



TOWN COUNCIL
STUDY SESSION

Council Chambers/Library Auditorium 7401 E. Skoog Blvd. Prescott Valley, Arizona 86314, at
3:00 p.m.

MEETING MINUTES
June 01, 2023

1. CALL TO ORDER AND ROLL CALL

Present:

Lori Hunt, Vice Mayor
Kendall Schumacher, Council Member
April Hepperle, Council Member
Brenda Dickinson, Council Member
Michael Greer, Council Member

Absent:

Kell Palguta, Mayor
Lucy Leyva, Council Member

Vice Mayor Lori Hunt called the meeting to order at 3:01 p.m.

2. DISCUSSION ITEMS(S):

2a. Class & Comp Study Project Results Overview – Discussion Only [Teri Traeen, Human Resources Director]

Town Manager, Gilbert Davidson, addressed compensation and the high turnover cost for the Town and public in order to recruit, fill positions and retrain staff. The Town contracted McGrath Consulting to prepare a classification and compensation study to determine where the Town is positioned against market comparators. Davidson introduced Malayna Halvorsen Maes, Senior Consultant with McGrath Human Resource Group. Davidson noted within the preliminary budget there is a plug number of five million dollars, and depending on the outcome of the study, can be used to address any compensation issues.

Malayna Halvorsen Maes, Senior Consultant with McGrath Human Resource Group, defined a compensation system as a model to compensate employees and a classification system as job titles for various positions. Maes explained that a classification and compensation system should be based on market data, position analysis and on objective, measurable, and defensible numbers, and data while setting aside how long the individual has been with the organization. Maes touched on why organizations are undergoing classification and compensation studies.

Maes then shared employee demographics for the Town of Prescott Valley by the percentage of employees and average years of service both sorted out by age group. Overall, employees within the Town have been with the organization on average for 6.7 years compared to the national average of 6.9 years. Individuals sixty or over make up approximately 19% of the workforce. Meaning one out of five people are getting ready to retire and the Town will need to prepare for future recruitment to fill those vacancies. Individuals under the age of forty make up 38% of the workforce. Maes referred to individuals under the age of forty as very mobile employees. Maes noted these employees are not afraid to work elsewhere and may not be as tolerable to flat salaries as they recognize their value. Years of service for individuals under the age of forty range from approximately two years to just under five years. Maes expressed the importance of retaining this demographic of employees by developing not only a system to support recruitment but also retention. Approximately 44% of the Town's workforce are subject matter experts and are often poached from other organizations, as these individuals are considered experienced. 34% of Town employees have approximately two years of tenure which in turn means the Town has been recruiting a lot. Given this, Maes articulated the importance for the Town to have tools in place for future professional growth and development.

After further explanation of the compensation study process, Maes shared the eleven identified public comparable organizations that were placed in tiers for purposes of data analysis.

Tier 1 included City of Flagstaff, Arizona, City of Prescott, Arizona, Town of Marana, Arizona, Yavapai County, Arizona, and the Arizona Department of Public Safety.

Tier 2 included City of Avondale, Arizona, City of Goodyear, Arizona, Town of Oro Valley, Arizona, and Town of Queen Creek, Arizona. Seasonal recreation included Town of Chino Valley, Arizona, and City of Cottonwood, Arizona.

Maes explained the four data points collected during data analysis. Once data analysis is collected a comparison (comp) ratio is created to show the Town of Prescott Valley against the analyzed data from the identified public comparable organizations. Maes detailed the comp ratio you want is 50% or above, or blue graphs, whereas pink graphs are considered at risk but likely market competitive depending on the industry, and red graphs indicate the wage being paid is far under the market to be market competitive. Market summary findings (comp ratios) are displayed showing the current salary range minimum and midpoint for the Town of Prescott Valley. Maes indicated that regardless of whether you

are evaluating the Town's minimum, midpoint, or maximum salary ranges, overall, the trend is the same and shows that the Town's salary ranges are not aligning with the market. Approximately 6-7% of the Town's positions are at a 50% comp ratio or greater. The at-risk category (45-49% comp ratio) ranges from 9% to 12% and the remaining positions are not market competitive salary ranges. Maes acknowledged that there are over 50 paygrades which is far too many for the size of the organization and that the Town's salary ranges (minimum to maximum) are very broad. Maes suggested updating the entire model to include a new compensation system and added that McGrath Human Resource Group will be providing the Town with policy recommendations and guidelines. Maes reviewed the total rewards for Town employees and outside influences affecting total rewards. Maes stated the Town has a high expectation of excellence and performance; however, pointed out that the expectation for the organization should match the compensation and benefit structure. Maes explained the business strategy is the organizations mission, vision, and strategic plan and for the employees to understand their role in obtaining community goals and that the human resource strategy is the ability to attract, motivate, retain, and engage the workforce. Maes concluded that an updated classification and compensation system with strong minimum wages will be developed to better align with the identified tier 1 and tier 2 public comparable organizations.

