



# TOWN OF ORO VALLEY, ARIZONA

Town Council Budget Retreat

January 29, 2011  
El Conquistador Resort

## Attendees:

### Policy Makers

Dr. Satish Hiremath, Mayor  
Mary Snider, Vice Mayor  
Barry Gillaspie, Councilmember  
William Garner, Councilmember  
Lou Waters, Councilmember  
Joe Hornat, Councilmember  
Steve Solomon, Councilmember

Jerene Watson  
Greg Caton  
Julie Bower  
Kevin Burke  
Craig Civalier  
Betty Dickens  
George Dunscomb  
Brian Garrity  
Wendy Gomez  
Amanda Jacobs

### Staff

Ainsley Legner  
Stacey Lemos  
Tobin Rosen  
Philip Saletta  
Danny Sharp  
Kevin Verville  
David Williams  
Employee Budget Team  
Water & Finance Staff  
Police Deputy Chief & 2  
Commanders  
Management Interns  
Chris Cornelison and  
Jason Earl

**Facilitation and Summary: Lance Decker**

## INTRODUCTION AND BACKGROUND

The budget process for the Town of Oro Valley has become a mainstay of the annual planning and policymaking process.

## MEETING OBJECTIVES

### **The objectives for the budget retreat:**

- To discuss Oro Valley's budget process and conditions
- To identify the remaining steps in the budget process
- To identify the Council's priorities for 2011-2012 funding
- To list the additional information that Council members need to make informed budget decisions

## INTRODUCTORY REMARKS

In his welcome and introduction to the workshop, Mayor Hiremath shared his approach to the budget issues facing Oro Valley. He stated that budget problems are either "structural" or "cyclical" in nature. While cyclical budget problems come and go, a structural budget problem could not be fixed by cutting expenses. Oro Valley would have to either tax or grow to recover from structural problems. By improving efficiency, cutting expenses, increasing revenue and stimulating the economy the Town could get through cyclical problems. Once Council agrees on the budget problems being addressed, only then could policy makers decide how to approach the gaps.

Jerene Watson, Town Manager, stated the retreat was just the beginning of a four (4) month process. The budget numbers were not set, so things would change. Staff had listened to Council's request and the retreat was an opportunity to initiate a new approach. It started with updating the strategic plan and hosting the economic summits. The process depends on the Council stating their preferences and vision, and then the management team applying that vision to the budget and an implementation plan.

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## PRE-MEETING PREPARATION

Prior to the January budget retreat, participants were asked their opinions on various topics as part of telephone interviews. Below are the categories identified as key to the Council's discussions:

- The process of budget policy and budget preparation
- Consider raising revenue
- Places to consider cutting resources and services

- Additional information needed
- Priorities and boundaries
- Aligning with strategic direction
- Public information and involvement
- Systemic changes that the Town needs to make

From the Council's responses to the interviews, and staff's request for direction, the following driving questions were created to guide the discussion.

- What are your priorities for 2011?
- What specific budget issues need to be discussed by the Council at future budget workshops?
- What are the Council's top 10 priorities from the list of 50+ programs?
- On what topics do you need more information?
- Should the budget keep the authorized FTE's currently in the budget, or eliminate all unfilled FTE's and when the time comes to add staff resources to the Town, go back to the Council and justify the positions?

A complete listing of topics and comments can be found in Appendix B.

## **THE BUDGET BLUEPRINT PROCESS**

Stacey Lemos, Budget Director, presented information to participants, including budget projections, a discussion of future sustainability with new revenue, cost reduction, program priorities, and a request from the Council for guidance on the CIP process and community funding to outside agencies. She reviewed the budget schedule and indicated that cost cutting measures to date included bond defeasance, personnel reductions, increased cross-training, department consolidations, reduced liability insurance premiums, the use of volunteers and interns, reduced utility costs, reduced community funding to outside agencies, and O&M reductions.

The General Fund 5-year Forecast Assumptions included bed tax fund revenues/expenditures, minimal tax and new development growth, FY 2011/12 \$500K decline in shared income taxes and others flat, health insurance increases, a .5% pension increase per year, and a 1%-2% COLA from FY 2012/13 through 2015/16.

The assumptions included continued funding for TREO and MTCVB at current levels, a factor for Ventana Systems growth for the next three years, and transit subsidies of \$300,000 per year. CIP and CARF were not factored into forecast. Operation and maintenance costs were assumed flat.

The projected General Fund deficits were:

FY 2011/12 \$2.4 million  
FY 2012/13 \$1.0 million

FY 2013/14 \$1.3 million  
FY 2014/15 \$1.5 million  
FY 2015/16 \$2.9 million

Stacey said that the general fund balance would continue to decline if no actions were taken to either reduce costs and services, or increase revenues. Building permits were down from a high of 422 to just 35 per year. The Town had about 200 existing residential and business (foreclosures) vacancies. In 2004, the town had increased sales tax from 2% to 4% which helped build up the fund balance and \$2.4 million in collections was estimated for next year. The current fund balance was \$10.3 million.

Capital improvement projects (CIP) are defined as costing \$50,000 or more with a life of 5 years or more and became/preserved an asset of the Town. The pending projects range from \$150K-\$800K and have not been ranked or prioritized. The Capital Asset Replacement Fund (CARF) was allocated for routine replacement of fleet, computers, technology, equipment, etc. that ranged from \$600K-\$800K. These costs were not factored into the 5-year forecast.

## **PHONE SYSTEM REPLACEMENT**

Kevin Verville discussed options for phone system replacement stating the current system was over 10 years old and used 20-year old technology, and since the system was no longer supported by the manufacturer, there was no upgrade path. A scarcity of repair and replacement parts increased the risk of system failure.

The options included:

- Do nothing
- Replace the existing system
- Contract for a hosted system.

Each of the options came with significant costs and risks. Kevin's recommendation to the Council was a hosted VOIP system, which because since there was no hardware/software to maintain or upgrades to purchase, would be easily expandable and reduce administrative overhead.

Questions were raised by policymakers, and a discussion of options ensued. Council offered to appoint one of its members to work with Kevin V. to create a final recommendation that would come forward for discussion and adoption. (For a more complete discussion of the topics covered, and a listing of the options, see Appendix C.)

## **LONG-TERM FORECAST**

Stacey Lemos continued with a 5-year forecast for the Highway Fund. The forecast assumed flat construction taxes, a \$150,000 decline in HURF revenues, and a slow recovery in future years. Surface treatments are estimated at \$1.2 million per year with projected funding deficits at or exceeding \$1 million per year. The fund balance would go into the negative in FY 2014/15.

