

MINUTES OF THE FLORENCE TOWN COUNCIL MEETING HELD ON MONDAY, DECEMBER 7, 2015, AT 6:00 P.M., IN THE CHAMBERS OF TOWN HALL, LOCATED AT 775 NORTH MAIN STREET, FLORENCE, ARIZONA.

CALL TO ORDER

Mayor Rankin called the meeting to order at 6:03 p.m.

ROLL CALL:

Present: Rankin, Walter, Woolridge, Hawkins, Guilin, Anderson, Wall.

MOMENT OF SILENCE

Mayor Rankin called for a moment of silence.

PLEDGE OF ALLEGIANCE

Mayor Rankin led the Pledge of Allegiance.

CALL TO THE PUBLIC

Call to the Public for public comment on issues within the jurisdiction of the Town Council. Council rules limit public comment to three minutes. Individual Councilmembers may respond to criticism made by those commenting, may ask staff to review a matter raised or may ask that a matter be put on a future agenda. However, members of the Council shall not discuss or take action on any matter during an open call to the public unless the matters are properly noticed for discussion and legal action.

There were no public comments.

PRESENTATION

Presentation by Scott Barber, Human Resources Director, on the work of the League of Arizona Cities & Towns Public Safety Pension Task Force.

Mr. Scott Baber, Human Resources Director, stated that the Public safety Pension Task Force has 15 members: five from the League of Arizona Cities & Towns (League), five from the Arizona Government Financial Officers Association and five members from the Arizona Cities and Counties Managers Association. He stated that through the years the Public Safety Pension program has had financial difficulties so the League developed the Task Force to address these difficulties. The Task Force was formed in June, 2014 and their objectives were to review all aspects of the Public Safety Personnel Retirement System (PSPRS), identify areas of improvement, and reform

recommendations. They were to report all findings to the League and the findings were adopted by the League in August, 2015.

Mr. Barber stated that the Task Force spent half of their time educating themselves on the program and obtained information from leading experts throughout the country. The information obtained can be found on the League's website. He stated that the PSPRS has 256 separate individual employer groups with 32,000 active and retired participants. They all have the same benefits structure but with various financial contributions based on the individual plan. He stated that recent changes to the reporting requirements for the government regarding PSPRS liabilities has identified the financial condition of the individual plans, showing an underfunded amount of \$6,483,000,000 as of June 30, 2015. The employee contribution rate will vary by plan and that employee contribution rate is set by State Statute at a fixed rate of 11.65%.

Mr. Barber stated that key observations for the current system provide that the current unfunded liability is a debt and that any reform to the program will not reduce the current unfunded liability. He stated that recent litigation protects the benefits that have been or are being promised to the participants in PSPRS and that any changes or reform to the program would be applicable to future participants. He stated that it is incumbent on everyone to be aware of the financial obligations a pension plan has, manage those financial obligations and to implement employer recommended practices.

Mr. Barber stated that Florence has Fire and Police programs in PSPS and both are in good condition in comparison to the other participants in PSPRS. He stated that the Police Department Pension Plan is 90.5% funded with an unfunded liability of \$526,137, as of June 30, 2015.. He stated that the Police Department currently has no one in the deferred retirement program and has six retirees. He stated the Fire Department is 110.4% funded with an overfunded amount of \$359,501, as of June 30, 2015, with no one in the deferred retirement program and it has no retirees.

Mr. Barber stated that the employee recommended practices to best manage a pension plan were;

- Budget contributions for Deferred Retirement Option Program (DROP)
 - A participant in their last five years can opt into the DROP program where the employer will not make any contributions to the participants account nor will an employee match contributions being made. If the participant chooses to leave before the end of the five years, they may do so and their funds must be available to them.
- Prepay Budgeted Contributions
 - Pay the anticipated contribution amount at the beginning of each fiscal year to receive a higher rate of interest on those funds.
- Do not defer the Fields Case Obligation

- Each plan received a bill for the Fields Case and needs to budget and pay for this obligation instead of deferring the payment which will increase the contribution percentage over a certain period of time.
- Review local board practices
- Prepare a Comprehensive Study
- Payoff unfunded liability (debt) earlier
- Create a Pension Funding Policy

