

MINUTES OF THE TOWN OF FLORENCE COUNCIL MEETING HELD ON MONDAY, MAY 18, 2020, AT 6:00 P.M., IN THE FLORENCE TOWN COUNCIL CHAMBERS, LOCATED AT 775 N. MAIN STREET, FLORENCE, ARIZONA.

Due to the risks to public health caused by the possible spread of the COVID-19 virus at public gatherings, the Town of Florence has determined that public meetings will be indefinitely held through technological means. Meetings will be open to the public through technological means. In reliance on, and in compliance with, the March 13, 2020 Opinion issued by Attorney General Mark Brnovich, and in conjunction with the Emergency Proclamation signed by Mayor Tara Walter, on March 18, 2020. The Town of Florence provides this special advance notice of the technological means through which public meetings may be accessed. While this special notice is in effect, public comment at meetings will only be accepted through written submissions, which may or may not be read aloud during meetings.

CALL TO ORDER

Mayor Walter called the meeting to order at 6:00 pm.

ROLL CALL:

Present: ***Tara Walter, John Anderson, Karen Wall, Kristen Larsen, Michelle Cordes, Judy Hughes (***all Councilmembers appeared telephonically)

MOMENT OF SILENCE

Mayor Walter called for a moment of silence.

PLEDGE OF ALLEGIANCE

Mayor Walter 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.

PRESENTATIONS

Proclaim May 2020 as Motorcycle Safety and Awareness Month.

Mayor Walter read the proclamation for the record and proclaimed May 2020 as Motorcycle Safety and Awareness Month.

Town of Florence Council Meeting Minutes

May 18, 2020

Page 1 of 20

Presentation on Fiscal Year 2019-2020 Third Quarter Financial Report.

Ms. Jimenez provided a presentation, in which she outlined the following:

- General Fund Revenue
 - Focused on seven revenue sources that make up 80% of the Town's revenue
 - City Sales Tax
 - Food Tax
 - Property Taxes
 - Building Permits
 - State Shared Sales Tax
 - State Shared Income Tax
 - Auto License Tax
- General Fund- Revenue FY19-20

| TITLE | 3rd Quarter FY18-19 | BUDGET | 3rd Quarter FY19-20 | FORECAST | Quarter comparison |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|--------------------|
| City Sales Tax | \$1,746,678 | \$2,862,437 | \$1,495,604 | \$1,801,300 | ▼ |
| City Food Tax | \$232,695 | \$310,686 | \$241,682 | \$310,000 | ▲ |
| Property Tax | \$750,847 | \$1,166,611 | \$803,796 | \$1,092,190 | ▲ |
| Building Permits | \$534,688 | \$809,822 | \$1,015,067 | \$1,250,000 | ▲ |
| State Sales Tax | \$1,727,128 | \$2,721,685 | \$1,810,876 | \$2,350,000 | ▲ |
| State Income Tax | \$2,368,162 | \$3,416,358 | \$2,562,289 | \$3,416,358 | ▲ |
| Auto License Tax | \$1,093,920 | \$1,633,773 | \$1,155,234 | \$1,633,773 | ▲ |
| Total General Fund Revenue | \$7,141,587 | \$16,369,437 | \$11,363,849 | \$15,107,849 | ▲ |

- Anticipate a decrease in revenue due to Covid-19 pandemic.
 - \$427,000 less revenue to be received

- General Fund-Expense FY 19-20

| TITLE | 3rd Quarter FY18-19 | BUDGET | 3rd Quarter FY19-20 | FORECAST | Quarter comparison |
|--------------|---------------------|---------------|---------------------|--------------|--------------------|
| General Fund | \$10,784,819 | *\$17,012,550 | \$10,848,044 | \$15,636,971 | ▲ |

- *Will correct budget amount to reflect \$16,369,437 instead of the \$17,012,550 as listed above.
 - There has been a reduction in salaries and overall spending which resulted in staying within the budget.
 - Anticipate the budget coming in \$390,000 in the black.

- Other Funds-Major Revenue FY 19-20

| TITLE | 3rd Quarter FY18-19 | BUDGET | 3rd Quarter FY19-20 | FORECAST | Quarter comparison |
|----------------------|---------------------|-------------|---------------------|-------------|--------------------|
| General Capital Fund | \$1,352,428 | \$2,253,000 | \$2,336,025 | \$2,772,623 | ▲ |
| HURF Fund | \$2,322,635 | \$3,605,915 | \$2,664,420 | \$3,794,220 | ▲ |
| Water Fund | \$2,901,252 | \$4,326,237 | \$3,137,335 | \$4,203,001 | ▲ |
| Sewer Fund | \$2,996,466 | \$4,530,200 | \$3,109,132 | \$4,173,000 | ▲ |
| Sanitation Fund | \$721,473 | \$921,300 | \$760,069 | \$976,309 | ▲ |

- Overall, the forecasted amount will be higher than estimated.

- Other Funds-Expenses FY 19-20

| TITLE | 3rd Quarter FY18-19 | BUDGET | 3rd Quarter FY19-20 | FORECAST | Quarter comparison |
|----------------------|---------------------|-------------|---------------------|-------------|--------------------|
| General Capital Fund | \$650,962 | \$4,314,198 | \$713,288 | \$1,534,519 | ▲ |
| HURF Fund | \$2,623,754 | \$6,893,944 | \$2,624,842 | \$4,147,153 | ▲ |
| Water Fund | \$2,605,604 | \$7,560,536 | \$2,342,484 | \$4,786,194 | ▼ |
| Sewer Fund | \$2,515,010 | \$5,472,821 | \$1,980,635 | \$3,742,819 | ▼ |
| Sanitation Fund | \$687,051 | \$1,279,252 | \$813,917 | \$1,023,381 | ▲ |

- Will come in underbudget

- Capital projects may have not been completed or have been moved out.

- Cash in Bank-FY 19-20

| | | |
|--------------------------------------|---------------------|---------------------------------|
| Cash in Bank-General Checking | \$ 6,722,169 | Interest in Sweep - .5% |
| Cash in Bank-Credit Cards in Transit | \$ 127,568 | |
| LGIP | \$ 278,429 | Interest Rate- 1.32% Annualized |
| PFM Investments | \$58,214,077 | Interest Rate- 3.00% Annualized |
| Police Evidence | \$ 20,995 | |
| <u>Total Cash in Bank</u> | <u>\$65,353,842</u> | |

- Finance Department Activities

- Focused on the budget revenue and expenditure estimates for this year and next and have developed a budget. The Budget Committee is currently reviewing.
- Worked on three Policies: Travel, Uniform and Purchasing.

