Service Arrangements

It was suggested that the Town hold a second town hall meeting on a Saturday morning, at 10 am, to encourage more resident participation. Council felt that with either Rural/Metro or with the City of Scottsdale, the Town could need a second fire station to meet the six-minute response requirement. Council felt the fire station to be built should meet the requirements of both providers.

Council asked that the Town Attorney research ways to help Rural/Metro increase its subscription collections. They asked that the Town Manager develop a plan of action for Station 828 to purchase the station and improve it.

In-House versus Outsource Plan Review

Mr. Arshadi reviewed the proposed plan to bring the plan review in-house. This would increase revenues approximately \$473,000 annually. Annual expenses for salary and benefits would be approximately \$150,000. This plan would require expanding town hall since there currently is no workspace available for the plan review function.

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La Posada Resort Plan Review and Construction Management

Mr. Arshadi reviewed the proposal to use out-source plan review for La Posada, as is done for residential construction plans. The Town would contract for additional building inspectors to allow for daily inspection of La Posada. The inspectors would report to the Town. The cost would be recovered from Crown Realty. The estimated cost is \$135,300.

Mountain Shadows Resort and Sinclair Property SUP Staffing Requirements

Mr. Arshadi stated that if plans were submitted for both the Mountain Shadows Resort and the Sinclair Oil Property simultaneously, the current staff would not be able to process the applications and keep up with their regular workload. The proposal is to include \$70,000 in the budget for a contract planner if needed.

NPDES Stormwater Management Plan Implementation

Mr. Mead provided handouts to Council used in the education program for NPDES Stormwater Management Plan. There is no significant budget impact.

Scottsdale Sewer IGA Compliance

Mr. Mead reviewed the need to buy additional capacity from the City of Scottsdale. It appears that the Town may have reached its notification point in January or February of 2005. This will be discussed in the March 10 work-study session. The Town has included the construction of the sanitary sewer force main and lift station in the 2006-07 CIP. The flows to the south have not yet exceeded the trigger point for the construction of the force main and lift station.

It was discussed that this would be MPC bond financed.

Information Technology Plan

Mr. Hollish reviewed the IT projects for FY 2005-06. Council was supportive of the proposal.

Councilmember LeMarr stated that he didn't realize there would be additional workload for staff for the notebook based council packets, and withdrew his suggestion.

Elections

Ms. Lancaster said if the Town requires a permanent adjustment to the base expenditure limit for fire service, it would be on the May 2006 election. There would be a budget impact of approximately \$6700 for the cost of the publicity pamphlet. The budget would include the cost of having both a primary and a general election.

Expenditure Limitation

Ms. Lancaster stated the need for a possible adjustment of the expenditure limit was discussed as part of the five-year plan and the fire service issue.

Investment Management

Ms. Lancaster explained that the Town might earn more interest revenues if it employed a

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professional investment advisor. She explained how she currently does the Town's investments. She would like to meet with potential firms and evaluate whether it would be worthwhile for the Town to have an outside firm revise investment policies and manage the investments. There would be a cost, which would be offset by the higher interest earnings.

Council was receptive to this proposal.

Credit Cards

Ms. Lancaster stated she did not believe it would be in the Town's best interest to take credit cards for the building and engineering permits. This would be an expense to the Town and would go against the expenditure limitation. She indicated that Ms. Lynch had investigated on-line fine payment through eFineOnline.com and this might be feasible.

Ms. Lynch indicated there would be no cost to the Town. She would investigate this further.

Bond Financing Proposal

Ms. Lancaster stated that if the Town purchases additional sewer capacity, it should be financed through MPC bonds.

Police Department Reorganization and Administrative Manager

Chief Wintersteen said the Town is in the process of hiring an Assistant Chief and the next step in the reorganization was to hire a Lieutenant. Next year the reorganization would include the hiring of a civilian manager to oversee the Administrative Division. The annual cost would be about \$70,000. Only \$50,000 would be used next year.

Council did not feel that the reorganization previously discussed automatically authorized the addition of the administrative manager. There was discussion that more information was needed.

Ms. Lancaster suggested adding a contingency line on the budget for the Police Department for \$50,000 if Council authorized the addition of this position.

Burglary Prevention Program

Chief Wintersteen reviewed the burglary prevention program and indicated that they would like an additional 32 hours for pro-active operations. The total cost for the 1012 man-hours of overtime would be approximately \$64,000.

Council was supportive of the increase.

Service Contracts

Mr. Cooper reviewed the continuation of the existing Public Works service contracts for landscape maintenance and litter removal; traffic signal maintenance; and custodial maintenance. There would be small increases in cost.

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Work Load Staffing Requirements

Mr. Cooper reviewed the additional manpower requirements for landscaping and facilities maintenance. The total increase in annual hours is 429 hours, or from 27 to 35 hours weekly.

Council was supportive of the additional hours.