Mr. Barber stated that the purpose of the Task Force was to create the “Yardstick”, which would be a measuring tool that identifies goals, characteristics, and elements of a viable and sustainable public safety pension system for the State of Arizona. He stated that the Task Force created this tool to evaluate current individual pension systems and propose reform and to act as an aid in public policy discussions. The Task Force reviewed alternatives to the PSPRS, such as defined benefit plans otherwise known as a 401K, and determined that the current program was better as it does not have a significant cost difference and it maintains the burden on the employer instead of the employee regarding investments. He stated that the programs or reforms need to be free from legal challenge and possibly develop a statewide system. He stated that any type of reform or statewide system would be for future participants as those that are currently participating in a pension plan will continue to do so on the terms of the plan when they started. He stated that the Task Force reviewed the elements of a new statewide system to: ensure that the elements are sustainable; the development of a governance structure is utilizing industry experts to provide guidance to those looking to reform their programs; and develop a new program or structure a statewide system utilizing sound data.

Mr. Barber provided in depth understanding to the Yardstick as follows;

- Defined Benefits Plan
 - The Pension Benefit is predetermined by a formula based on the employee compensation, age, and tenure of service
 - Defined benefit is a more effective structure for Public Safety
 - Pools assets; addresses ratio of years of service to length of retirement
 - Defined Contribution Structure Study
- Free From Legal Challenge
 - All current employees and all current retirees remain in the existing system
 - Avoids diminishing or impairment of benefits
 - Changes to current employees or retirees are expected to be litigated and upheld
- New Statewide System
 - For all employees hired after July 1, 2016
 - Avoids possible legal challenges
 - Existing system remains until all members pass away
 - Previously done in PSPRS and Arizona State Retirement System (ASRS)

- Plan Elements of the New System
 - Pooled Assets and liabilities: spreads risk across the broadest base
 - Extreme financial exposure exists under the current system
 - Consistent with services which are performed across jurisdictional boundaries
 - Fully Funded: assets at least equal liabilities (at least 100%) over the economic cycle
 - Taxpayer and member equity is achieved only at 100%
 - Costs are transferred to future taxpayers and members if funding is less than 100%
 - Equal Cost Sharing: equal employer and employee contributions rates
 - Neutral position
 - Same as the Arizona State Retirement System
 - Funding new Benefits or Benefit Increases: Funded as a System Component and only if the System is determined to be fully funded before and after the change.
 - Benefit increases must be paid for by contribution increases
 - Aligns with the Equal Cost Sharing Element
 - Pension Increases: To maintain purchasing power
 - Retiree's pensions should neither gain or lose relative value
 - Current structure functions as a dividend
 - In-Lieu of Social Security program: Mandatory participation in an employee-matched defined contribution plan for those members not in social security.
 - The Town has a 218 Agreement with states who is covered by Social Security and who is not. Police officers are covered but the firefighters are not.
 - Task Force recommending a pension system that would have the same relative benefits for all members.
- Government Structure
 - System Design, Funding Policy and Investment Policy
 - One set of financial information providing funding status and performance measures.
 - Board of Trustees: Independent, qualified experts with fiduciary responsibility of ensuring compliance with Plan Elements.
 - Administration: Consolidated with one independent committee of qualified experts.

Mr. Berber stated that a legislative Pension Group, led by Senator Lesko and Representative Olson, have been working through scenarios and proposals including the committee's Yardstick and will present a report and proposal regarding the PSPRS in the 2016 Legislative session. He stated that any reform will not reduce the Town's unfunded liability and will continue to actively manage the PSPRS plan as it is currently written. The current PSPRS system is unsustainable and will need to be reformed. He

presented a copy of the Arizona Office of the Auditor General PSPRS Performance Audit that was conducted in September 2015, which supports the need for reform.

Mayor Rankin inquired as to when the unfunded liability started.

Mr. Barber stated that technically the unfunded liability started when the system started. He stated since the Fire Department is a younger program is it better funded then the Police program but as staff ages and retires, those numbers could and will change.

CONSENT: All items on the consent agenda will be handled by a single vote as part of the consent agenda, unless a Councilmember or a member of the public objects at the time the agenda item is called.