- Due to COVID 19 Pandemic - Phase II, half of staff is working every other week. Customer service has suffered a bit, but on the other hand, customers are using electronic means to pay their water and sewer bills, and drop box usage has increased. Submission of payment requests has become electronic and documents file into a repository and are retrieved and processed.
- Started Training Development for Procurement, new forms and processes. We are going to educate staff on different procurement options and train on how to advertise and what is necessary for compliance with audit standards and state law.
- We have, through attrition, consolidated two positions and absorbed into existing staff.
- Future projects include education on accounting and budget process with Town staff.
- We are now beginning audit preparation.

Mayor Walter stated that the Town has seen an increase in single family home permits. She inquired if a formulary for residents was added to those permits (average of residents per household) to determine what the anticipated number will be for the census.

Ms. Jimenez stated that the average amount of residents is 2.4 residents per household. She did not include those residents into the revenue because the state shared revenue are two years in arrears.

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.

Approval of the Application and Affidavit for Uniform Video Service License by Cox Communications Arizona, LLC, for a term not to exceed 10 years. (Trenton Shaffer)

Authorize the Mayor to enter into a Letter of Engagement between the Town of Florence, and Fester & Chapman, Certified Public Accountants, to perform the Town's annual audit for Fiscal Year ending June 30, 2020, in an amount not to exceed \$32,000. (Becki Jimenez)

Approve the Assignment of Lease for Silver King Marketplace, Suite 101, from Florence Mosaic Church of the Nazarene, to Corey Ecenbarger (dba Florence Fudge Co.). (Jennifer Evans)

Approval of the April 6, April 15, and April 20, 2020 Town Council Meeting minutes.

On motion of Vice-Mayor Anderson, seconded by Councilmember Cordes, and carried (6-0) to approve the Consent Agenda, as written.

NEW BUSINESS

Discussion/Approval/Disapproval of Fiscal Year 2020-2021 Employee Benefits Program with Blue Cross and Blue Shield of Arizona for medical, dental, life and Avesis for vision insurance; Teladoc for 24/7 physician access benefits; Jorgensen Brooks Group for Employee Assistance Program; AFLAC for supplemental group insurance products; and Infnisource to administer the Section 125 Flexible Benefit Account Plan.

Mr. Eric Johnson, Garry L. Johnson and Associates, provided an overview of the Town's proposed benefits and provided a presentation in which he outlined the following:

- Medical Renewal
 - United Health Care (UHC) renewal started at 25% increase in rates; keep the dental with UHC and it drops to 23%
 - UHC offered to carve out some benefits that are currently not being used. Would shave 3% from renewal.
 - Remove bariatric to save 2%
 - Decrease physical therapy visits to 20 visits for an additional 0.5% decrease
 - Decrease hearing benefits from every year to once every three years for 0.5% decrease
 - Renewal now at 20%
 - UHC offered a no bid option and would offer an additional 3% to 4% discount.
 - Renewal would be an approximate 16% to 17% estimated increase
 - Why is the renewal so high?
 - Claims are running high
 - Have had many large claims
 - * Accounted for \$1,246,640 in claims
 - 12% of the population had claims 20k+
 - Claims by 12 months are running at 99.2%
 - After a review, it was determined that it would be best to go to a select market and beat the no look option of a 16% to 17% offer.
 - * There are risks if the Town went to market for rates
 - Identified a carrier who is competitive in the marketplace and will take a chance on data provided.
 - Other carriers considered but history shows they are not a good fit for the following reasons.
 - * Network
 - * Plan design
 - * Pricing
 - * RX issues
 - DID a soft market check to preserve the no bid option.
 - Blue Cross Blue Shield of Arizona (BCBS) said they would be competitive.
 - They came with a 12% increase offer with like-plan
 - If dental and life is bundled, they would offer additional discount of 9.42%
 - HSA option came back with great pricing
 - Recommendation is that the Town do a dual option as many employees still ask when an HSA option will be provided again and provides an option to the employees.

HSA 50% Option

Assumes 50% Enrollment in HSA AND PPO

USE this for funding.

| BCBS PPO Employer Cost | | | | |
|------------------------|--------------|----------------|-----------------|-------------|
| BCBS | 9.42% | Contribution % | ER Contribution | ER Monthly |
| 22 EF | \$735.32 | 100% | \$735.32 | \$16,177.04 |
| 9 ES | \$1,522.17 | 76% | \$1,149.02 | \$17,141.22 |
| 10 F Children | \$1,375.05 | 78% | \$1,234.31 | \$12,343.09 |
| 30 Family | \$2,161.81 | 73% | \$1,548.01 | \$5,440.17 |
| | \$108,481.82 | | | |

| BCBS PPO Employee Cost | | |
|------------------------|-----------------|--------------------|
| EE Monthly | EE Contribution | Total EE Deduction |
| 22 | \$0.00 | \$0.00 |
| 9 | \$178.10 | \$86.55 |
| 10 | \$140.74 | \$70.37 |
| 30 | \$313.83 | \$156.92 |

| Overall Totals | |
|----------------|--------------|
| Monthly Cost | Annual Cost |
| \$20,411.11 | \$244,933.32 |

| Last Year | |
|------------|-----------------|
| EE Monthly | EE Contribution |
| \$0.00 | \$0.00 |
| \$158.39 | \$79.09 |
| \$128.62 | \$64.31 |
| \$286.81 | \$143.41 |

| BCBS HSA Employer Cost | | | | |
|------------------------|-------------|----------------|-----------------|-------------|
| BCBS HSA | 24.6% | Contribution % | ER Contribution | ER Monthly |
| 21 EF | \$506.37 | 100% | \$735.32 | \$15,441.72 |
| 9 ES | \$1,048.09 | 76% | \$1,349.02 | \$12,141.22 |
| 10 F Children | \$946.82 | 78% | \$1,234.31 | \$12,343.09 |
| 30 Family | \$1,486.59 | 76% | \$1,848.01 | \$5,440.17 |
| | \$15,191.43 | | | |

| BCBS HSA Employee Cost | | |
|------------------------|-----------------|--------------------|
| EE Monthly | EE Contribution | Total EE Deduction |
| 21 | \$0.00 | \$0.00 |
| 9 | \$145.00 | \$72.50 |
| 10 | \$115.00 | \$57.50 |
| 30 | \$265.00 | \$132.50 |

| Overall Totals | |
|----------------|----------------|
| Monthly Cost | Annual Cost |
| \$89,541.82 | \$1,340,897.10 |