Tatum Boulevard Beautification

Mr. Cooper reviewed the Tatum Boulevard Beautification program. The FY 2006 budget would include bus stops and a guardrail.

Council was supportive of the program.

Street Maintenance Program

Mr. Cooper reviewed the proposed change in the pavement management plan whereby the maintenance life cycle of streets would be extended. In addition, the streets in a neighborhood would generally be resurfaced at the same time. He indicated that the revenues from haul fees would be added to the base \$500,000 budget for street resurfacing.

Mr. Cooper indicated that because of the expenditure limit problem in fiscal year 2006, he proposes to move the resurfacing of streets and the installation of sidewalks originally scheduled for next fiscal year to the current fiscal year.

Council was supportive of this proposal.

Staffing Needs

Ms. Lynch indicated that with possible changes in legislation and increase in process service, she might need to add eight hours a week to a part-time employee. She indicated the cost would be approximately \$18,000. The additional hours would be added only if necessary.

Council was supportive of the proposal.

Municipal Court Enhancement Fund

Ms. Lynch indicated that other courts have added a surcharge that is accumulated from year-to-year to finance special projects. She proposed a \$10 surcharge or court enhancement fee.

Council was supportive of this proposal.

ATM Proposal

Ms. Lynch requested that an automatic teller machine be installed in the court lobby for defendants to withdraw money to pay fines or use their credit cards for a cash advance.

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Council was supportive of this proposal.

Employee Compensation and Benefits

Mr. Martinsen reviewed a preliminary survey of compensation adjustments by other municipalities, which indicated expected market adjustments as of July 1. He indicated that the Arizona State Retirement System would increase their retirement percentage from 5.2% to 7.75% effective July 1. Employees in the ASRS would also have to pay this increase. This does not affect the Public Safety Retirement System employees.

Ms. Lancaster reviewed the impact on employees at various levels.

Council asked for a three-year history of what the Town and other municipalities did for market adjustments.

Compensation Plan Revision for Department Director Positions

Mr. Martinsen asked for the flexibility to recognize excellent performance at the director level when the maximum of the pay range is reached. He provided Council with two options for consideration.

Council supported the option for a \$10,000 appropriation for awards to be made over the 26 pay periods for department directors.

Public Communications and Public Affairs Services Contracts

Mr. Martinsen indicated that the Town has a contract with Crosby/Wright to provide public communications services through June 30, 2006. The contract with APCO expired December 31, 2004 and is subject to renewal.

Councilmember Simpson explained the support that APCO has provided the Town during this legislative session.

Council was supportive of these two contracts.

Kiva Elementary School Athletic Field Improvements

Councilmember Hamway explained that she has met with representatives of Kiva School and interested parties to develop ways to improve and maintain the Kiva School Athletic Field. She described the support to refurbish the field to be provided by various organizations. She was looking for support from the Town for in cost of on-going maintenance. This will be on the March 10 work-study session for discussion.

Convention/Visitor Bureau Funding

Mr. Martinsen indicated that the Town did not increase its funding to the Convention/Visitor Bureau in fiscal year 2005. The CVB would like an increase to \$550,000 next year. They are also requesting special project funding. In addition, the Town is being asked by the Super Bowl Committee for a contribution of \$109,347 for funding the 2008 Super Bowl.

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Council did not support the level of funding for the 2008 Super Bowl since the Town's resorts would be full at that time of year anyway and the request contained no specifics on how the money would be used. They said a small contribution might be in order, such as \$7,000 based on population.

Council felt there could be a special project funding for the CVB but hold the annual funding to the current \$525,000 since two resorts will be closed in fiscal year 2006.

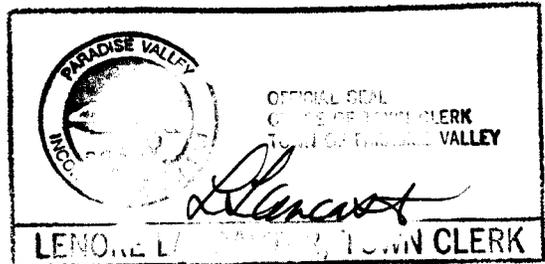
Ms. Lancaster suggested the special project funding be done this year because there is room in the expenditure limitation in fiscal year 2005.

Adjournment

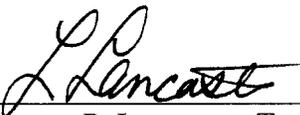
Mayor Clarke adjourned the meeting at 3:40 p.m.



Ronald B. Clarke, Mayor



ATTEST:

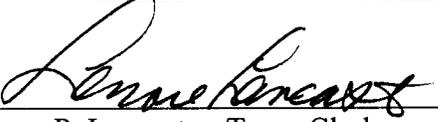


Lenore P. Lancaster, Town Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special Meeting of the Town Council of Paradise Valley held on the 5th day of March 2005. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 31ST day of March, 2005.



Lenore P. Lancaster, Town Clerk