The General Fund forecast for FY 2011/12 was an estimated deficit of \$2.4 million and revenues back to FY 2005/06 levels. CIP requests for FY 2011/12 were \$425,000 for Police projects, \$250,000 for Parks projects, and \$100,000 for Town-wide security for a total of \$802,000. CARF needs for FY 2011/12 include \$80,000 for computers, \$60,000 for mobile data computers, \$65,000 for servers, and \$558,000 for vehicles for a total of \$763,000.

The Highway Fund forecast estimated the deficit at \$940,000.

## **NEAR-TERM LOOKING GLASS / CURRENT BUDGET MICROSCOPE**

The mid-year budget status was an estimated \$1.27 million deficit. Construction sales tax is down by 34%. A Highway Fund deficit of \$453,000 can be expected, and residential/ commercial building permit revenues were coming in below estimates. A possible reduction of the pavement preservation budget would require Council approval. The Manager requested a search by departments for additional savings.

Mid-year considerations of an employee pay increase would cost \$200,000 for a 1% Town-wide bonus, \$200,000 for a Town-wide 1% COLA, and \$700,000 for a 4% merit increase/step plan increase. It was stated that Town did not have the capacity to fund ongoing raises.

(A more inclusive discussion of the questions raised and comments made by policy makers on options for near-term adjustments are included in Appendix C.)

## **DEFICIT CLOSING OPTIONS**

The Council discussed various methods for closing financial breaches, including service cuts, the short-term enhancement of existing taxes, a long-term change in the mix of taxes and fees, and other strategies for filling revenue /service gaps. The Council stated that it was important that staff be diligent and creative in saving money, and that if service cuts were required...those cuts... and the effects of those cuts be clearly stated to the Council prior to final decisions. For instance, where small savings might be obtained but that would mean major negative effects on services would not be in anyone's interest. Staff was challenged to identify the unintended consequences of budget cuts, and to be creative and innovative in finding ways to 1) maintain and even improve services, and at the same time 2) maintain or even reduce their budgets.

While most policy makers did not enjoy considering new taxes and fees, all agreed that a broad investigation of the various options and possibilities is required. This means that new revenue initiatives should be considered, researched, and brought to Council.

(For a more complete discussion of the comments made and direction given to staff by policy makers, see Appendix C.)

## COUNCIL PRIORITY SETTING

The Mayor and Council used the spreadsheet “Existing Projects, Programs and Services” to focus the discussion of policy priorities for FY 2011-12. Each policymaker reviewed his/her thinking on priorities with the rest of the group, and after the entire Council completed the exercise, staff was asked if they had questions of the Council to help them clarify direction.

Discussion by participants generated the following:

- Annexation, economic development, and improvements that could be made at very low cost were priorities.
- In assembling the budget staff must consider the cost and benefits of eliminating a program, and if a cut is recommended... showing the full affect to the Council as part of the discussion.
- Other comments included support for the creation of a youth commission, holding signature community/ sports events, enhancing the Town’s image, and security at Town facilities.
- Regarding new revenue sources, nothing is off the table for discussion but support for a food tax, sale of Town assets, or a short-term press for a property tax was missing from the group and probably unrealistic. Focus should be on utility taxes, franchise fees, and rental and sales taxes.

## RECOMMENDATIONS / DIRECTION

The following recommendations were made, and direction given, to staff by Oro Valley policy makers.

- Use the information received at the budget retreat to prepare a more detailed budget document.
- Before bringing the budget to the Council in writing, brief each Council member on what’s being included and excluded; no surprises.
- Consider deferring capital improvement projects where possible.
- Prepare several alternative revenue / expenditure scenarios that reflect the retreat discussion.
- Don’t recommend cutting something that staff isn’t prepared to live with if it gets cut.

- Develop information and analysis of new and modified revenue sources as directed by Council during the retreat. In this analysis indicate how much money (\$\$\$) each source might generate and at what level (%) of effort.
- Schedule and hold the next set of budget meetings.

## COMMENTS AND OBSERVATIONS

The following are comments and observations made by both meeting participants and people simply observing the discussion.

### Policy Makers:

- “The meeting was an open and honest conversation.”
- “I’d prefer meetings scheduled on week days.”
- “Today we realized the problems the town faced and Council needed suggestions on solutions.”
- “Real progress had been made.”
- “The Council made policy decisions based on staff recommendations.”
- “It was a good discussion and everyone was committed to bettering the lives of Oro Valley residents.”
- “The Town needed to take control of its own destiny.”

### Observers:

- John Musolf: “This was the first time cost benefit analysis has been discussed.”
- Bill Adler: “To maintain a community of excellence, increasing taxes needed to be sold and I’m prepared to sell it.”
- Jason Earl: “There should be a property tax implemented.”

## PLANNING FOR ACTION

Action planning is a technique for creating concrete results from meetings. The first column describes the action or activity that must take place. Focus on deliverables like specific reports, outcomes from projects, decisions made, or actions completed.

The second column determines who, specifically by name, will make sure the action or deliverable gets done. They don’t necessarily have to do the work themselves, but just need to be responsible for seeing it’s done. Don’t use titles, committees or “all of us” in this box... as a way of spreading responsibility. “When everyone is responsible... no one is responsible.” When a person’s name is in the box, they will feel personally responsible, and get the work done.

The third column is the delivery date. This should not be the date the activity will begin... or the date something will be in process. This should be the date when all work is completed, and the deliverable is submitted. This date should be when you can erase the action from the plan.

| <b>PLANNING FOR ACTION</b>   |  |                                 |
|--|--|---------------------------------|
| <b>What needs to be done?</b>  | <b>Who will do it?</b>                     | <b>By when will it be done?</b> |
| Complete the draft meeting notes from this workshop and transmit to staff for further processing.            | Lance                                      | February 2011                   |
| Prepare a list of CIP projects that have been funded and completed, and provide that list to Council members | Stacey                                     | During Budget Study Sessions    |
| Prepare for the upcoming Budget Study Sessions & present according to the Budget Schedule                    | Stacey, Jerene & Executive Management Team | Budget Study Session Schedules  |