| Total Costs | |
|---------------------------|-----------------------|
| Monthly PPO Cost | \$108,481.82 |
| Monthly HSA plan | \$74,191.43 |
| Monthly HSA cost | \$21,340.00 |
| Total Monthly Cost | \$204,023.25 |
| Total Annual Cost | \$2,448,279.00 |
| Last year Annual | \$2,371,302.48 |
| PPO only Annual | \$2,594,739.84 |
| Current ER Cost | \$2,099,761.21 |
| Funded ER Cost | \$191,467.72 |
| Annual | \$2,297,612.59 |
| Annual Reduction | \$122,757.22 |
| New ER Cost | \$2,174,855.38 |

| Over Payment | EE contrib. |
|-------------------|--------------|
| \$229.00 | \$229.00 |
| \$400.93 | \$445.93 |
| \$287.49 | \$402.49 |
| \$359.42 | \$624.42 |
| | \$31,579.77 |
| | \$21,350.00 |
| Monthly Reduction | \$10,229.77 |
| Annual Reduction | \$122,757.22 |

| HSA Contributions Table | | | | | |
|---------------------------|--------------------------|-------------|-----------------|---------------|-----------------------------|
| Monthly HSA Contributions | Yearly HSA Contributions | HSA OOP Max | Current OOP Max | New Liability | Total Monthly Contributions |
| \$200.00 | \$2,400.00 | \$3,000.00 | \$1,000.00 | \$600.00 | \$21,350.00 |
| \$350.00 | \$4,200.00 | \$6,000.00 | \$2,000.00 | \$1,800.00 | \$1,800.00 |
| \$350.00 | \$4,200.00 | \$6,000.00 | \$3,000.00 | \$1,800.00 | \$1,800.00 |
| \$350.00 | \$4,200.00 | \$6,000.00 | \$3,000.00 | \$1,800.00 | \$1,800.00 |

| 2020 Benefit Plan | UHC | | |
|---------------------------------|--------------------|--------------------------|-------------------------|
| | BEJM PPO \$500 90% | YMF mod. HSA \$3000 100% | BEJM PPO \$500 90% |
| Provider System | UHC | | |
| Coinsurance | 10% / 50% | | |
| In Network | UHC | | |
| Deductible | \$500 (3xfam) | \$3,000 (2xfam) | \$500 (2xfam) |
| Out of pocket Max | \$1,000 (3xfam) | | \$3,000 (2xfam) |
| Out of Network | UHC | | |
| Deductible | \$3,000 (3xfam) | \$6,000 (2xfam) | \$5,000 (2xfam) |
| Out of pocket Max | \$8,000 (3xfam) | | \$10,000 (2xfam) |
| Doctor Office Copay | \$15 / \$25 spec | ded | \$20/\$40 |
| ER / UC | \$150/\$15 | ded | \$400/\$50 |
| Prescription Card | \$10/\$30/\$60 | ded | ded then \$10/\$35/\$60 |
| Rate Summary | | | |
| Employee Only | 43 | \$672.00 | \$779.53 |
| Employee+Spouse | 18 | \$1,391.03 | \$1,613.62 |
| Employee+Child(ren) | 20 | \$1,256.63 | \$1,457.71 |
| Employee+Family | 60 | \$1,975.69 | \$2,291.83 |
| | | Current | Renewal |
| Estimated Monthly Cost | \$197,608.54 | \$229,228.95 | \$172,951.53 |
| Estimated Annual Cost | \$2,371,302.48 | \$2,750,747.40 | \$2,075,418.36 |
| Percent of change from current: | | 16.00% | -12.48% |

Remove Bariatric, reduce PT visits to 20, remove Hearing aid rider reduces rates 3% \$2,668,224.98

| | BCBS | | | |
|--------------------------|------------------|-----------------|------------------|------------------|
| | PPO \$500 90% | HSA \$3000 100% | PPO \$500 90% | PPO \$500 90% |
| Provider System | BCBS | BCBS | BCBS | BCBS |
| Coinsurance | 10% / 50% | 0% / 0% | 10% / 50% | 10% / 50% |
| In Network | | | | |
| Deductible | \$500 (3xfam) | | \$500 (3xfam) | \$500 (3xfam) |
| Out of pocket Max | \$1,000 (3xfam) | \$3,000 (2xfam) | \$3,000 (3xfam) | \$2,000 (3xfam) |
| Out of Network | | | | |
| Deductible | \$3,000 (3xfam) | | \$3,000 (3xfam) | \$3,000 (3xfam) |
| Out of pocket Max | \$8,000 (3xfam) | \$6,000 (2xfam) | \$8,000 (3xfam) | \$8,000 (3xfam) |
| Doctor Office Copay | \$15 / \$25 spec | ded | \$15 / \$25 spec | \$15 / \$25 spec |
| ER / UC | \$150/\$15 | ded | \$150/\$15 | \$150/\$15 |
| Prescription Card | \$10/\$30/\$60 | ded | \$10/\$30/\$60 | \$10/\$30/\$60 |
| Rate Summary | | | | |
| Employee Only | \$735.32 | \$506.32 | \$726.06 | \$728.79 |
| Employee+Spouse | \$1,522.12 | \$1,048.09 | \$1,502.95 | \$1,508.59 |
| Employee+Child(ren) | \$1,375.05 | \$946.82 | \$1,357.74 | \$1,362.83 |
| Employee+Family | \$2,161.84 | \$1,488.59 | \$2,134.63 | \$2,142.63 |
| Estimated Monthly Cost | \$216,228.32 | \$148,889.18 | \$213,506.28 | \$214,306.99 |
| Estimated Annual Cost | \$2,594,739.84 | \$1,786,670.16 | \$2,562,075.36 | \$2,571,683.88 |
| % of change from Current | 9.42% | -24.65% | 8.05% | 8.45% |

- Ancillary products

- UHC dental renewal had an initial increase of 8% and is now 0%
- BCBS offers the same plan with a 6.7% increase.
 - Approximately \$7,000 more per year.
 - The 2% medical discount is worth approximately \$52,000
 - Equates to an approximate \$45,000 savings to the bundle.
- Telemedicine did not have an increase
 - Could use internal BCBS telemed instead of current plan
 - Would save approximately \$7,000 annually which equates to 0.25% of medical costs.
 - Benefit is slightly different as current plan has no copay, BCBS has a copay.
 - Employees may stop using the telemed once they have a copay.
 - Recommendation is to keep the current program
- Claims are not reported to the medical carrier.
- Vision – UHC had no plan changes nor an increase
 - Avesis matched rates and the main benefits.
- Life – no plan changes nor an increase.
 - BCBS offered a \$5,0000 savings
- EAP No plan changes no increase.
- FSA Dollars can now be used to pay for over the counter medication.