Vice Mayor Hunt inquired on how often cities, towns and counties undergo a classification and compensation study.

Maes recommended a classification and compensation study be conducted every three to five years depending on the market. Maes added she would consider the market for the Town of Prescott Valley to be aggressive given the variables within the market and recommended a classification and compensation study be conducted every three years to avoid being significantly impacted by changes within the market.

Vice Mayor Hunt asked the Town Manager, Gilbert Davidson, how many times a classification and compensation study has been conducted for the Town of Prescott Valley.

Town Manager, Gilbert Davidson, informed Vice Mayor Hunt he is not aware of a deep dive to this level with regards to a classification and compensation study but that the organization had been internally looking at comparable or nearby jurisdictions.

Vice Mayor Hunt added that this could be why the Town has so much red on the comp ratio and so little blue.

Maes agreed with Vice Mayor Hunt and made clear this is why a whole new model will need to be built.

Vice Mayor Hunt inquired on if the great amount of red and little blue should be a concern, whether McGrath Human Resource Group has seen this before, and whether the Town can overcome this.

Maes stated she has no doubt that the Town will overcome this and that if the Town adheres to the policy recommendations and tools provided, while making decisions based on the system, the system developed will be good for the organization for years to come.

Vice Mayor Hunt stated she was pleasantly surprised to find out the full five million dollars tentatively budgeted under fiscal analysis as a placeholder will not be needed and that those funds could be placed in non-department or reserves.

Town Manager, Gilbert Davidson, thanked Maes and McGrath Human Resource Group for the work they are doing, as well as Human Resources and Dr. Traeen for being a part of the process. Davidson added job titles will be reviewed and the Town will be moving away from the traditional annual evaluation process while introducing a high performance award program. Department heads will have the opportunity to nominate high performers or teams based on objective criteria and the individuals awarded will receive one-time bonus dollars.

Vice Mayor Hunt mentioned cross-department teams worked when the Town was implementing projects during strategic planning and that the award program will be very exciting. Vice Mayor Hunt recalled from the presentation that the Town had 50 plus job titles which was a lot for the size of jurisdiction, and inquired on whether recommendations will be made to reduce the number of job titles.

Maes clarified what the Town has is more than 50 paygrades or salary ranges which are too many but that she has not yet received a final number of job titles. Maes specified every position will be evaluated to ensure it has the proper job title or classification while being more inclusive and equitable to the organization.

Vice Mayor Hunt expressed the employees do a great job and that she wants them to be proud of their job titles.

Council Member Schumacher commented that the State of Arizona implemented a higher rate for minimum wage with entry level jobs starting around fifteen dollars per hour, but that it was hard when other jobs did not also see that increase. Schumacher mentioned she has always worked in the private sector, so she is not aware of pay scales for larger corporations, but that in her opinion it was not the wisest choice as those entry level positions were for adolescents right out of high school to teach them a new job and the responsibilities that came with it. Schumacher explained in her point of view, the employees adore and appreciate their jobs and commended the training that is available within the Town and community. Schumacher recognized the leadership within the various departments, including the Town Manager, Gilbert Davidson, and praised them for doing a fantastic job.

2b. Adapting to Regional Climate Impacts – Discussion Only [Patrick Grady, Quad Cities Climate Collaborative]

Earnest Rubi, Developmental Services Deputy Director, introduced K. Greg Murray and Patrick Gardy with Quad Cities Climate Collaborative and presented a summary of their credentials.