- a. **Appointment of Ed Curran to the Arts and Culture Commission with a term to expire December 31, 2017.**
- b. **Authorization to enter into a Professional Services Agreement with the Greater Florence Chamber of Commerce for Calendar Year 2016.**
- c. **Approval of Lease Agreement between the Town of Florence and Seconds please... on Main, LLC, for Suite 202 at the Silver King Marketplace.**
- d. **Approval of the Greater Florence Chamber of Commerce's application for a Special Event Liquor License for the First Thursday event on January 7, 2016 and February 4, 2016, at McFarland State Park.**
- e. **Approval of accepting the register of demands ending November 30, 2015, in the amount of \$2,172,438.06.**

On motion of Councilmember Woolridge, seconded by Councilmember Anderson, and carried to approve the Consent Agenda, as written, with the exception of item 7b.

- b. **Authorization to enter into a Professional Services Agreement with the Greater Florence Chamber of Commerce for Calendar Year 2016.**

Councilmember Hawkins inquired as to what is included in the shall not exceed amount of \$195,000 and if the contract is for more than one year.

Mr. Cliff Mattice, Town Attorney, stated that the contract can renew itself for up to three years if Council approved with a three year total not to exceed \$195,000.

Mr. Damon Anderson, Chairman of the Greater Florence Chamber of Commerce Board of Directors, stated that Chamber believes it is fulfilling its contract with the Town and in light of the financial opportunities the Town is currently facing negotiated the contract down from previous years to \$57,500.

Mayor Rankin thanked the Greater Florence Chamber of Commerce for their consistent support of the Town and fulfilling their obligations to the Town and its business members.

On motion of Councilmember Hawkins, seconded by Councilmember Wall and carried to authorize to enter into a professional services agreement with the Greater Florence Chamber of Commerce for Calendar Year 2016.

UNFINISHED BUSINESS

Discussion/Approval/Disapproval of adopting the following ordinances (first reading held November 16, 2015):

ORDINANCE NO. 641-15:

Councilmember Woolridge read ordinance No. 641-15 by title only.

AN ORDINANCE OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, AMENDING TITLE III: ADMINISTRATION, SECTION 32.012 FEES.

On motion of Councilmember Woolridge, seconded by Councilmember Guilin, and carried to adopt Ordinance No. 641-15.

ORDINANCE NO. 642-15:

Councilmember Anderson read ordinance No. 642-15 by title only.

AN ORDINANCE OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, AMENDING TITLE VII: TRAFFIC, 73.11(B) PARKING, STANDING, LOADING OR UNLOADING OF COMMERCIAL MOTOR VEHICLES ON MAIN STREET BETWEEN BUTTE AVENUE AND RUGGLES STREET PROHIBITED.

On motion of Councilmember Anderson, seconded by Vice-Mayor Walter, and carried to adopt Ordinance No. 642-15.

ORDINANCE NO. 643-15:

Councilmember Wall read ordinance No. 643-15 by title only.

AN ORDINANCE OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, AMENDING TITLE VII: TRAFFIC, 74.10 ESTABLISHMENT OF FEES FOR SERVICES PROVIDED BY THE MAGISTRATE COURT.

On motion of Councilmember Wall, seconded by Councilmember Anderson, and carried to adopt Ordinance No. 643-15.

ORDINANCE NO. 644-15:

Councilmember Guilin read ordinance No. 644-15 by title only.

AN ORDINANCE OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, AMENDING TITLE IX: GENERAL REGULATIONS, 95.07 FEES AND CHARGES, AND 97.039 PURCHASE AND TRANSFER OF INTERMENT.

On motion of Councilmember Guilin, seconded by Councilmember Woolridge, and carried to adopt Ordinance No. 644-15.

ORDINANCE NO. 645-15:

Councilmember Woolridge read ordinance No. 645-15 by title only.

AN ORDINANCE OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, AMENDING TITLE XI: BUSINESS REGULATIONS, 112.16 LICENSE FEES AND 112.18 APPLICATION AND FEES.

On motion of Councilmember Woolridge, seconded by Councilmember Hawkins, and carried to adopt Ordinance No. 645-15.

NEW BUSINESS

Discussion/Approval/Disapproval of authorizing the Mayor to sign a letter addressed to Governor Doug Ducey to show the Town of Florence's support for Steven Stratton, applicant to fill the vacancy on the Arizona State Transportation Board.

Mayor Rankin stated that he was contacted by Mr. Steven Stratton who requested support to fill a vacancy on the Arizona State Transportation Board representing Gila, Graham and Pinal counties.