| Dental | UHC | | BCBS |
|--|--------------------|--------------|--------------------|
| | 80th UCR | | 80th UCR |
| Deductible | \$50 (3xfam) | | \$50 (3xfam) |
| Annual Maximum | \$1,750 | | \$1,750 |
| Class I/II/III | 100%/80%/50% | | 100%/80%/50% |
| Endo/Perio:dontics | Basic Class II | | Basic Class II |
| Orthodontics (Class IV) | 50% | | 50% |
| Ortho Lifetime Max. | \$1,500 Child only | | \$1,500 Child only |
| Rate Gurantee | 1 year | | 1 year |
| | Current / Renewal | | |
| Employee | 39 | \$27.52 | \$29.37 |
| Employee/Spouse | 20 | \$54.70 | \$58.38 |
| Employee/Child(ren) | 20 | \$72.08 | \$76.93 |
| Employee/Family | 60 | \$108.25 | \$115.53 |
| Estimated Monthly Total | | \$10,103.88 | \$10,783.43 |
| Estimated Yearly Total | | \$121,246.56 | \$129,401.16 |
| % of change from Current down from 8% | | 0.0% | 6.7% |

Vision, Life & VLT in RG till 2021

Teladoc

145 Employees @ \$4 per EE
 Employer Monthly - \$580
 Employer Annual - \$6,960

Infinisource - FSA

145 Employees @ \$4.95 per EE
 No annual fee or set up fee
 Employer Monthly - \$717.75
 Employer Annual - \$8,613.00

Jorgensen Brooks Group

6 Visits per person per issue
 Legal and Financial consultation
 24/7 confidential consultations, phone,
 internet chat, with a work-life expert.
 Unlimited on-site: critical incident/stress/debriefing
Promotional Poster, Brochures
 145 Employees @ \$1.80 per EE
 Employer Monthly - \$261.00
 Employer Annual - \$3,132.00

- New Products to review

- Group Aflac
 - Currently, the Town offers individual AFLAC policies.
 - Recommendation is to move to Group Aflac
 - Offer four policies.
 - Currently the Aflac agent has sold many different plans to employees. Going to Group Aflac can streamline the offering.
 - Save Employee money and control how Aflac accesses employees.
 - No pushy sales to new hires.
 - Policies are guarantee issue.
 - Keep in mind all current employees get to keep what they have and only move the policies to the group platform if its better or they want to make the change.
 - They can retain their policies on some and move others to the new platform. Group policies are portable just like individual policies.
 - Policies on group platform would be
 - Short Term Disability (online)
 - Critical Illness (online)
 - Accident (online)
 - Hospital (online)

- Education

- Emails will be distributed to the employees within the next few days explaining some of the changes.
- There are two different videos the employees can watch and share with spouses to learn about the benefits offered.
 - One is All benefits
 - Second is HSA education only
- Will have two online webinars where we provide more education on all benefits.
- Will have a question and answer time after each seminar.
- Brochures will be available online explaining benefits
- Online portal has education material
- Will also send a survey monkey sign-up sheet tomorrow.
- Have dedicated one day to have employees come in for one-on-one meetings to review their benefits and ask personal questions.
- Will have our toll-free number and email available for all employees to contact us and we have a team of people who can address questions.

Mayor Walter inquired about the trends in claims and asked how the Town can be proactive in addressing this trend to help mitigate more claims.

Mr. Johnson stated that the top conditions are not conditions that you can guard against, such as cancer. BCBS does targeted response when someone is having a medical issue. The service is voluntary and most employees engaged in those services. He stated that as of January 1, 2021, hospitals will now be required to disclose how much they charge, including the negotiated rate, which will change how costs are done. The Florence Hospital will hopefully be contracted with UHS and BCBS after July 1, 2020.

Vice-Mayor Anderson inquired if either insurance offers the Silver Sneakers Program to help maintain a healthy lifestyle.

Mr. Johnson stated that most providers offer a wellness program; however, there is a cost associated with the program. If Council chooses, he can discuss this with the provider and can roll the program out at any time. He stated that attendance in these type of programs tend to drop after nine months unless the employer adds some type of financial incentive or reward.

Vice-Mayor Anderson inquired if the Town insures retired employees.

Mr. Johnson stated that the Town does not insure retired employees. Retired employees have access to a state program and the exchange program. He stated that many employees can also find a subsidy program.

Councilmember Cordes stated that she wants to ensure the employees understand the difference in policies and upfront fees that they may be exposed to. It is important that they are well educated and have an opportunity to speak with someone to address their questions and concerns. She stated that many people do not understand what Teledoc is and how to utilize it. She asked that the employees be educated about the benefits of Teledoc as well.

Mr. Johnson stated that the sessions addresses insurance and other benefits. He explained the benefits of using Teledoc and stated that they help to provide a savings to the Town. He stated that approximately 25% of employees utilize Teledoc.

Councilmember Wall stated that she is supporting of the HSA Plan as well as seeding the HSA fund. She inquired what happens to the funds if the employee leaves the Town.

Mr. Johnson stated that the employee retains any funds that are provided as part of their HSA account. The Town will pay \$600 to the employee on a quarterly basis to help mitigate a potential loss. He stated that as part of the CARE Act that was signed into law, you can now purchase over-the-counter drugs and medical supplies with your FSA and HSA funds.

On motion of Vice-Mayor Anderson, seconded by Councilmember Larsen, and carried (6-0) to approve the Fiscal Year 2020-2021 Employee Benefits Program with Blue Cross and Blue Shield of Arizona for medical, dental, life and Avesis for vision insurance; Teladoc for 24/7 physician access benefits; Jorgensen Brooks Group for Employee Assistance Program; AFLAC for supplemental group insurance products; and Infinisource to administer the Section 125 Flexible Benefit Account Plan.