Patrick Grady, Chairman of Quad Cities Climate Collaborative, stated since July of 2021 Quad Cities Climate Collaborative has been focused on the protect campaign with a singular goal to secure public and private support for the publication and implementation of a quad cities' climate profile. Grady informed Council the goal was accomplished thanks to volunteers, allied stakeholders and Prescott City Council who unanimously approved moving forward on the profile in May of 2022 and that critical to the outcome were the invaluable contributions in input provided by a broad-based working group comprised of local county and federal agencies, municipal staff, and various community-based organizations. Grady extended gratitude to Dr. Alison Meadow with the University of Arizona CLIMAS (Climate Assessment for the Southwest) program who for free oversaw the research, writing and publication. The protect campaign officially concluded with the publication of the profile on February 14, 2023. Local Climate Action Options for the Quad Cities Region was also released that same date which contained a well-researched list of potential best practice actions that individual communities might consider implementing to address current and anticipated climate impacts. Both reports can be accessed on <https://yavapaiclimatcoalition.org/climate-action-hub>.

Grady explained in order to promote environmental integrity and a thriving economy, adaptation strategies such as water resources, wildfire protection, healthy forests and grasslands, flooding, energy use, agriculture and land use and community and organizational capacity building must all be acted upon simultaneously.

K. Greg Murray with Quad Cities Climate Collaborative explained the CLIMAS report projects that the quad cities area is likely to experience a temperature increase of approximately four to five degrees Fahrenheit by the midpoint of this century and up to an increase of eleven degrees Fahrenheit by the end of the century. The megadrought has been ongoing for approximately twenty three years and although the region is projected to have even precipitation in total for the remainder of this century, it is likely the drought will continue and possibly magnify in large part due to the temperature increase. With increased temperatures comes increased water losses. There is also a projected increase in rainfall portion with fewer but more intense events worsening the drought between those events. Wildfire frequency and intensity is also likely to increase. Murray presented water conservation recommendations, green infrastructure and incentivization to assist in preparing for climate change.

Grady recommended the utilization of fire adapted communities which incorporates a more community-wide approach to wildfire resilience. Grady additionally proposed implementing energy efficiency, renewable energy, and vehicle electrification to address climate change and reduce carbon footprint along with participating in the Quad Cities

Solar Co-Op. Grady commended Prescott Valley on undertaking Municipal energy audit with Schneider Electric and summarized the major energy improvements that would be made with the 6.8 million dollar phase one investment which will result in an eleven million dollar life cycle cost of savings.

Currently, 3-4% of U.S. energy use is by water and wastewater treatment facilities. Many communities now use solar installations to power their water and wastewater treatment facilities. The Quad Cities Climate Collaborative is working with the Town to come up with a best practice cost benefit case study to highlight the solar project at the Prescott Valley Advanced Wastewater Treatment Facility.

Lastly, Murray presented the conservation of high quality open space as yet another way to preserve the ecosystem's health and resilience, as well as protect the integrity of water, wildlife, and recreational resources.

Town Manager, Gilbert Davidson, expressed his appreciation to the Mayor and Council for their work on the new strategic plan as well as general plan 2035 which included many of the initiatives addressed today.

Vice Mayor Hunt thanked the Quad Cities Climate Collaborative for highlighting Prescott Valley for their energy audit, wastewater wheel, master drainage plan, solar field at the Prescott Valley Advanced Wastewater Treatment Facility, and their preservation of open space. Vice Mayor Hunt requested additional information on the Quad Cities Climate Collaborative and inquired on whether there is a membership fee or an executive director within the organization.

Murray informed Council the Quad Cities Climate Collaborative consists of volunteers, six to seven Board Members, three or four adjunct members, two students from Prescott College and noted that he is the President of the board. Murray detailed that their organization also works with the Interfaith Climate Action Team.

Vice Mayor Hunt asked how long the Quad Cities Climate Collaborative has been in existence.

Murray replied that the Quad Cities Climate Collaborative formerly called the Yavapai Climate Change Coalition has been in existence since 2016.

Vice Mayor Hunt presumed if she visited the webpage, she could view the organization's mission and strategy.

Murray confirmed the mission and strategy can be found on the webpage provided.

2c. Comprehensive Fee Analysis – Discussion Only [Katie Pehl, Finance Director]

Katie Pehl, Finance Director, mentioned a number of departments that have been evaluated since their last discussion in October 2022. Katie disclosed any water and sewer rates will

be adjusted through the water sewer rate study being conducted by an outside consulting firm and that development services fees will not be discussed today as the Town is in the process of bringing on a new Development Services Director. Pehl noted the proposed fee changes will be posted on the Town's website and brought back to Council for a Public Hearing with potential action in August 2023. Pehl revealed that there are 468 original fees townwide and of those 79 fees were eliminated. 319 recommended fees remain which includes 12 additional fees that were not imposed previously, 19 consolidated fees that originated from 101 fees, 23 modified fees, and 265 unchanged fees. The following factors were considered during the modification and elimination process including applicable laws and statutes, analysis of service cost (indirect and direct), pricing factors and rationale for any subsidies and customer experience. Pehl detailed the recommended modifications with regards to general fees and community services fees.

