



MINUTES OF THE REGULAR MEETING OF THE COMMON COUNCIL OF YOUNGTOWN, AZ
THURSDAY, March 5, 2015, TOWN CLUBHOUSE SQUARE, 12033 CLUBHOUSE SQUARE

1. Call to Order: Mayor LeVault at 7:01 p.m.
2. Roll Call: Council present: Mayor Michael LeVault, Vice Mayor Jacob Duran, Councilmembers Margaret Chittenden, Dorena Mello, Shirley Gustafson, Judy Johnson, and June Miller.
Staff present: Town Manager Jeanne Blackman, Town Attorney Trish Stuhan, Chief Financial Officer James Alcantar, Community Development Manager Gregory Arrington, Public Safety Manager Mike Kessler, Public Works Manager Marty Mosbrucker, Library Manager Heidi Speed and Town Clerk/Treasurer Diane Cordova.
3. Pledge of Allegiance and Invocation: Councilmember Chittenden led the Pledge of Allegiance and Vice Mayor Duran offered the Invocation.
4. Communications: Comments, Commendations and Presentations by Mayor, Council Members, staff or members of the public. The Council may not propose, discuss, deliberate or take any legal action on the information presented pursuant to A.R.S. 38-431.02.

A. Communications from Council:

Mayor LeVault

- We have received full funding for our Peoria Avenue straightening project. It is the 90 degree street angle on the corner of 115th Avenue. We have three out of the four landowners in agreement with the sale of their property. Construction to begin in late summer, early fall.

Councilmember Mello

- I want to thank Jeanne Blackman, Gregory Arrington, Councilmember Margaret Chittenden and Councilmember Judy Johnson, for attending the Community Development Advisory Committee (CDAC) meeting.

Councilmember Johnson

- I like to acknowledge our Town Attorney's- The Law Firm of Curtis, Goodwin, Sullivan, Udall & Schwab, PLC announcing them in the 2015 edition of Best Law Firms in America.
- The Agua Fria Ranch Homeowners Association (AFR HOA) will be having their semi-annual yard sales on Saturday, March 21, 2015

Councilmember Chittenden

- The Dog Park Committee will be having a working party on Saturday, March 14, 2015; we will be installing more pavers at the Dog Park.

Councilmember Miller

- I want to welcome our new Chief Financial Officer, James Alcantar; welcome to Youngtown.

B. Communications from Staff:

Town Manager Blackman (staff report attached)

- Pleased to announce Mr. James Alcantar, CFO for Youngtown. He joined our team on February 23rd, 2015.
- Staff Report has been given to Council: report from the Town Clerk's Office, Community Development, Public Safety/Code Enforcement, Library, Court and from Public Works are included. There is also a report from our Code Department regarding code activity cases. This report is generated from our Citizen Serve software.

CFO James Alcantar

- I am pleased to be here. I've worked as a Fiscal Analyst for the State Joint Legislative Budget Committee for two years and for the Arizona Department of Transportation (ADOT) for three years. I have a Masters of Public Administration, Public Finance, from the University of Arizona.

Library Manager Speed

- In honor of our volunteers, staff and patrons, the Library will be hosting a free ice cream social on Friday, March 20, 2015 at 11:00 a.m.

5. Citizens Comments/Appearances from the floor:

Chloe Correa, resident at 11124 Jersey Avenue

- I am reporting that there is an increase in traffic along Jersey Avenue. I have been witnessing speeding vehicles as well as an increase in the number of children, 13 elementary children, that play out on Jersey Avenue. The emergency responders are blowing the emergency horns as they travel down the road, because of

the children out playing. Is there a possibility of installing a speed hump, a sign that states, "Slow, Children at Play", and/or flashing lights at stop signs? I'm just bringing awareness to the situation before a child gets hurt.

Mayor LeVault

- I am directing Town Manager Blackman to contact MCSO and for the item to be added to the next agenda for a formal response.

6. Consent Agenda:

- A. Approval of Minutes: Regular Meeting Minutes of February 19, 2015. – Councilmember Johnson
Second – Councilmember Mello

7. Business

- A. Presentation Re: A Proclamation for the Citizen of the Year Award to Councilmember Margaret Chittenden.
Mayor LeVault read the Proclamation and awarded Councilmember Chittenden the 2014 Person of the Year Award.

B. Presentation and Discussion Re: Citizen Dog Park Art Mural. (power point attached)

Councilmember Chittenden

- The Dog Park Committee is recommending a mural to be painted on the inside of the north block wall of the Dog Park. Val Wilson of the Youngtown Art Commission along with her art students will be presenting several designs. By allowing the art students to design the mural, this educational opportunity builds character, confidence and enhances their skills. A mural designed by these students creates a sense of ownership and pride. The students have completed a fund drive to assist with instructors, supplies and transportation. The owners of Youngtown Key LLC are fine with the Town putting a mural on the block wall that faces the dog park.