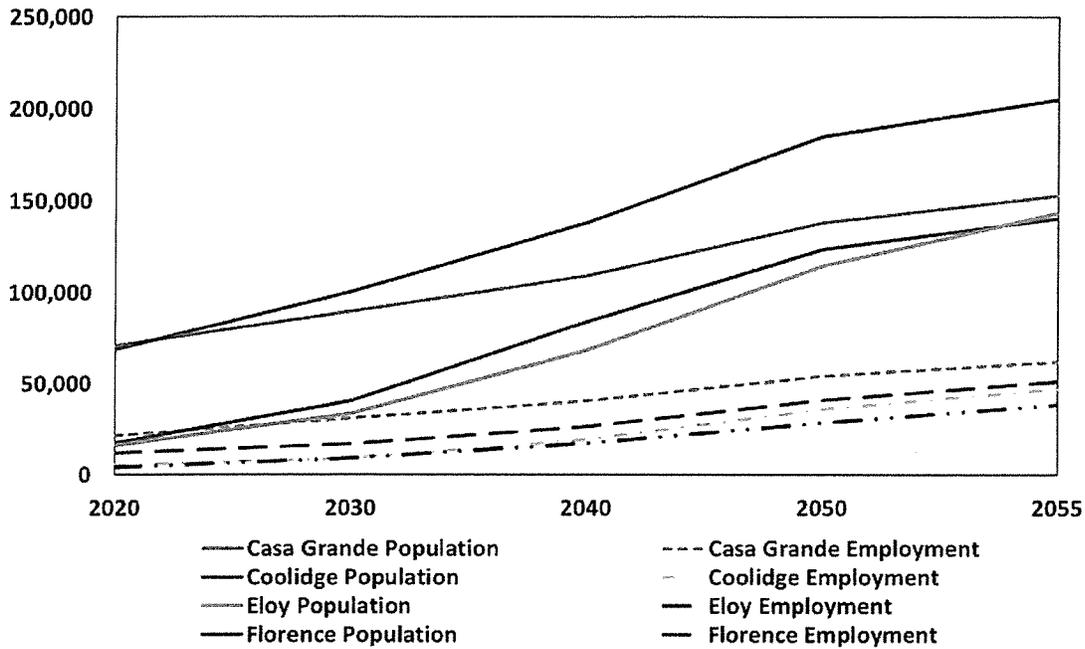
Discussion on the Economic Development Baseline Report, presented by McClure Consulting, LLC. (Brent Billingsley)

Mr. Brent Billingsley, Town Manager, stated Council directed staff to hire a consultant to perform a baseline economic development study. Staff worked with Pinal County to develop a scope of work. McClure Consulting, LLC was selected to do the study.

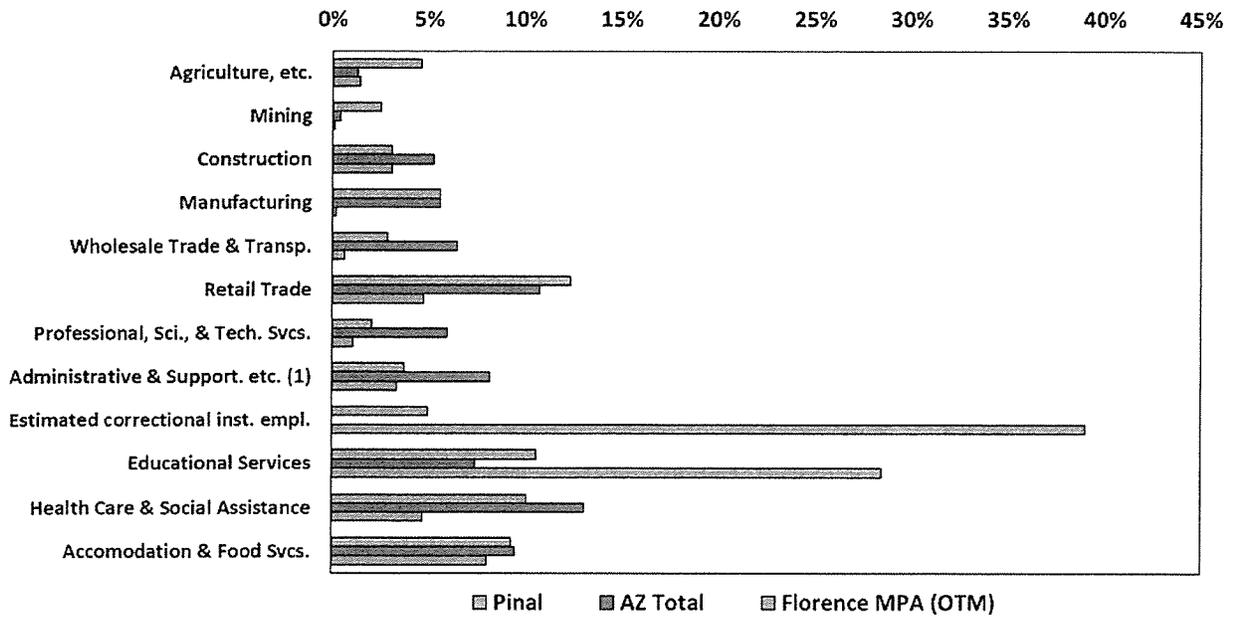
Mr. Joe McClure, McClure Consulting, LLC, provided a presentation titled Economic Development Baseline Information Project for Florence, AZ, in which he outlined the following:

- Intent
 - Help inform the Town’s overall strategic planning process
 - Help guide additional, future economic development strategic planning
 - Orient an economic development practitioner the Town may choose to hire
 - Interim source of information for outsiders
- Reviewing this Document
 - Information is general and broad-ranging in nature, not “strategically directed”
 - Best characterized as a “thought piece” directed toward the Town’s economic development
 - Sections on retail leakage and property values included to address specific requests
- Economic Region Overview

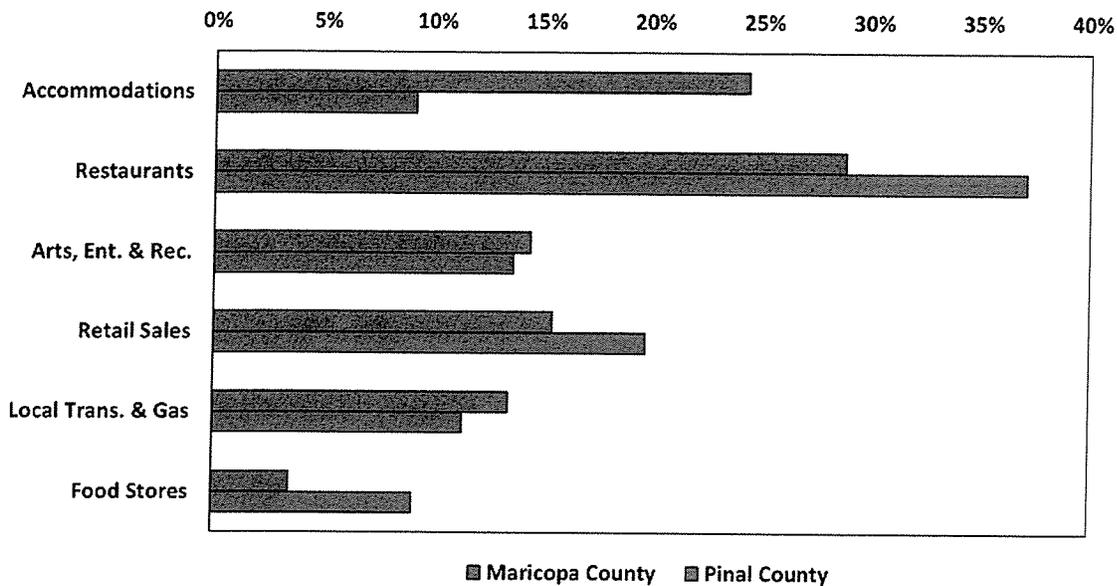
- MAG Projections: Population in Households and Employment, Four Pinal County Cities (MPAs)