## APPENDIX A

### **BUDGET RETREAT**

ORO VALLEY TOWN COUNCIL AND STAFF  
FY11/12 BUDGET PLANNING

**January 29, 2011**

Hilton El Conquistador Resort, Canyon Suites I/II

|       |   |   |
|-------|---|---|
| 7:30  | Breakfast, Coffee and Conversation  |   |
| 8:00  | Welcome and Opening Comments:<br>✓ Administrivia<br>✓ Workshop Agenda, Charter, and Objectives  | Mayor Hiremath<br>Jerene Watson<br>Lance Decker |
|       | Budget Blueprint Process:<br>Budget Teams, Schedule, Instructions   | Stacey  |
| 8:15  | Longer-View Periscope:<br>Presentation of <u>5-Year</u> Budget Forecast and Capital Needs   | Stacey & team                                   |
| 8:45  | Near-Term Looking Glass:<br>Presentation of <u>FY 2011/12</u> Budget Forecast and Capital Needs   | Stacey & team                                   |
| 9:05  | Break   |   |
| 9:15  | Current Budget Microscope:<br>* FY 2010/11 <u>Mid-Year Budget Update</u> through December<br>* Discuss COLA/Bonus/Step Increase Impacts   | Stacey & team                                   |
| 9:35  | Deficit Closing Options<br>* Revenue Enhancements<br>* Expenditure Reductions<br>* Combinations of both   | Stacey & team                                   |
| 10:15 | Break   |   |
| 10:20 | Council Priority Setting Exercise & Discussion<br>* Mayor comments<br>* Review matrix on existing projects, programs & services<br>(Top 10 out of 50+)<br>* Discuss newly proposed Council Projects/Ideas | Mayor & Council                                 |
| 12:00 | Recap<br>* Councilmember summaries on priority setting  | Mayor & Council                                 |
| 12:20 | Lunch – plated served and return to working groups  |   |
| 12:40 | Recap of what was heard   | Lance   |
| 12:50 | Fitting the pieces together:<br>* Long-term sustainability plan discussion<br>* Agreement on Priorities – new and existing (what moves up, what falls back or off)  | Mayor & Council                                 |
| 1:45  | Finalization & Planning for Action (next steps)<br>* Future Study Sessions – what to bring back with more detail  | Lance<br>Kevin (on computer)                    |



## APPENDIX B

# TOWN OF ORO VALLEY, ARIZONA BUDGET WORKSHOP

ISSUE SUMMARY  
JANUARY 29, 2011

*The following is a summary of topics, questions, and issues obtained from pre-workshop interviews with the Mayor and Council.*

### **The process of budget policy and budget preparation**

- We need to start coming to grips with our sustainability.
- I want to hear everyone's thoughts on the budget.
- We need to make sure we have reduced or eliminated nonessential services.
- Yesterday's <budget briefing> meeting <with Jerene> was good. Nicely prepared. Very well organized. The matrix prepared by staff should be helpful.
- We need to know about police priorities. What they're going to do about public safety.
- On Saturday we must spend all our time on our budget. I want to look at additional revenue options and what cuts we can make in this year's budget, and next year's budget.
- What services do we need to cut rather than what is going to be saved?
- Would there be any benefit in us quietly exploring other cities, towns and states declaring bankruptcy?
- Of our \$100 million budget, only \$30 million is in the general fund. There are other short falls that we need to address. CIP for instance... roads.
- We have two choices: Maintain the budget based on the revenues we currently collect and receive, or develop new revenue to maintain services and quality of life.
- Last year the Council already did the heavy lifting, and made a lot of decisions to bring us where we are today.
- We must get a good handle on the shortfall. Revenue sources.
- I'd like to do the budget cutting in real time. Have all the department heads there to make decisions right then and there, and develop a budget real time.
- We should be prepared to go a long way at this session on Saturday. This isn't philosophical...it's tactical.
- We need to get more accomplished than just setting our top 10 priorities and identifying questions that need answers. I want to zero in on the revenue enhancements, what can we cut rather than what we're going to retain.
- I'd like to go through the budget item-by-item. Everyone gets a chance to say where the cuts should be made.
- We can't just talk about cut...cut...cut. Need to look at what else we can do.
- Maintaining Oro Valley quality of life is important. Ventana expansion...500 new jobs in Oro Valley. \$75K each. Biosciences secondary companies. Sanofi-Aventis and Roche-Ventana both came out of UofA. UofA is a key to Oro Valley's success in our attraction. The new business incubator is also there. Why have we been so successful in attracting business and jobs? Our quality of life is our reason for being successful...we're selling the intangibles. Oro Valley is a safe place to live. Our schools

are great. Our quality of life attracts 3000 Raytheon scientists to live here, and they drive all the way around Tucson to get to work.

- Recreation is our only weakness. We don't have enough parks. We're way behind in our parks development.

#### **Consider raising revenue**

- We need to come up with new sources of revenue to maintain that quality of life.
- I'm not sure we can keep the Town going if we are only considering cuts in this process.
- What revenue sources that are not currently being tapped can we all agree are open for discussion?
- If people don't mind taxes, but don't like being taxed by a hundred different ways, then let's consolidate the taxes into just one or two sustainable sources.
- If we look at revenue increases then let's talk about signature events like usage fees for facilities,
- I'd like to keep our taxes neutral. If we were to ask the public for a property tax, which is more stable, then we could reduce other taxes that are more elastic and unstable.
- Let's consider the utility tax as a revenue enhancement. Other fees and taxes to replace the money we lost.
- Revenue enhancements are not on my menu, and a property tax is also not acceptable to me. We're not so bare bones that we're laying off people, so we haven't cut everything we can.

#### **Places to consider cutting resources and services**

- A whole lot of little things <changes in how we spend our money> will help us fill the gap.
- What can't we afford any more? Do we need to look at retirement incentives?
- Senior transit...what's the cost to the town? Are there any "odd ball" accounting and financial relationships with other agencies or funds that might give an impression that isn't accurate? Cut a small amount here...only to lose a big grant over there?
- Assess whether we can live with less equipment. Can we redeploy resources to do more with less?
- I'm not talking about laying off officers, but we don't need a Cadillac police department.
- The library is another place to look for dramatic change. Things are changing in the information technology and library systems. What will libraries look like in 20 years?
- Let's factor ourselves out of the library business over the next 5 years, and eliminate around \$1 million.
- Cut police motorcycle operation in half, sell the excess bikes, redeploy the officers.
- Police motorcycles? Do we need eight when the entire Pima County is only 6 motorcycles?
- The "take home vehicles" policy for officers living outside Oro Valley needs to be changed.
- I'm a big library fan, but there may be some room to reduce the Town's contribution.
- We need to eliminate the authorized but unfunded positions in the budget.