Mr. Steven Stratton stated that he has attended the Board meetings for the past 13 years and had the experience needed to represent the three counties upon appointment. He stated that the position is a non-paying position with a six year term and that he has received support from the current and past chairmen's of the Board. He stated he understands and supports the Grow Arizona Program and the needs of the three counties.

Mayor Rankin stated that per State law, when Pinal County reaches a population level of 500,000, it will have a seat on the Board without having to share with Gila or Graham Counties.

On motion of Councilmember Hawkins, seconded by Councilmember Guilin, and carried to authorize the Mayor to sign a letter addressed to Governor Doug Ducey to show the Town of Florence's support for Steven Stratton, applicant to fill the vacancy on the Arizona State Transportation Board.

Discussion/Approval/Disapproval of adopting the Developer's Sign Package submitted by Pulte Homes for the Anthem at Merrill Ranch community.

Mr. Mark Eckhoff, Community Development Director, stated that per the 2005 Pre-Annexation and Development Agreement (PADA), it granted some flexibility for the signage planned for the Anthem at Merrill Ranch community. He stated the flexibility was warranted and necessary because of the magnitude of the project and the projected build-out time for the community, which has substantially lengthened due to the recession. He stated that the PADA stated that Pulte Homes or any subsequent or additional developer/homebuilder was allowed to use an unspecified quantity of temporary marketing and development signs, which can include billboard signs or other signs located on the site of the community, including within the Town's rights-of-way. He stated that the PADA stated that the sign package required Town approval but does not specify the form of such approval; administrative, Planning and Zoning Commission, Town Council, etc. Based on the new legal review of the PADA, and in accordance with consultations with Pulte Homes, the Town and Pulte Homes have agreed that the Developer's Sign Plan shall be subject to the review and approval of the Town Council.

Mr. Eckhoff stated that the Anthem at Merrill Ranch project sign package includes entry monuments, billboards, monument signs, directional signs, street light pole signs, subdivision monuments, water tank mural/sign and temporary HOA banners. Permanent signage is actually not included under the scope of this request, but was approved as part of their Planned Unit Development (PUD) Master Plan. He stated that Pulte Homes has removed two of the three construction trailers that were being used strictly for signage and the third one is scheduled to be removed in the near future. Councilmember Anderson inquired as to the status of the remaining trailer as the sign on it is falling off.

Mr. Eckhoff stated that the trailer is scheduled to be removed in the very near future and will be replaced by a permanent sign.

Councilmember Anderson thanked Mr. Bonow with Pulte Homes for their cooperation in removing the trailers from the community.

Mr. Dan Bonow, Director of Entitlements, Pulte Homes/Del Web, stated that when the PUDA was developed there were different players and many agreements were done

with a handshake at the time. He stated that having a formal sign package with the Town is beneficial for the Anthem community as it provides guidance to the public and residents as they travel through the community and utilize the various facilities within Anthem. He stated the sign package includes permanent signs and temporary signs that will be removed once the community is built out.

Mayor Rankin inquired as to why none of the signs in Anthem have Florence, Arizona on them.

Mr. Bonow stated that the Florence Hospital was going to have a sign on their property that stated Welcome to Florence, Arizona but unfortunately that sign did not come to fruition.

On motion of Councilmember Hawkins, seconded by Councilmember Anderson, and carried to adopt the Developer's Sign Package submitted by Pulte Homes for the Anthem at Merrill Ranch community.

Ms. Lisa Garcia, Interim Town Manager/Town Clerk, read Resolution No. 1569-15 by title only.

A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, APPROVING A TOWN CORE INCENTIVE PLAN REQUEST FOR FLORENCE APARTMENTS ASSOCIATES, LLC (CASE PZ-15-60-INF).

Mr. Eckhoff stated that earlier in the year Town Council adopted Resolution No. 1497-15, approving support of a future waiver of certain plan reviews, building permits, development impact fees and/or other fees, in an amount not to exceed \$80,000, to be incurred during the substantial rehabilitation construction project of three apartment complexes in Florence. Town Council took this action in support of the project and strengthened the application that Florence Apartments Associates, LLC, submitted to the Arizona Department of Housing (ADOH) requesting funding for the acquisition and substantial rehabilitation of three low income affordable housing complexes. He stated that staff was happy to report that this application was approved.