- Selected Industry Comparisons: Pinal County, Arizona, Florence Municipal Planning Area



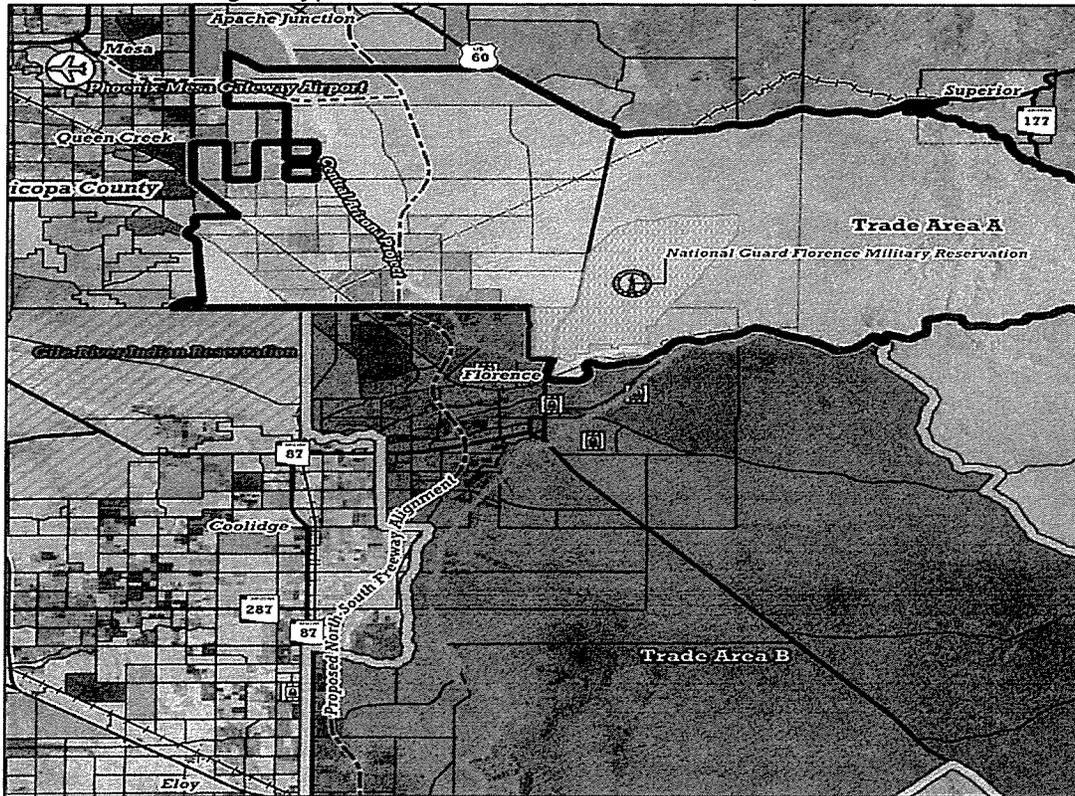
- Tourism Spending by Type of Good or Service, as Percent of Total for All Types



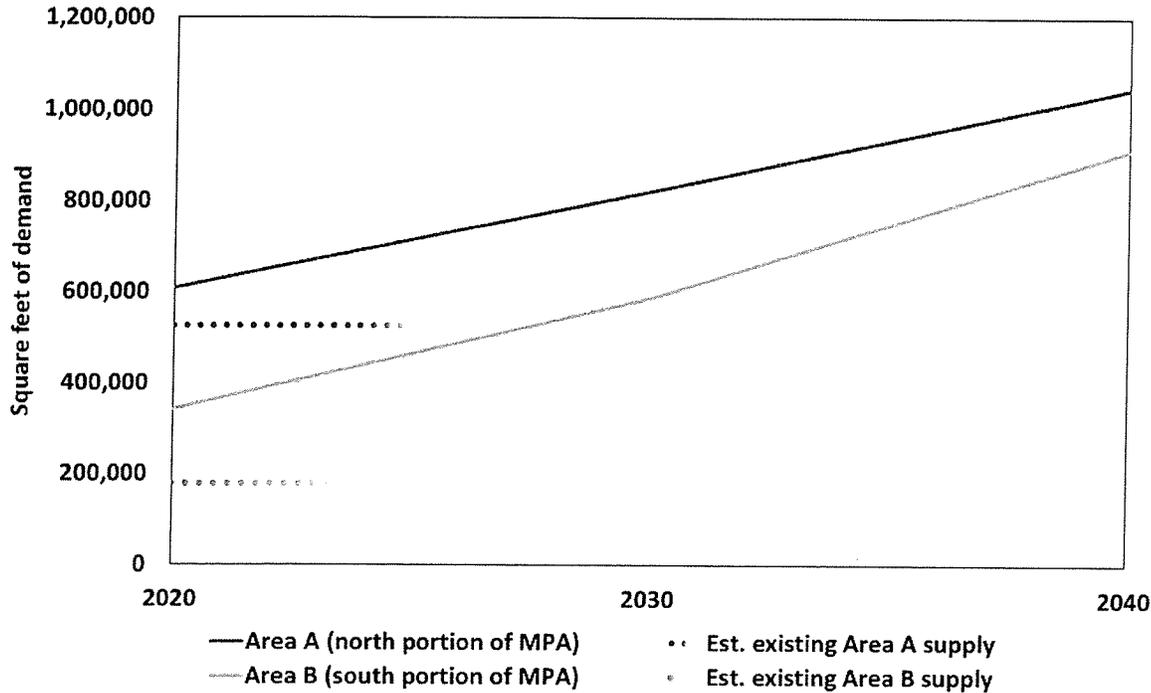
- Competitive Challenges and Opportunities
 - Even with Lucid and Nikola (for example, located elsewhere, related opportunities can be captured in Florence)
 - Minimal industrial land planned/zoned
 - Prison closure is fiscal challenge, but could leverage both industrial and tourism development
 - Florence’s competitive position for tourism development may be superior to all other Pinal County communities
- Competitive Locations: Employers
 - Inland Port Arizona (Nikola)
 - Central Arizona Commerce Park
 - In Maricopa County, sites at and near Phoenix-Mesa Gateway Airport
- Competitive Locations: Retail
 - Existing new neighborhood-size centers within MPA planned communities
 - Compete with any incidental, small-scale development that might occur in the downtown area
 - Shopping node at the north end of Coolidge
 - Major near-term competition for larger-scale, community-level (“power”) centers
 - Regional-scale shopping currently focused (in Pinal County) in Casa Grande
 - Florence is not likely to capture a regional mall even well into the future
- Common Industry-Targeting Themes in the Region Relevant to Florence
 - Aerospace/defense
 - Renewable energy
 - Healthcare
 - Transportation industries
 - Tourism
 - Also relevant: Manufacturing, County Government, and Smart Cities Tech
- Externally Influenced Opportunities
 - Arizona Innovation and Technology Corridor, anchored at the University of Arizona Tech Park
 - Relates to Florence’s Arizona Correctional Industries