Council Member Dickinson questioned whether the field rentals include the new soccer field.

Pehl confirmed the field rentals would include the new soccer field and noted there are three fields in that area including the baseball, softball, and soccer fields.

Council Member Dickinson inquired on the size and use of the fields.

Pehl informed Council any of the fields can be reserved for public use and there is no charge for the majority of field rentals due to use agreements that are in place. Pehl continued to present an overview of recommended changes to community service fees to include facility and field rentals.

Vice Mayor Hunt inquired on whether any citizen has ever requested to rent the civic center before.

Pehl commented she believed there has been a few requests in the past, but that it is not often requested to rent out the civic center for a full day event.

Vice Mayor Hunt requested to have something in place to regulate who the Town would rent the space to.

Town Manager Davidson stated he is not certain whether there are qualifying conditions in order to rent out the space but that he will look into developing financial or capability criteria.

Vice Mayor Hunt confirmed she would like it looked into further especially considering there is now a rental fee.

Council Member Schumacher inquired on who is providing the liability insurance for the rental.

Pehl explained citizens have to procure liability insurance when they go through the special events process.

Council Member Dickinson mentioned some of the fields do not have benches and inquired on whether we could provide citizens the option to rent stadium collapsible benches.

Pehl stated she is not aware if that is an option but will follow up with community services to find out available options. Pehl proceeded to explain the recommended changes to community services fees (facility and field rentals, event/tournament rentals, and facility site supervisor fees), neighborhood services fees (dog licenses and impound fees), police fees (fingerprinting, background checks, body worn camera records, report copy, commercial and residential false alarms).

Vice Mayor Hunt asked whether authorities would start responding to false alarms.

Pehl responded authorities currently respond to false alarms.

Town Manager Davidson informed Council currently if a citizen has one false alarm they are placed on a permanent list and are responsible for paying a fee. Davidson noted citizens have complained or shared their concern regarding the Town collecting those dollars. Davidson explained false alarms will continue to be monitored; however, citizens will be allowed a few accidental occurrences before being charged.

Vice Mayor Hunt commented on the process and fees developed for false alarms seems fair.

Pehl discussed recommended changes to town clerk fees, specifically business, liquor, and peddler's licenses.

Town Manager Davidson specified the goal was to simplify the fee structure while looking at it from the citizens perspective.

Pehl reviewed the timeline of next steps. Additionally, she discussed the future review items including development services fees, public works fees, and utility fees.

Vice Mayor Hunt recognized the goal of full cost recovery and being competitive with surrounding jurisdictions; however, noted that she does not recommend raising it to the highest amount to obtain full cost recovery. Hunt inquired if there is a proposal to increase appropriately so that the Town is closer to cost recovery.

Pehl explained a lot of jurisdictions implement CPI change in their rate structure. Pehl commented that the goal is no longer one hundred percent cost recovery, instead the goal is to track the fees over the next fiscal year so better formulas and analysis can be applied in the future.

Vice Mayor Hunt noted the fingerprint fee does not cover the cost.

Pehl stated fortunately a volunteer currently handles the majority of the fingerprints but that is subject to change in the future. She concluded the goal of the consolidated fee structure was to make it easier for the public by having all fees listed in one place.

Council Member Schumacher asked if legal was involved, for example with the overhaul fee, speeding tickets, or dog at large.

Pehl responded that the Magistrate Court fees are more subject to change by legislative rulings but eventually she would like those fees included and posted all in one place.

Council Member Hepperle inquired once posted if citizens would be able to reserve a ramada online.

Pehl confirmed citizens can already reserve facilities online and that they are looking at various program changes, including a change in the ERP system, so that all fees and reservations can be viewed and made online.

Vice Mayor Hunt noted these fees would not be in effect until the end of September and that the future review items would not be in place until after that date.

Pehl agreed with the sentiments made by Vice Mayor Hunt.

Council Member Dickinson inquired if there are additional charges involved in the animal impound fee.

Pehl clarified once animals are moved to the Humane Society the public would be subject to fees imposed by the Humane Society.