#### **Additional information needed**

- If you object to a specific revenue source, what's your reluctance? To the tax? To having the discussion?

- The use of the “officers per thousand” residents may backfire on PD...as the census may show our population is going down.
- What revenue do we have, and where is that revenue located? What’s the committed purpose for those funds? I want to know that information for this year and next year.
- Before I agree to cut the budget, I need to know what services to the residents will be the result. What makes Oro Valley...Oro Valley? The quality of life. The safety. It’s beautiful. And the housing is affordable.
- If you’re giving the Council some budget information, check for our understanding of what you told us. Don’t just assume we understand. We all come at this budget process from different perspectives.

### **Priorities and boundaries**

- We can scale back without laying off people...but to do that we must save money to use elsewhere.
- We have a great road system right now that we will need to maintain; fund at higher levels in the future.
- Everything is on the table and no sacred cows.
- There are no sacred cows in the budget...including the police department.
- Oro Valley is unique because we have the luxuries and amenities.
- Hard situation of community funding. We made a bold move last year in approving no additional funding of community projects... organizations.
- There should be no staffing empires.
- It’s about service levels. Don’t cut the recreation programs and pools since people need those services right now when the unemployment is high.
- How about bringing in contractors rather than hiring employees?
- We promised to look at employee compensation and we owe our employees a response to that promise.
- Let’s not paint too dower a picture of our financial conditions. I don’t want the staff’s morale to suffer, because we need to work to solve our problem, together.
- Our employees are struggling to deliver services to the residents; we need to make sure the employees know the council is pulling for them.

### **Aligning with strategic direction**

- Can we outsource public services? I’m not talking about our hard assets like water, but I’d get on the bus with Marana if they get their wastewater system away from the County.

### **Public information and involvement**

- Everyone on the council needs to have an open mind. If we go out with our budget divided as a council, we’ll get creamed by the public.
- Create an awareness of our revenue needs.
- Give the voters a choice on either cutting services or raising taxes.
- Can we sell the public on a tax that preserves the Oro Valley quality of life.

### **Systemic changes that the Town needs to make**

- There needs to be a different mindset in our town government. Not just now (or even now), but also in the future.

- Departments need to think about the future and how their business will change.
- Do we have a “big city” Police Chief that needs big city amenities? I don’t like double dipping officers being hired from the big city.
- We need to reeducate our employees and our managers. They are living 20 in the past; we need to brand Oro Valley.
- The staff needs to “get it” that these are tough times.
- Our department heads need to step up and lead, not facilitate.
- Look at public / private partnerships. For instance, streamlining how we collect fees, or farming out our payroll.

## APPENDIX C

### Town Clerk's Notes

#### **Oro Valley Town Council**

Budget Retreat

January 29, 2011

El Conquistador Resort

#### **Introductory Remarks:**

Mayor Hiremath said the budget problem was either structural or cyclical. The Town could wait out a cyclical problem until the economy improved. A structural could not be fixed by cutting expenses. The Town would have to tax or grow its way out of a structural problem. It would require efficiency improvements, cutting expenses, revenue increases and stimulating the economy. Once Council agreed what the problem was, it could decide what could be done. There was currently enough in the contingency account to plug the gap but that didn't solve the long term problem.

Council had to commit to fix the issues for the long term. It was not about staff against Council. The group was taxed with the job of how to fix the budget on behalf of the residents and represent the Town of Oro Valley.

Town Manager Jerene Watson explained the retreat is just the beginning of a 4-month budget process. The numbers were preliminary, things would change. Staff had listened to Council's requests in what to bring forward for this day and used this as an opportunity to take a new approach. It started with updating the strategic plan and hosting the economic summits. We are working off Council's vision and work plan and the entire team is here to listen and take notes.

Facilitator Lance Decker said the objectives are to discuss the budget, identify priorities, identify items that need additional information and identify the remaining steps in the budget process. Time for questions at the end of the presentation. Today is not about talking about the details but instead talking about budget philosophy.

#### **The Budget Blueprint Process:**

Stacey Lemos, Budget Director, summarized the presentation as budget projections; future sustainability discussions – new revenue, cost reduction, program priorities. Council guidance needed on the CIP process and community funding to outside agencies. Budget schedule reviewed. Cost cutting measures to date included: bond defeasance; personnel reductions; increased cross-training; department consolidations; reduced liability insurance premiums; use of volunteers and interns; reduced utility costs; in-house staff use; reduced community funding to outside agencies; and O&M reductions.

The General Fund 5-year Forecast Assumptions included bed tax fund revenues/expenditures; minimal tax and new development growth; FY 2011/12 \$500K decline in shared income taxes and others flat; health insurance increases; .5% pension increases per year; and 1-2% COLAs from FY 2012/13 - 2015/16.

It also assumed continued funding for TREO and MTCVB at current levels; factored in for Ventana Systems growth for the next three years; included transit subsidy of \$300,000; CIP and CARF were not factored into forecast; and O&M flat.

The projected General Fund deficits were:

FY 2011/12 \$2.4 million  
FY 2012/13 \$1.0 million  
FY 2013/14 \$1.3 million  
FY 2014/15 \$1.5 million  
FY 2015/16 \$2.9 million

The Fund balance would continue to decline if no action was taken. Building permits were down from a high of 422 to just 35 per year. The town had about 200 existing residential and business (foreclosures) vacancies. In 2004, the town had increased sales tax from 2% to 4% which helped build up the fund balance and \$2.4 million in collections was estimated for next year. The current fund balance was \$10.3 million.

A capital improvement project (CIP) was defined as costing \$50,000 or more with a life of 5 years or more and became/preserved an asset of the Town. The pending projects range from \$150K-\$800K and had not been ranked or prioritized. The question was to rank them or focus only on critical projects.

The Capital Asset Replacement Fund (CARF) was allocated for routine replacement of fleet, computers, technology, equipment, etc. that ranged from \$600K-\$800K. These costs were not factored into the 5-year forecast.

**Telephone System:**

IT Director Kevin Verville presented information on the phone system replacement. The current system was over 10 years old, used 20-year old technology and was no longer supported by the manufacturer and there was no upgrade path. There was a scarcity of parts which was a risk.

The options were to do nothing; replace the existing system; or contract for a hosted system. Currently, the system cost the Town \$7,000 per month. Total replacement would cost \$800,000 and \$9,200/month in operation and maintenance costs. A hosted system would cost approximately \$100,000 to

purchase the phones and \$11,000/month for service. The Town could also contract for service with an upfront cost of \$20,000 and \$14,100 per month for service.

