

**TOWN OF PRESCOTT VALLEY
REQUEST FOR COUNCIL ACTION
Date: July 8, 2010**

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 efforts 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 contract approved by Council in 2007 and it expired June 30.

If approved by the Council, this would be the third multi-year agreement approved (2004 and 2007) with performance standards. As Council is aware, the past three years have been very tough as the economy spiraled into one of the worst recessions in the country's history. The state of Arizona was one of the hardest hits states in the Union. Because of these serious nationwide economic issues, economic growth came to a halt as businesses struggled to stay alive and canceled or postponed relocations or expansions. Members of the foundation will attend the council meeting to report on their efforts over the past three years.

Staff has met with PVEDF members to negotiate a renewal of the agreement. The result is another proposed three-year term. It is proposed that the town pay the foundation \$150,000 for its services this fiscal year. This is about a 10 percent decrease from the amount paid in FY 2010. To reflect comments by Town Council during last week's work study meeting, the contract wording has been changed to indicate that the funding level (\$150,000) will remain unchanged in Fiscal Year 2012 and Fiscal Year 2013 unless revised by the Town Council.

Under the proposed contract, 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 as 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.

Foundation board members and Gary Marks, the foundation's executive director, will attend the Town Council meeting to answer any questions from Town Council members.

ACTION OPTION: The Town Council may vote to approve the three-year contract with PVEDF OR the Town Council may opt to not approve the contract.

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

FISCAL ANALYSIS: The budget impact in FY 2011 would be \$150,000, and is unknown in FY 2012 and FY 2013.

REVIEWED BY:

Management Services Director _____ Town Clerk _____

Town Attorney _____

Town Manager _____

COUNCIL ACTION:

Approved Denied Tabled/Deferred Assigned to _____