2d. Proposed Community Facility Districts Policy – Discussion Only [Katie Pehl, Finance Director]

Katie Pehl, Finance Director, introduced Mark Reader from Stifle.

Mark Reader from Stifle Public Finance educated Council on the background of Community Facilities Districts and the authority allowed under Arizona Law. Reader shared a sample of CFDs in Florence, Arizona with bonds being issued over the years as development occurs. The bond money is used to repay the developer for the infrastructure that was put in the ground which in turn helps the developer invest back in the community and enhance public infrastructure. Reader presented additional samples including CFDs in Peoria, Arizona and Avondale, Arizona. Reader shared the typical lifecycle of a development community (pre-development, infrastructure improvements, partial development, and build out) and reviewed the eligible CFD funded public infrastructure according to statute. Reader informed Council the recommended policies and procedures within the packet provided outlines all of the requirements to form a CFD that was developed with input from staff, including legal.

Vice Mayor Hunt inquired on whether the policies and procedure document is standard among the other cities he has worked with.

Reader confirmed the outlined document is comparable to recent cities that have been involved in CFD transactions and that have incorporated recent legislative changes.

Vice Mayor Hunt noted it appears this document is going to protect the Town more than before and inquired on if the document is in the Town's best interest.

Reader replied that is correct and it is in the Town's best interest.

Vice Mayor Hunt inquired on if the items put in with CFDs are usually over and above the minimum conditions of approval.

Reader explained he would ask the developers during the negotiation process what would the development look like if you did not have a CFD and what would the development look like if the Town elects to form a CFD in which you can be reimbursed for your public infrastructure. Reader detailed typically the response given would align with a higher level of enhanced public infrastructure.

Vice Mayor Hunt explained Town resources have previously been used to help pay on some of the CFDs and defers to Town Manager Davidson for further explanation.

Town Manager Davidson recommended mandating developers building infrastructure per the plan and get reimbursed once there is a sufficient amount of tax base created within that development to protect the Town. Davidson noted these policies were created to make sure the Town is getting the enhancements but also protecting the residents that will live in those communities, so not to exceed the Town's property tax threshold.

Vice Mayor Hunt asked if there is a vote for the CFD.

Reader explained when a district is formed it is voted in by the landowners which is generally one property owner, and as part of the financing plan, there is a vote to vote in the bond authorization for reimbursement of the public infrastructure.

Vice Mayor Hunt mentioned there has been headache regarding the CFDs formed in the past and that she would like residents within those communities to know the document being presented today will help protect the Town.

Council Member Dickinson clarified only residents living within the CFD are paying the bond until paid in full. Additionally, residents may move out but the resident moving in will need to be aware of the CFD assessment.

Reader confirmed the statements made by Council Member Dickinson.

2e. CH2M HILL OMI (Jacobs), Amendment 4, Operations, Maintenance & Management Agreement – Discussion Only [Scott Keith, Utilities Operations Manager]

Danny Zamora, Jacobs Project Manager, shared a few highlights from the past year including completed service projects, community involvement, accomplishments and recognition received.

Scott Keith, Utilities Operations Manager, presented the background and contract status with Jacobs noting that the Town renewed the five year contract with Jacobs in July of 2020, which is set to expire in June of 2025. Keith explained that there is a scope addition this fiscal year for the Mingus West booster station and tanks. Additionally, a 3.86% base fee increase was negotiated for FY23/24 which covers labor, fuel, as well as increased costs. Keith detailed a breakdown of the base fees, reimbursable items, and additional service projects.

Council Member Hepperle commends Jacobs' employees for being able to work with the Scada Operating System given that it is a twenty years old system.

3. ADJOURNMENT

Vice Mayor Lori Hunt adjourned the meeting at 5:07 p.m.

ATTEST:

APPROVED:

Fatima Fernandez, Town Clerk

Kell Palguta, Mayor

STATE OF ARIZONA)
COUNTY OF YAVAPAI)
ss:

TOWN OF PRESCOTT VALLEY)

CERTIFICATE OF COUNCIL MINUTES

I, Fatima Fernandez, Town Clerk of the Town of Prescott Valley, Arizona, hereby certify that the foregoing minutes are a true and correct copy of the Minutes of the Work Study Meeting of the Town Council of the Town of Prescott Valley, held on June 01, 2023.

I further certify that the meeting was duly called and held and that a quorum was present.

Dated this June 29, 2023

Fatima Fernandez, Town Clerk