Kevin's recommendation was for the Town to consider a hosted VOIP system. It would reduce administrative overhead because there was no hardware/software to maintain or upgrades to purchase and it would be easily expanded.

- Councilmember Hornat asked why the monthly charge would increase with a new system. Response was the first year's maintenance cost would be 10-15% of the purchase price.
- Councilmember Garner confirmed it was only an estimate from the current manufacturer and did not take the competitive bidding process into account. He asked if staff had looked at buying a complete used phone system from businesses that were closing or had closed. Staff said it had been difficult to nail down accurate costs quickly but current manufacturer knew the Town's phone system and was able to give an estimate. He had not explored the used equipment option.
- Councilmember Solomon asked if the Town could transition to more wireless phones and less land lines? Staff responded it is possible but there would be additional monthly costs. Reducing the number of seats would reduce the costs for a new system. A new system would require the same number of staff hours to maintain. A hosted system would allow IT resources to be diverted to other projects. There were 8 IT staff currently working on 60 projects there was a list of 100 future projects.
- Councilmember Waters asked what were the risks of hanging onto the existing system. Staff said the current system was certainly viable and useable but there was a risk of major component failure and the system would be down until replacement parts could be found.
- Councilmember Garner suggested a study session on the issue which would include research on purchasing a used system.
- Vice Mayor Snider would like to see how the system would integrate with PCWIN and she wanted police input also.

Council agreed that a subcommittee of one member of Council should work with Mr. Verville on the issue.

### **Long-Term Forecast:**

Ms. Lemos continued with a 5-year forecast for the Highway Fund. The forecast assumed flat construction taxes; a \$150,000 decline in HURF revenues and a slow recovery in future years; surface treatments at \$1.2 million per year; and

projected deficits at or exceeding \$1 million per year. The fund balance would go into the negative in FY 2014/15.

The General Fund forecast for FY 2011/12 was: an estimated deficit of \$2.4 million; revenues back to FY 2005/06 levels; expenditures excluding CIP or CARF; and year-end fund balance estimated at \$7.6 million. She said the Town's 25% policy threshold was \$6.5 million. She said O&M was down 9% but personnel costs were up 33% compared to FY 2005/06.

Ms. Lemos said CIP requests for FY 2011/12 were: \$425,000 for Police projects; \$250,000 for Parks project; and \$100,000 for Town-wide security for a total of \$802,000. CARF needs for FY 2011/12 were: \$80,000 for computers; \$60,000 for mobile data computers; \$65,000 for servers; and \$558,000 for vehicles for a total of \$763,000.

The Highway Fund forecast estimated the deficit at \$940,000 because of flat construction tax revenues; HURF Tax decline by \$150,000; the benefits of ARRA funding were gone; and \$1.2 million for pavement preservation.

### **Near-Term Looking Glass:**

Ms. Lemos said the mid-year budget status was an estimated \$1.27 million deficit; construction sales tax down by 34%; a Highway Fund deficit of \$453,000; and residential and commercial building permit revenues were coming in below estimates. Additional savings had been requested of departments. A possible reduction of the pavement preservation budget would require Council approval. A mid-year consideration of an employee pay increase would cost: \$200,000 for a 1% Town-wide bonus; \$200,000 for a Town-wide 1% COLA; and \$700,000 for a 4% merit increase/step plan increase but the Town did not have the capacity to fund ongoing raises.

### **Current Budget Microscope / Revenue Considerations**

- Mayor Hiremath wanted to know the cost difference between upper management and regular employees for a 1% and a 2% increase. Ms. Lemos provided the cost to the General Fund of a 1% bonus for employees with an annual salary of \$60,000 or less was \$87,098 and a 2% bonus was \$174,196.
- Councilmember Waters said the situation was not a spending problem but a revenue problem and asked is it necessary to raise taxes to address the shortfalls? Stacey said the Town needed to diversify its revenue. Options included increasing the construction sales tax from 2% to 4% and implementing a 2% utility sales tax. Much revenue has been left on the table by not taxing certain areas (primary property tax) compared to other jurisdictions. Bond rating agencies always mentioned the Town's heavy reliance on local sales tax and recommended the Town take a serious look at additional revenue sources.

- Councilmember Solomon said the current situation was a combination of problems. Residents wanted a certain level of services and residents were also having financial difficulties. He suggested cuts first before increasing revenues. He asked if we wanted a model that made cuts to equal revenue or a 2-1 ratio. There was no way the Town was going to balance the budget with only revenue increases or only expenditure cuts.
- Councilmember Hornat wanted to see the bed tax separate from others. The bed tax was an economic development fund. He wanted to see it separately and see all of the costs being taken out of it so Council could see what was being done with that money and any balance left going into the General Fund.
- Councilmember Garner agreed with Councilmember Hornat's request to keep the bed tax separate. He wanted to know what the increase to health insurance premiums would be and about the CIP for new restrooms at the pool and what was being paid for. He wanted clarification on the \$300,000 for Coyote Run – if it was a recurring expense, it shouldn't be taken out of the reserve fund. PRLCR Director Ainsley Legner said the restroom was not at the pool but was on the north side of the park. A 40-year old structure was being replaced.

Stacey responded regarding health insurance premiums, the preliminary estimates from the broker started with double digits but staff typically is negotiated down to single digits. She was hoping to achieve that again over the next 2-3 months. Transit funding is projected into the next five years and RTA only pays for the additional service but there would still be base expenses.

- Mayor Hiremath said RTA would eventually take over Coyote Run. He asked how did a bathroom cost \$250,000? This was a factual discussion and if it was a structural imbalance it was not going to be solved on an all or nothing basis. He wanted everyone to keep an open mind; examine how to improve efficiencies; find out where there could be cuts; assist economic development; and increase revenue. Stacey said deficit closing options included: a 2% utility retail tax that was estimated to generate \$1.4 million; a 2% commercial rental tax that would generate \$1.1 million; a 2% residential rental tax that would generate \$245,000; increase local sales tax rate - .25% to generate \$1 million, .50% to generate \$2 million or 1% to generate \$4 million; and a 2% grocery tax that would generate \$2.8 million. Any of these increases would require a 60-day notice and an ordinance, so they would be effective after 90 days.

Revenue increases that would require voter approval included a gas/electric franchise fee of 5% that would generate \$2.4 million; and a primary property tax which would generate \$6.5 million to \$12.9 million depending on the levy per \$100 of assessed valuation. If a May election was held, the increases could be implemented in August and collected next fiscal year.