- Adventure Corridor (Pinal County)
- Prison Closure/Repurposing
- Medical Campus – the transitioning downtown Florence Hospital and surrounding area
- Other Development Opportunities – Town Initiatives/Concepts
 - Smart City initiatives
 - Town-Owned Property – RFP for development of 30 acres within Territory Square
 - Incentive Areas: Town Core Infill Incentive District Plan, and Opportunity Zones
 - Partnering with Coolidge on airport development

- Trade Leakage: Hypothetical Florence Trade Areas, A & B



- Trade Leakage: Retail Space Supply and Theoretical Space Demand, Two Hypothetical Trade Areas



- Economic Development Influences
 - County efforts
 - Local First – preserving historic areas
 - Town’s immediate needs for economic development expertise
- The Case for a “Generalist” Economic Developer, Based on a Range of Duties
 - Marketing from an economic development perspective
 - Identifying, evaluating, and refining incentives
 - Initiating, managing, and coordinating an economic development strategic planning process
 - Helping manage and coordinate residential growth within the Florence planning area
 - Generating an internal business plan
 - Responding to requests for information by prospects, various officials
 - Helping elected officials and the general public understand the ED practitioner’s roles
- ED Staff Recommendation
 - Generalist to cover near-term needs – addressing operational details while also having a “world view” of Florence and the surrounding region
 - Marketing specialists can come later when industrial/business parks or other assets are at hand

Discussion occurred regarding the presentation and the following question were asked:

- Where were the population figures derived from?
 - The population figures were acquired from Maricopa Association of Governments.
- Were the population figures consistent with what is listed in the General Plan?

- The current conditions were reviewed; however, they wanted to take the long-term view of what people were thinking. They derived their own projections.

Mr. Billingsley explained how the MAG population figures work and how estimates and projections are derived. The estimates go out for 20 years. The information is forwarded to the State, who also analyses the information. He noted that Mr. Ben Bitter, Intergovernmental and Communications Manager/PIO, sits on the Population Statistics Advisory Council for MAG and town staff provides an annual update. A Mega Policy Concept is derived by various Council of Governments (COGs) and estimate where the growth is going to occur and in which time period. He stated that MAGs population figures are the best estimates.

Councilmember Cordes inquired if Mr. McClure was provided a deadline in which to complete the study.

Mr. Billingsley stated that a scope of work was created along with a budgeted amount. Mr. McClure would then establish the amount of hours he can contribute to each of the working points based on the scope of work and budgeted amount.

Councilmember Cordes inquired what he envisions (manufacturing, tourism, or one who focuses on its historical significance) the Town being, based on the information that he studied.

Mr. McClure stated that the options mentioned are all possible. He stated that the Economic Development Strategic Planning Process would be the ones to tackle those type of questions. There are many different ways to look at what the advantages are of taking one approach over the other. His approach would do some things that required little investment and look at some of the harder items that may take longer but they can weave some of the activities together.

Mr. Mike Shoppell, Strategic Planning Committee Member, stated that residential growth is west of Florence; not Florence Proper. Anthem has approximately 1,600 homes in Sun City Anthem as well as 1,600 homes in Parkside. The build out is to be approximately 3,900 homes on each side, with approximately 2.4 residents per home. DH Horton is expected to build 600 homes across the street from Parkside. They only have one grocery store in the area. There is land available for commercial. An Economic Development Coordinator, with experience should be hired to bring in businesses where people can spend their money.

Mr. McClure stated that he agrees with Mr. Shoppell and this will be an ever-growing challenge. It is important to preserve property to develop the land. The planned communities have their own shopping centers built into them; however, larger shopping centers need to be added someplace. This needs to be included in the course of development.

Mr. Shoppell stated that he has lived in Florence for 12 years and there has been no growth in that timeframe. He stated that there are no local choices. He asked if a store can be recruited to come to Florence, such as providing them some type of incentive.

Mr. McClure stated that property would first need to be made available.

Mr. Shoppell stated that he sits on the Economic Development Board and has two friends with economic development experience who have volunteered to sit on the board as well. It is important to have an Economic Development Coordinator/Director who has experience.

Mayor Walter inquired if homes bring businesses and people into the community. It is important to offer incentives.

Mr. McClure stated that the new homes being built need to be integrated with the established community; and this can be difficult.

Mayor Walter inquired if Mr. McClure reviewed the development plans in the surrounding areas, specifically, planned retail and businesses.

Mr. McClure stated that he did not review those plans.

Mayor Walter stated that Mr. McClure is an economist and asked him to define what that means. She asked if he has looked at the Town's region and what is going on within the region. She referenced the in-situ mining in our region and the impacts that it may have had on growth. She stated that she agrees with his analysis that another grocery store is needed and can grow in the area of healthcare.

Mr. McClure stated that an economist looks at the economy in a geographic setting and how they interact and how it affects growth and development. He stated that this would be outside of the scope provided; however, it would require in depth consideration as mining made be good for some and not for others.

Mr. Shoppell stated that residents want retail and multiple places where they can spend their money. The Town should be able to recruit businesses to come to Florence.

Councilmember Cordes stated that it is important to address the Town as a whole and not segregate the community based on location, such as Anthem and Florence proper. Not everyone is retired, and there are several in the working age. She stated that the in-situ mine was brought up and not being business friendly can also be a bad thing. She stated when a community makes it difficult for a business to do business, it deters other businesses as well. It is important to be business friendly and to have a good working relationship with all businesses. Florence has made great strides in building relationships with all businesses.

