

**TOWN OF PRESCOTT VALLEY  
REQUEST FOR COUNCIL ACTION  
Date: October 22, 2009**

**SUBJECT:** General Salary or Similar Compensation Adjustments

**SUBMITTING DEPARTMENT:** Town Management

**PREPARED BY:** Larry Tarkowski, Town Manager

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

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**ATTACHMENTS:** a) Resolution No. 1671, and b) Town Manager Memorandum

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**SUMMARY/BACKGROUND:** The Town Manager has informed the Town Council that revenue collections for the first two months of fiscal year 2009-2010 have been approximately 15% below the conservative estimates made during the budget process. He is, therefore, recommending that the Council consider authorizing a general salary reduction or similar compensation adjustment not previously provided in the budget in order to help address these lower-than-expected revenues.

Last year about this time, the Council amended Personnel Policy No. 2-04 to supplement the hiring freeze already in place by permitting reassignment of personnel from overstaffed departments to understaffed departments without affecting salaries if the personnel move to a lower paying position. The purpose was to provide the Manager with a tool to help avoid layoffs. Now, given the unexpected dip in revenues, the Manager is asking for another tool to help avoid layoffs by providing for one or more general salary reductions or similar compensation adjustments during the fiscal year, as he deems necessary, to help address any on-going shortfalls.

The attached Resolution takes a number of actions needed to implement one or more general salary reductions or similar compensation adjustments. First, it amends several personnel policies to clarify that such general salary reductions or similar compensation adjustments are permitted during the fiscal year. One of the amendments clarifies that any reductions in force that may ultimately become necessary do not involve the same hearing processes that would otherwise be provided as part of regular terminations. Second, the Resolution specifically authorizes the Manager to implement one or more general salary reductions or similar compensation adjustments, with the first to be effective no later than November 1, 2009. It is expected that the initial planned adjustment will save approximately 5% in salary costs. It is also planned that an ad hoc employee committee will be formed to assist in establishing the details of the initial general salary reduction or similar compensation adjustment. Third, the Resolution formally accepts the offer of the Town Manager, Town Attorney, Town Clerk and Town Magistrate made on September 24, 2009 to receive a 5% general salary decrease, and formally implements that offer as of November 1, 2009 in the same manner as the general salary reduction or compensation adjustment applied by the Manager to other Town officers and employees in the same classification under the Fair Labor Standards Act. And, fourth, the Resolution implements the stated intent of the individual Council members to share in any general salary reductions or similar compensation adjustments (notwithstanding the limitations of the Arizona Constitution regarding timing of Council compensation reductions) by voluntarily returning a corresponding portion of their individual salaries as donations towards public needs and services within the Town, at their individual discretion.

In accordance with Section 2.1 of Policy No. 2-36 "Personnel Board", the Personnel Board has reviewed the proposed Personnel Policy amendments on October 6, 2009, and has recommended approval to the Town Council. The Resolution was also discussed by the Council at its work/study session on October 15, 2009.

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**OPTIONS ANALYSIS:** The Town Council may adopt Resolution No. 1671 and implement the proposed general salary reduction or similar compensation adjustment, decline to adopt Resolution No. 1671, and/or direct staff to pursue other options.

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**ACTION OPTION:** Motion to authorize the Mayor (or, in his absence, the Vice Mayor) to sign Resolution No. 1671 taking steps to implement one or more general salary reductions or similar compensation adjustments in FY 2009-2010, **OR** Motion not to approve Resolution No. 1671. **VOTE.**

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**RECOMMENDATION:** Town staff recommends authorizing signature of Resolution No. 1671 authorizing one or more general salary reductions or similar compensation adjustments.

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**FISCAL ANALYSIS:** In addition to the savings through the current hiring freeze, it is hoped that the initial general salary reduction or similar compensation adjustment will save approximately \$260,000. The anticipated budget shortfall in FY 2009-2010, if revenues continue at present levels, could be as much as \$820,000 (not including the Advance to cover the projected shortfall in the Library's debt service fund).

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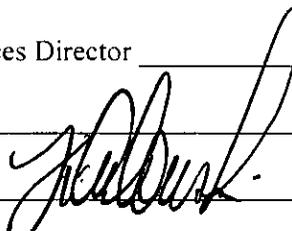
**REVIEWED BY:**

Management Services Director \_\_\_\_\_

Town Clerk \_\_\_\_\_

Town Attorney \_\_\_\_\_

Town Manager \_\_\_\_\_



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**COUNCIL ACTION:**

Approved  Denied  Tabled/Deferred  Assigned to \_\_\_\_\_