Additionally, we could also request an additional \$700,000 in reimbursement from the county for the library; could annex property but the increase for that was

unknown; and could sell Town-owned land for an unknown price but if it was over \$500,000, voter approval to sell would be required.

Internally staff had looked at ideas for expenditure reduction including early retirement incentives; health savings accounts (HSA); transition library operation to Pima County Library District; sell off assets; outsource services; increase employee premium contributions; reduce programs; and targeted reductions in force (RIF).

- Vice Mayor Snider asked what the effect of a 2% utility sales tax increase would be to local businesses. Staff said it would depend on the business' monthly utility costs. For example, if the monthly cost was \$10,000, a 2% tax would increase it by \$200.
- Vice Mayor Snider asked what was realistic with regard to pavement preservation? Town Engineer Craig Civalier said the \$1.2 million that was budgeted would take care of everything. If it was reduced to \$250,000, it would cover arterial roads and if reduced to \$500,000 it would cover arterial and local streets.
- Vice Mayor Snider asked about a primary property tax. Staff responded residential property was taxed at 10% of assessed value.
- Councilmember Waters asked what would be the justification for the property tax.
- Councilmember Hornat said franchise fees were pass-thru fees.
- Councilmember Garner said taxes were a dent in the economic development. The Town needed to be unique and no property tax was unique. It was an incentive that would be taken away from the community so we needed to be very cautious because it would have a negative impact. He was concerned about funding personnel with tax increases.

Ms. Lemos said since the utility sales tax was adopted, the Town had eliminated 33-40 positions from the budget.

- Councilmember Waters said we had to prove to the community that FTEs had been reduced.
- Councilmember Solomon said it seemed 2005 was being used as a baseline but that was at the peak of construction activity. We needed to be careful of what we used as a benchmark and we needed to be mindful of the impact on businesses.
- Vice Mayor Snider said Council should examine all options and discussions should not indicate that Council was advocating one option over another.

- Mayor Hiremath wanted to know what it cost a family of four to live in Oro Valley v. Tucson, Marana. Was it cost-prohibitive for the family to live in Oro Valley? He had the same concern about property tax and attracting large businesses but Oro Valley was only one of 3 towns/cities in Arizona that did not have one. Companies based location on safety and education and didn't always realize that Oro Valley had no property tax. If a property tax was instituted, what offsets could be created – eliminate utility sales tax, reduce sales tax – to attract businesses and retail sales? Staff stated a diversity of our town's revenue base is needed and she would not recommend reducing any taxes or rates if a property tax was added. The tax burden was spread over residents and nonresidents. The Town needed stability and a diverse mix of revenues.
- Councilmember Gillaspie wanted to protect infrastructure such as roads, safety, etc., because that was why businesses wanted to locate here.
- Councilmember Gillaspie said Council had to decide how to maintain existing levels of service and it could not depend on the state for revenue and in fact, he had written the state off.
- Mayor Hiremath said there was a billion dollars in state-shared revenue and the state's deficit was \$770 million. The talk was that the State would be billing for the service of collecting and distributing revenue.
- Councilmember Solomon asked if Council would be receiving suggestions from the Money Bags group before the end of February. Staff said they would try for the group to be ready by the end of February.

### **Council Priority Setting:**

After returning from a break, Mayor Hiremath reminded everyone that the discussion and questions were not meant to pit Council against staff. This was not an emotional discussion.

Mr. Decker said the focus was on programs and policies beginning July 1, 2011 for fiscal year 2011/2012. Council would be working off the spreadsheet entitled "Existing Projects, Programs and Services." The items for each department were in tiers and ranked 1 – 3, with tier 1s having the highest priority and 3s the lowest.

Ms. Watson said this FY's gap would be closed based upon what staff learned were Council priorities for next fiscal year. Staff would be working on scenarios based on what Council said today to close next fiscal year's gap.

- Councilmember Garner said the library was not showing any revenues but there was revenue.

Ms. Lemos said the Town received \$580,000 in reimbursement from the county for the \$1.159 million budget for the library. Library fines and fees collected were approximately \$30,000/year.

- Councilmember Solomon asked on tier 3s:

DIS (annexation and conservation) - grants available to fund?

DIS (pavement management) possible to move 2.4 FTEs management positions?

DIS (Coyote Run) low priority. RTA should take over; Town couldn't continue to fund.

HR (benefits services) low priority.

COMMUNICATIONS (Constituent Services) highest priority; Communications division lowest priority.

PRL&CR (Recreation classes) lowest priority. (Aquatics) the last service the Town needed to provide but shouldn't lose it either - maybe there needed to be a dramatic increase in user fees.

PD (crime prevention programs) needs more information on the cost benefits.

FINANCE: what was the amount the Town was spending per resident? He recalled that it appeared we were spending a lot more per resident now than we were previously and he wondered why it was costing

- Councilmember Waters top 3 priorities: public safety, IT and roads

DIS (project development) questioned needs

DIS (planning and zoning) not as important now or in the near future with slower development. Some 2s questionable because ordinances could change.

PRL&CR (Pool & Library) we've become institutionally used to operating these; Councils talked about cutting but there were programs that continued to operate at a deficit such as the library and pool.

- Vice Mayor Snider

Program spreadsheet is not clear on the impacts if items are cut.

IT (GIS) mapping and analysis - need to understand uses and benefits

Maintenance of Town equipment . . . not enough information.

DIS (Facilities) Are 2.3 FTEs baseline for maintenance of buildings and structures and what impact if reduced?

DIS - how to efficiently manage the demands of the future on that department.

COMMUNICATIONS - Town needs to brand itself; website could be much more informative.

PRL&CR (Aquatics) look at ways to enhance revenue of pool operations.

- Councilmember Hornat nobody in town is going to let their taxes be increased if cuts aren't made; has to be a combination of cuts and increased revenues.

DIS 3s are the lowest priority with less work being done; could be reduced.

DIS (Coyote Run) lowest priority; cut to 3-days/wk service v. a 5-days?