Mr. Eckhoff stated that the project encompasses the combining of three separate apartment complexes into one single LLC ownership. The owner of the apartment plans to rename the complexes to "Florence Sunrise Apartments". He stated that the project will create jobs, provide income to the community and will continue to provide safe affordable housing for low income community members. It will have a direct hard cost of construction, estimated at \$3,900,000, increasing the overall economic activity by the purchase of local goods and services over an expected six to nine months of build-out.

Mr. Eckhoff stated that the use of the Town Core Incentive Plan is necessary to proceed with this project, as proposed, as this tool will bring the subject properties into

conformance with zoning and development standards and when used alongside a Development Agreement, can officially permit the waiving of fees. He stated per Resolution No. 1497-15, and affirmed by the Infill Incentive Plan and the Development Agreement, will waive fees in an amount not to exceed \$80,000 proportioned as follows:

Plan Review Fees: \$10,000
Building Permit Fees: \$16,000
Development Impact Fees (Water and /or Wastewater categories): \$54,000
Total Fees Waived: \$80,000

He stated that the fees will be off-set by the financial and non-financial benefits of this project.

On motion of Councilmember Hawkins, seconded by Councilmember Woolridge, and carried to adopt Resolution No. 1569-15.

Mr. Cliff Mattice, Town Attorney, read Resolution No. 1570-15 by title only.

**A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA,
APPROVING A DEVELOPMENT AGREEMENT WITH FLORENCE APARTMENTS
ASSOCIATES, LLC.**

Mr. Mattice stated that the Development Agreement goes with the Town Core Incentive Plan (the Plan) that Council just approved in the previous action. He stated that the Plan requires a development agreement when relief from the Development Code is requested. He stated that the project will generate approximately \$3,900,000 in capital investment and that the Town will benefit from construction tax revenue that will be generated from the project. He stated that per A.R.S. 9-463.05, if a municipality agrees to waive development fees assessed on a development, the municipality shall reimburse the appropriate development fee account for the amount that was waived.

On motion of Councilmember Woolridge, seconded by Councilmember Hawkins, and carried to adopt Resolution No. 1570-15.

DEPARTMENT REPORTS

**Community Development
Courts
Finance
Fire
Library
Parks and Recreation
Police
Public Works**

The Department Reports were received and filed.

CALL TO THE PUBLIC

There were no comments.

CALL TO THE COUNCIL – CURRENT EVENTS ONLY

Councilmember Anderson thanked staff for the Christmas Parade and expressed concern about the fee structure for the parade. He will address those concerns with the Town Manager when he starts.

Councilmember Guilin thanked staff for the Christmas Parade.

Councilmember Hawkins thanked the community for coming out for the parade and for staff putting on a great event.

Councilmember Wall agreed with the comments on the parade and in the future would love to see the Town have a Town Christmas Tree.

Mayor Rankin stated that the Christmas Parade was neat and it was great to see everyone on Main Street. He reminded everyone that schools would be getting out for the holiday and to be safe over the holiday season.

ADJOURN TO EXECUTIVE SESSION

An Executive Session will be held during the Council Meeting for the following legal matters: as follows:

For the purpose of discussion and consultation with the Town's attorneys for legal advice and to consider the Town's position and instruct its attorneys in regard to pending litigation in Maricopa County Superior Court: Town of Florence v. Florence Copper, Inc. CV 2015-0001325, pursuant to A.R.S. Section 38-431.03(A)(3) and (A)(4).

On motion of Councilmember Hawkins, seconded by Vice-Mayor Walter, and carried to adjourn to Executive Session.

ADJOURN FROM EXECUTIVE SESSION

On motion of Vice-Mayor Walter, seconded by Vice-Mayor Guilin, and carried to adjourn from Executive Session.

ADJOURNMENT

On motion of Councilmember Guilin, seconded by Councilmember Woolridge, and carried to adjourn the meeting at 8:10 pm.



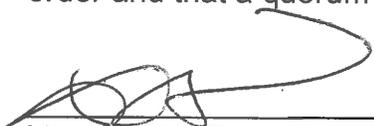
Tom J. Rankin, Mayor

ATTEST:



Lisa Garcia, Town Clerk

I certify that the following is a true and correct copy of the minutes of the Florence Town Council meeting held on December 7, 2015, and that the meeting was duly called to order and that a quorum was present.



Lisa Garcia, Town Clerk