Councilmember Cordes pointed out that Florence has another grocery store aside from Safeway and has more than one pharmacy. It is important to note what is available as well, instead of just what is wanted.

MANAGER'S REPORT

Mr. Billingsley stated that they have stopped doing the monthly Department Reports during the Covid-19 Pandemic. The reports will resume June 1, 2020.

Mr. Billingsley provided an update on Covid-19. The numbers continue to increase, which is due to increased testing. They are as follows:

Town of Florence Council Meeting Minutes

May 18, 2020

Page 17 of 20

Covid-19 Cases:

In Arizona: 14,170 confirmed cases
686 deaths

In Pinal County: 702 confirmed cases
31deaths

Increase as of today: 233 New cases
6 additional deaths

In Florence Zip Code: 164 confirmed cases – highest in Pinal County and per capita in the State

Mr. Billingsley stated that Florence is continuing to see an increase in cases and are cautious of reopening services. The Fire Department has responded to 14 confirmed and 23 suspected Covid-19 cases.

Mr. Billingsley stated that a PAPR is a powered air purifying respirator and is the highest level of protection that people can have against viruses. He stated that Pinal County EOC has able to provide the Fire Department with nine PAPRs. The Town is working with Horizon Health and Pinal County EOC to make a storage warehouse for large amounts of medical personal protection equipment (PPE) for county wide distribution. The Town has been working on several different grants to offset costs for emergencies.

Mr. Billingsley stated that the Town has a shortage of PPE in preparation for reopening some of the Town's buildings. The Town has placed several orders for a variety of supplies, including Plexiglas shields for customer counters, and are waiting for them to be filled.

Mr. Billingsley stated that in terms of cases in prisons, the totals are as follows:

| | |
|--------------|---|
| Eyman: | 7 confirmed cases 1 pending test |
| Florence | 86 confirmed cases 8 pending tests |
| ADOC | 65 confirmed cases (staff) with 46 having recovered |
| ICE Facility | 10 confirmed cases |
| Core Civic | No numbers provided |

Mr. Billingsley stated that Elliott D. Pollack, Economist, recently completed a report in which he stated that between February and April, 2020, the economy has lost 21.4 million jobs, which equates to all of the jobs created in the last ten years has been wiped out in two months. All sectors have lost employment. The 14% decline in the last two months is more than twice the rate of job losses suffered during the entire great recession which lasted for six years. By the time the dust settles, the national unemployment rate will be 20 to 25%. A recovery will start as the economy slowly opens but will take years to get back to where we once were.

Mayor Walter inquired if there will be a flag raising ceremony for Memorial Day, specifically, with the Covid-19 Pandemic. She would like to see a video created and streamed online and the Town's social media sites.

Mr. Billingsley stated that it would be challenging, and currently, there are no plans for a Memorial Day Celebration due to the pandemic. He can task Community Services to come up with some options, if that is how Council would like to proceed. He will provide an update to Council.

CALL TO THE PUBLIC

There were no public comments.

CALL TO THE COUNCIL – CURRENT EVENTS ONLY

Councilmember Cordes stated that she spoke at the Pinal County Board of Supervisors Meeting regarding the Governor to release the funds that were to go to the small cities. Cities who have a population of 500,000 + received their money directly, while the remaining cities have to receive their money from the State. The money is needed to fight Covid-19 and for programs to help the community.

Councilmember Cordes asked the public to support local businesses.

Vice-Mayor Anderson stated that with Covid-19, the Town cannot do a full celebration for Memorial Day. He suggested that one person raise the flag and it be recorded and streamed on the Town's social media sites. He would like a picture of the eagle posted on all Town sites as well.

Vice-Mayor Anderson stated that the pandemic is difficult for businesses and it is important for them to apply for grants.

Vice-Mayor Anderson stated that the question was posed if Council wanted to have an in-person meeting so they can recognize the graduating seniors. He does not agree with an in-person meeting because the numbers of Covid-19 cases are still increasing in Florence. There should not be group meetings as long as the numbers are increasing.

Mayor Walter stated that the Cares Act will provide \$174 per each resident for the Town. She thanked Pinal County and the Representatives for this endeavor.

Mayor Walter stated that the businesses in the Silver King Marketplace are struggling. She stated that the Town has waived the rent for April and a portion of May, as well as provide a 10% reduction in rent during the summer months. She suggested that the \$5,000 that was earmarked for the Senior Lock-In and asked the staff to come up with some ways to use those funds to support the community. She stated that the rent collected for all the Town's buildings on an annual basis is \$6,000. She would like to see how that Town can provide for the Town's youth.

Mayor Walter stated that she has received many questions regarding yards and abandoned buildings in the community. The Town has been educating the public but would like to see it publicized more on the Town's sites. She asked that the Town find ways to better streamline the reporting process.

Mayor Walter stated that the Pinal County Historical Museum received a grant from the Cares Act.

Town of Florence Council Meeting Minutes

May 18, 2020

Page 19 of 20

Mayor Walter state that the seniors who enlisted in the armed services are recognized at a Council meeting. If the Council elects not to have an in-person meeting, Council may want to consider having the graduates come in to receive their proclamation and the video uploaded to the website and social media sites.

Vice-Mayor Anderson asked that the proclamations be distributed in front of the eagle at the Community Center.

ADJOURNMENT TO EXECUTIVE SESSION

For the purposes of discussions or consultations with designated representatives of the public body and/or legal counsel pursuant to A.R.S. Sections 38-431.03 (A)(3), and (A)(4) to consider its position and instruct its representatives and/or attorneys regarding:

Town's position on COVID-19 policies.

On motion of Vice-Mayor Anderson, seconded by Councilmember Larsen, and carried (6-0) to adjourn to Executive Session.

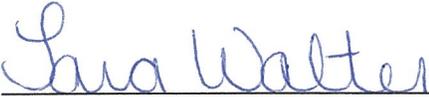
*** Councilmember Larsen and Councilmember Hughes were absent from Executive Session.

ADJOURNMENT FROM EXECUTIVE SESSION

On motion of Vice-Mayor Anderson, seconded by Mayor Walter, and carried (4-0) to adjourn from Executive Session.

ADJOURNMENT

On motion of Vice-Mayor Anderson, seconded by Councilmember Wall, and carried (4-0) to adjourn the meeting at 9:00 p.m.



Tara Walter, 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 May 18, 2020, and that the meeting was duly called to order and that a quorum was present.



Lisa Garcia, Town Clerk