HR - low priority in the training areas

GIS - midpoint priority  
COMMUNICATIONS (Constituent Services) important; don't fill communications manager position; website was hard to use  
PRL&CR (trails division) lowest priority  
PRL&CR (library) why buy books for everyone else?  
Water Utility – needs to do the service area ranking, too

- Councilmember Garner some tier 2s that needed to be discussed and the Water Department needs to do the ranking also  
DIS (conservation/sustainability) pursue grant to fund  
DIS (annexation/special projects) higher priority  
DIS (custodial, fleet maintenance and transit) could be outsourced or utilize grant funding  
HR is important; lower priority or at least look at using contract employees  
IT (GIS) mid-point priority; perhaps outsourced or grant funded  
COMMUNICATIONS (Constituent services) a mid point priority; comm. division is ripe for redevelopment  
MANAGER (Intergovernmental affairs) low priority  
PRL&CR (Parks and recreation, aquatics) mid point priority  
PRL&CR (Trails) look at grant funding FTE  
PRL&CR (library) a double taxation; move towards turn-over to the county  
PRL&CR (cultural resources) Naranja Park - grant fund and outsourcing  
WATER UTILITY (water conservation & meter replacement) wants information on effectiveness of water conservation and meter replacements  
DIS (plan review and intake), not as many permits, is staffing level justified?  
PD (training, reserves, motors, SROs) wants more information  
PD (facility leases) renegotiate leases or own the property

- Councilmember Gillaspie  
DIS (annexation/special projects) mid priority  
DIS (conservation/sustainability) ranked fairly high  
DIS (pavement management) highest priority  
DIS (custodial/facility maintenance) mid priority; needs more information on saving costs on this  
DIS (transit) higher priority due to safety net for people who couldn't afford it  
IT (GIS) not sure utilization effective or if redundant service – more info needed  
MANAGER (intergovernmental affairs) – how it works in town business?  
COMMUNICATIONS (constituent services) - how works in town business? Intent of communications division morphed away from purpose to communicate with residents policies/messaging; appears emphasis on internal mechanism to notify employees - need more information/discussion  
PRL&CR (recreation) low ranking; does Town compete with other providers?  
PRL&CR (parks & trails) high priority - focus support on maintenance and sustainability of existing park/trail assets; low cost item with little benefit to cuts.  
PD (motors and SROs) question that many 2s were big ticket items and there might be a more strategic use of the money

HR ranked high; professional staff had to be administered and with insurance, hiring, payroll, it could not be eliminated important for staff.

- Mayor Hiremath said everything on the spreadsheet was important to the Town. He was focused on revenues and not on expenditures. He believed there were very few areas left to cut. The Town did not have growth revenue sources anymore and efficiencies had been achieved.

**“New Council Projects, Programs or Services (Proposed)”**

Mr. Decker turned Council toward focus to new Council projects, services & programs which were:

|                                 |                                |
|---------------------------------|--------------------------------|
| Annexations                     | Arts/Cultural Programming      |
| Town Center Development         | Joint Northwest Area Marketing |
| Economic Development Generators | Low-frequency Radio Broadcast  |
| Youth Commission                | Facility Security Upgrades     |
| Signature Events                | Town Website Upgrade           |

He said it appeared all of Council supported annexation but what about the other items listed.

Councilmember Solomon said there were things the Town could do at very little cost. He wanted to look at those opportunities and promote public/private partnerships.

Vice Mayor Snider said the Town had hosted two economic summits and was on the cusp of an expansion of the bio-tech corridor and was looking for every opportunity to do that.

Councilmember Garner said diversity kept the Town viable and the spin-off companies were clean companies and high dollar job generators. He said strong demographics boosted the economic outlook.

Vice Mayor Snider would like to develop a youth commission to enrich youth’s experience with government and foster internships with major businesses. It was a population group that had been overlooked.

Councilmember Garner said signature events were a combination of economic development and marketing opportunities. He said events such as Ironkids gave the Town great exposure.

Councilmember Gillaspie said the Tucson Marathon (Boston qualifier) wanted to move back to Oro Valley and there were several thousand participants.

Councilmember Waters said not to ignore the 50+ group when planning for signature events.

Mayor Hiremath said companies worried about turnover 6 months after relocation, so there had to be something for the spouses and children to do in the community. Arts and cultural programming were important.

Councilmember Garner said Council was holding a joint study session with Marana regarding marketing and branding the northwest region. Oro Valley and Marana should work together for a cohesive development of the Tangerine Road corridor and to better market and brand the region. There were a host of opportunities to work together such as a sewer treatment plant, transit, etc.

Councilmember Waters said low-frequency radio show broadcasts were very low cost. He would propose it at the joint study session with Marana. He said the Town's website could be more user friendly.

Councilmember Solomon said the facility security upgrade topic regarded increasing security for Council, employees and visitors.

Mr. Decker suggested Council list 5 items on the spreadsheet that must be kept and where Council wanted to put resources first.

Mayor Hiremath said Council needed more information on the items indicated before decisions could be made.

Councilmember Solomon was not aware there was a breakdown of what could be done with pavement preservation at different funding levels and he needed more information on the impacts. He also wanted to know what was going to be done about this year's budget deficit.

**Mr. Decker asked Council what it could collectively agree on.**

Councilmember Solomon said police, infrastructure and parks at the lowest cost.

Councilmember Garner said a needs and wants assessment would be helpful. Council needed to be able to tell citizens what would be the result of budget cuts. The library was a \$700,000 drain and Council had to have a hard discussion about it.

Vice Mayor Snider agreed with Solomon's priorities because they were economic drivers.

Councilmember Solomon would like to know what the effect of going to Pima County would have on the quality of the library.

Councilmember Waters said Council still needed information on the impacts of a cut before making the decision to cut.

Councilmember Gillaspie knew what core services he wanted to protect for the Town but needed information to know what would maintain the level of core services.

Mayor Hiremath said the bottom line was that Council had to come up with a plan. As long as an IGA could be constructed with Pima County that kept the same level of service, the \$700,000 could be used for something else like Naranja. Council needed to stop looking at things piecemeal. It needed a comprehensive game plan that could be evaluated without pitting one thing against another. Council needed to insure quality of life for Oro Valley residents.

Councilmember Hornat said if the Naranja Park center was built as it had been designed, there would be people standing in line to use it.

There was a lunch break from approximately 12:30 p.m. to 1:05 p.m.

**Direction, Summary, and Closing Comments:**

The meeting resumed and Mr. Decker opened it up for questions from staff.

Ms. Legner asked what format Council would like used to explain the impacts of cuts, bullet points?

Vice Mayor Snider said however much detail it took to explain the impacts.

Councilmember Solomon said staff knew how the day-to-day operations worked and what the impacts would be so Council needed the initial budget developed by staff.

Vice Mayor Snider said staff might bring something back and Council might have more questions and need more information and that was okay.

