

TOWN *Of* **PARADISE VALLEY**



STAFF REPORT

TO: Mayor Bien-Willner and Town Council Members

FROM: Jill Keimach, Town Manager
Lindsey Duncan, Chief Financial Officer

DATE: June 9, 2022

DEPARTMENT: Finance and Budget
Lindsey Duncan, 480.348.3696

AGENDA TITLE:

Consideration and action on Resolution 2022-17 amending the fiscal year 2022 (FY2022) budget which ends on June 30, 2022.

SUMMARY STATEMENT:

Town Council will consider a request to adopt Resolution 2022-17 authorizing amendments to the FY2022 budget.

BACKGROUND:

The provisions of Title 42, Chapter 17, Articles 1-5, Arizona Revised Statutes (A.R.S.), require cities and towns to make an estimate of the different amounts to meet the public expenditures/expenses for the ensuing fiscal year. When adopted by the Council, these estimates constitute the budget for the Town.

The total budget may be reduced after final adoption but may not be increased. In addition, the Town cannot spend money for a purpose that is not included in its budget. Thus, the state statutes have a provision allowing the governing body to make amendments between line items without increasing the total budget. Contingency appropriations are budgeted to support operational and capital needs unforeseen at the time of adoption using either available or new resources.

Council adopted resolution 2021-12, approving the Final Budget for the fiscal year beginning July 1, 2021 (FY2022). Certain changes to Town operations have necessitated a series of budget amendments as detailed below.

Operating Contingency for Previously Approved Contracts

Throughout the fiscal year, Council approved certain contracts related to changes for the Town operations. This action accommodates the budget amendments to support the previously approved contracts utilizing either legal contingency or operating contingency.

Department/Use	Council Meeting	Agenda Item	Amount
Community Development			
3 rd party plan review/inspection (5 Star)	1/27/2022	22-044	200,000
Finance			
Interim Chief Financial Officer (CFO)	1/27/2022	21-367	100,000
Information Technology			
Microsoft licensing	5/26/2022	22-179	141,373
Budget software	1/19/2022	22-062	115,000
Interim Chief Information Officer (CIO)	1/27/2022	21-373	80,000
Tourism			
Resort sound equipment	4/14/2022	22-131	25,000
Town Attorney			
Legal/expert witness service: EPCOR rate case	12/2/2021	21-392	50,000
Town attorney services	3/10/2022	22-114	100,000
Town Manager			
Public communications	10/28/2021	21-338	33,200
Resort sound equipment: 4 resorts in FY2022	4/14/2022	22-131	20,400
Total			864,973

Priority Three

Due to the on-going Covid-19 pandemic, the Town's FY2021 and FY2022 budgets were adopted based on a three-tier priority system to ensure revenues were sufficient to meet Town obligations before authorizing certain expenditures. The FY2022 Priority Three programs were held in a contingency account until specific criteria were realized and service demands materialized. The Town Manager and the Chief Financial Officer were authorized to determine when the conditions for approval had been met and to proceed with the related programming. State statutes require Town Council approval for use of contingency. This action formalizes the amendments below supporting Priority Three expenditures.

Department/Use	Amount
Community Development	
New position: Hillside support	84,427
New position: Administrative support	67,698
New position: Planner I	11,283
Cell phone coverage	25,000
Council	
Recognition event	10,000
Finance	
State tax code: cost recovery	30,000
Procurement additional hours	10,400
Information Technology	
Training	12,710
Public Works	
Street preservation	955,173
Town Manager	
Tuition reimbursement	20,000
Software: short-term rentals	15,000
Public relations	10,000
Special performance award	2,500
Office supplies	2,500
Total	1,256,691

Priority Three

A number of amendments are required to align budget with the uses in each department as detailed below.

- Town-wide personnel costs were budgeted in contingency and allocated to departments as need.
- The adopted Court budget and the Paradise Valley Mountain Preserve Trust budget were insufficient to address certain operating costs known at the time of the budget. This technical amendment ensures each are within budget at the end of the fiscal year.
- The contractual agreement with Experience Scottsdale obligates payment based on a percentage of hospitality taxes collected by the Town. Due to the current economic climate, collections of hospitality taxes, and thus distributions to Experience Scottsdale are greater than the adopted budget.
- The compensation and classification study was budgeted in a prior fiscal year and had not been carried forward when the Town proceeded with the contract with the consultant.
- The Town Attorney recruitment costs were previously unbudgeted.

Department/Use	Amount
Town-wide	
Merit increases	399,054
Sick leave benefit	80,946
Court	
Building utilities	12,000
Liability insurance	12,500
Personnel costs	13,332
Paradise Valley Mountain Preserve Trust	
Tax filings	1,050
Web services	2,500
Tourism	
Experience Scottsdale	935,000
Town Manager	
Compensation and classification study	30,000
Town attorney recruitment	24,500
Total	1,510,882

BUDGETARY IMPACT:

This action will amend the budget for FY2022, authorizing use of contingency and ensuring department and fund expenditures are within the adopted budget.

RECOMMENDATION:

Adopt Resolution 2022-17 amending the FY2022 Budget.

ATTACHMENT(S):

- A. Staff report
- B. Resolution 2022-17