

**TOWN OF PRESCOTT VALLEY
REQUEST FOR COUNCIL ACTION
Date: June 27, 2013**

SUBJECT: Prescott Valley Economic Development Foundation Agreement

SUBMITTING DEPARTMENT: Management

PREPARED BY: Greg Fister, Economic Development Manager

AGENDA LOCATION: Comments/Communications , Consent , Work/Study ,
New Business , Public Hearing , Second Reading

ATTACHMENTS: None

SUMMARY/BACKGROUND: Since 1996, the Town Council has contracted with the Prescott Valley Economic Development Foundation (PVEDF) for services related to economic development, particularly recruitment of new businesses to the town. The organization's effort to recruit good-paying jobs to the community energizes the local economy and improves the quality of life for our citizens. PVEDF is one of about 12 such organizations around the state that assist local governments in their economic development missions. The last agreement was a three-year agreement approved by Council in 2010 and it expires June 30.

If approved by the Council, this would be the fourth multi-year agreement approved (2004, 2007, and 2010) with performance standards. As Council is aware, the past three years have probably been the most challenging in the foundation's history as the economy continues to battle its way out of one of the worst recessions in the country's history. The state of Arizona was one of the hardest hits states in the Union. However, the past few months have certainly seen an improvement, as business owners begin to think about expansion or relocations again.

Staff recommends another three-year term for the foundation. Although there is a possibility that regional economic development efforts could culminate in a new regional organization being created in the near future, staff believes the foundation provides necessary and vital services specific to our community. It is proposed that the town pay the foundation \$150,000 for its services in this coming fiscal year. This is the same annual amount paid to the foundation since FY 2011. According to the proposed agreement that funding level will remain unchanged throughout the life of the agreement unless revised by the Town Council.

Under the proposed agreement, PVEDF has been given the goal of attracting 525 new jobs over the next three years. Jobs paying more than \$34,000 annually (about 20 percent more than Yavapai County's median wage in 2008) would count as 1.5 jobs. Any job paying at least \$28,600 (the county median wage) and less than \$34,000 would count as one job. Any jobs paying a salary less than the annual median county wage (or a job in a business sector that creates transaction privilege tax revenue and was referred to the Town's economic development manager) would be counted a one-half a job. Any new job that is a result of an expansion of an existing Prescott Valley business that required the assistance of the PVEDF would be counted as one job. These conditions remain unchanged from the previous agreement.

ACTION OPTION: Motion to authorize the Mayor (or in his absence, the Vice Mayor) to sign the three-year agreement with PVEDF OR motion not to approve the agreement.

RECOMMENDATION: Staff recommends approval of the proposed three-year agreement with PVEDF.

FISCAL ANALYSIS: The budget impact in FY 2013-14 would be \$150,000, and is undetermined for FY 2014-15 and FY 2015-16.

REVIEWED BY:

Management Services Director _____

Town Clerk _____

Town Attorney _____

Town Manager _____

COUNCIL ACTION:

Approved Denied Tabled/Deferred Assigned to _____