Ms. Legner asked if one member of Council made a comment, should staff react to that or was it just a comment.

Councilmember Gillaspie said he did not always agree with the comment but was not always going to discuss it.

Greg Caton, Assistant Town Manager, said what was difficult was determining if there was consensus or not. If 4 members of Council did not agree, then staff shouldn't pursue it.

David Williams, Planning Manager, asked if all tier 3 items for DIS needed to go.

Councilmember Hornat said if staff did not agree then it should explain to Council why the items should not be cut.

Mayor Hiremath said if cuts could be made in areas that weren't going to radically affect services then the cut should be made. Council was not telling staff that all tier 3s had to go, but staff should go back and take a look at the items and see what could be done as far as cuts went.

Councilmember Hornat asked why he would look at tier 1 and 2 items. If a cut had to be made it was going to be tier 3.

Vice Mayor Snider said based on the feedback and information from Council, if staff needed to make changes to the ranking, staff should do that.

Councilmember Solomon needed the departments to come back and say this is how the service could be provided at a reduced cost if possible.

Councilmember Gillaspie asked if design engineering should be outsourced.

Councilmember Garner asked if things such as road maintenance and planning could be outsourced. Were there things the Town had been doing for years that was costing money that did not need to be in the budget?

Councilmember Solomon said his experience was that outsourcing cost more and provided less. Unless it could really be shown that it was beyond the expertise or was cheaper, it should be done in house to save money time.

Councilmember Garner said with employee buyout packages, the Town was losing expertise but those employees could come back as consultants.

Councilmember Garner asked if Steam Pump Ranch was incorporated into the long term plans.

Councilmember Gillaspie said it clearly fit into an economic development strategy and the Town should be planning for it.

Councilmember Solomon asked what was being done about the \$1.8 million deficit this fiscal year.

Mr. Decker asked what revenue actions did Council want staff to consider in their scenarios?

Ms. Lemos said budget study sessions were scheduled on February 23<sup>rd</sup>, March 9<sup>th</sup> and March 23<sup>rd</sup>. This year's deficit was \$1.2 million in the General Fund and \$100,000 in Highway Fund.

Councilmember Hornat asked if the Town was locked into the \$1 million CIP this year.

Ms. Lemos said yes the projects were underway. She said the recommended balanced budget will be delivered to Council on April 20, 2011 but there would be no discussion on April 20<sup>th</sup>. There would be a work session after that and if needed budget study sessions on May 11<sup>th</sup> and May 25<sup>th</sup>.

Councilmember Hornat asked what would be done at the budget study sessions on March 9<sup>th</sup> and 23<sup>rd</sup>.

Ms. Lemos said Council would be looking at ideas to address closing this year's gap, looking at options for new revenue sources for FY 2011/12.

Councilmember Garner said the new census numbers would be out in February. He asked when would the shared revenues be changed?

Ms. Lemos said the change would be in FY 2011/12.

Mr. Decker asked for Council direction on new revenue sources.

Mayor Hiremath said the only thing off the table for him was a food tax. There was a need to look at long term stability so property tax, utility tax, rental tax and sales tax would need to be discussed.

Councilmember Gillaspie said he favored utility tax, rental tax and sales tax. Property tax required strategic planning. He was not supportive of a food tax. He said a franchise fee was also complicated.

Vice Mayor Snider was open to utility tax and franchise fee but not a food tax. Property tax involved long term education of residents and that could not be done in the next year. She did not favor rental tax.

Councilmember Waters said a property tax would require much education and angst to bring about. He supported a utility tax.

Councilmember Solomon favored a utility tax. He had concerns about a commercial rental tax and did not favor a residential rental tax. He would consider a local sales tax rate increase but not a food tax. There was no point in discussing a property tax. He wondered what was more fair – utility tax or sales tax and what were the negative effects.

Councilmember Hornat said yes to a utility tax; no to rental taxes; yes to a .25% sales tax increase; and no to a franchise fee. Property tax had to be talked about but there might be a trade off such as reducing utility tax.

Councilmember Garner said sale of property and turning the library over to the county should be explored. He said no on a food tax, utility tax, rental tax and sales tax. More needed to be cut and he did not think the Town had looked at everything.

Councilmember Solomon said the sale of town assets would be a great mistake and short sighted. The market was at an all time low. He asked what was the budget level required to maintain the same level of service.

Mayor Hiremath said there was a need for a comprehensive plan inclusive of increased efficiencies; policy decisions that would stimulate growth and development; future expense cuts; and new revenue sources such as utility retail tax, local sales tax increase and also turning the library over to the county.

Vice Mayor Snider said when Council got the information, she would rather have a conversation with staff before things were put in writing.

Councilmember Gillaspie disagreed about the rental tax. He did not think people would have a problem paying it to be in a community of excellence.

Councilmember Garner said another hard discussion was needed. Any frozen FTE positions were off the table and shouldn't be authorized but should remain vacant or be eliminated. There had to be a cost justification for all new FTEs brought onboard.

Ms. Lemos said staff was going to incorporate questions and comments into a document. She asked for clarification about the CIP process and community funding to outside agencies.

Councilmember Waters suggested the CIP list be based on real needs and whether the project could be deferred or justified.

Vice Mayor Snider said Staff should go back and bring Council the real picture and any justification for deferment.

Councilmember Hornat wanted a list of what had to be done and funded.

Councilmember Garner said procurement had saved the Town a lot of money. He said Council need to get the numbers for asset recovery and asked if the Town was amortizing.

Ms. Lemos asked if staff should hold off on community funding to outside agencies.

Councilmember Gillaspie said there may be things Council would want to do for economic development.

Mr. Decker asked if there were any observers who wished to comment.

John Musolf said it was the first time cost benefit analysis has been discussed.

Bill Adler said to maintain a community of excellence, increasing taxes needed to be sold and he was prepared to sell it.

Jason Earl said there should be a property tax implemented.

Vice Mayor Snider said it had been an open and honest conversation.

Councilmember Solomon preferred meetings to be scheduled on week days.

Councilmember Waters realized the problems the town faced and Council needed suggestions on solutions.

Councilmember Hornat said real progress had been made.

Ms. Watson thanked Council for the great discussion.

Mayor Hiremath thanked Mr. Decker for facilitating the meeting. Council made policy decisions based on staff recommendations. It was a good discussion and everyone was committed to bettering the lives of Oro Valley residents. The Town needed to take control of its own destiny.

The meeting adjourned at 2:27 p.m.