Val Wilson, Youngtown Art Commission Chair

- I am a teacher at Sage Mirage Elementary in the Deer Valley School District and tonight we have Sage Gifted Students presenting their Mural Committee report.
 - 5th Grade Art Committee researched different types of murals; looked at neighborhood colors and surrounding buildings for ideas; involved input from the community in the mural design; interviewed and researched the artist to assist in the project. An introduction was given for Ms. Davenport, an experienced professional artist with 20 years' experience; an art teacher at Sandra Day O'Conner; her most recent artwork was dedicated on September 6, 2014 – the Zebulon Pearce Memorial in Mesa.
 - 4th Grade Public Art Law Committee reported that the law protects muralists and other artists, protects property owners, protects brand names, and protects community members and certain messages conveyed by art.
 - 6th Grade Finance committee reported the costs of supplies; stencils, paint rollers, small & wide brushes; paint; protective coating; tarps, paint trays; cost of artist. They researched the cost of transportation to be \$230 for a bus at \$2.00 a mile; cost of bus driver per hour.

Councilmember Johnson

- What will the protective coating accomplish?

6th Grade Finance Committee

- The protective coating will allow us to wipe off any graffiti while protecting the mural.

Val Wilson, Youngtown Art Commission Chair

- We have been awarded a grant in the amount of \$500.
- I am very proud and impressed with all our students. They will now present their drawings.

Vice Mayor Duran

- Do you need help with more funding? I will donate \$100.

Val Wilson, Youngtown Art commission Chair

- Yes, we are short in our funding and we are always seeking donations for basic materials.
- We are projecting to begin the mural project sometime in April 2015.

Councilmember Mello

- I will donate stencils and paint.

Councilmember Johnson

- We should get media press coverage on this.

There were several donations given throughout the discussion.

Mayor LeVault called for a recess at 7:56 p.m.

Council Meeting resumed at 8:10 p.m.

D. Discussion and/or Action Re: The Public Safety Personnel Retirement System (PSPRS) Report. (power point attached)
A presentation was given by Scott McCarty, Chair of the League of Arizona's Cities and Towns PSPRS Pension Task Force.

- Purpose of presentation: To give an update on the League's PSPRS Pension Task Force. Discuss Town's PSPRS Plan and identify next steps. The PSPRS Pension Task Force was formed in June, 2014 in partnership with ACMA and GFOAz; and consists of 15 members. Task Force is to review all aspects of PSPRS, identify areas of improvement and reform recommendations.
- PSPRS overview: The plan has 256 employers with 32,000 active/retirees. It is all of our police officers and firemen in Arizona. The benefit structure is calculated the same for all plans however the financial condition varies for each employer. The employer contribution rate varies by plan and the employee contribution rates are fixed by Arizona law at 11.65%. As of last year, the "unfunded" liability of the PSPRS totaled \$6.6 billion.
- Task Force approach: inform and educate; and assist in formulating employer recommended practices and characteristics of a well-design plan (a yardstick).

Phase 1 Information and Education: 14 presentations have been given; there are stakeholder collaboration involvement with employers, Arizona PSPRS Board and Administration, Arizona Firefighters' Association, Arizona Fraternal Order of Police, and Arizona Police Association.

▪ Major Observations:

1. Causes of deteriorating financial condition, why?
 - A.) The Great Recession in 2008, the investment income did not expect losses.
 - B.) The plan design - annual pension retiree benefits increase (PBI) were not calculated.
 - C.) The actuary assumptions were not comprehensive; future PBIs was NOT included in calculation.
 - D.) Benefit increases.
2. Success is a combined responsibility with State Legislature, PSPRS, Local Legislative body and Local Boards.
3. PSPRS employers are managing....or not managing...a pension plan. PSPRS is NOT ASRS, Arizona State Retirement System. It is a fiduciary responsibility for legislative bodies and for local boards; assumptions used vs. local reality.
4. Know your numbers; normal cost vs. unfunded liability. Focus on dollar amounts, not rates; disability retirements.
5. Improve employer engagement; use the task force as a clearing house for concerns and ideas and for presenting to councils and organizations, to increase the level of understanding.
6. Plan changes that affect existing members or retirees are not possible (legally challengeable) and therefore, cannot change.
 - In 2011 the Fields' Case decision created a \$375 million impact, restoring PBI formula for retirees as of 6/1/11.
 - The Hall Case (pending) Fall of 2015 to resolve, restores the PBI formula to active members and reduces employee contributions back to 7.65%

Phase 2 Employer Recommended Practices: Employers can improve their plan's financial condition today without waiting for resolution of pending litigation or legislative changes. Answer two key questions: What is the financial condition of my plan and how can I improve the financial condition of my plan now? Increase assets and decrease liabilities. Youngtown is unique because you will not be adding anymore employees to the plan. You no longer have a police department.

1. Budget contributions for DROP members
2. Prepay your budgeted contribution
3. Do not defer the Fields' Case
4. Review local board practices
5. Prepare a comprehensive study
6. Payoff unfunded liability (debt) earlier
7. Create a pension funding policy

Phase 3 Design a Well Structured Plan (a yardstick): Build on a goal, have principles, create plan design elements. Key questions; what should the employee, retiree, employer and taxpayer get out of the system? Balance all four into one system. How is this accomplished? Identify type of plan, cost sharing, annual pension increase (PBI), etc. Guiding principles: is the plan adequate and affordable? Is it sustainable for the retiree? Is it financially solvent and is it transparent and accountable. Key plan design elements to consider: pension amount; retirement age; cola/PBI; cost/risk sharing; funded status; drop; pooled assets and liabilities; investment strategies; dedicated revenues; governance; loan program; legal; smoothing

(deferring) funding policy and healthcare. These elements are what can cause a plan to be successful or not.

➤ Let discuss the Town's PSPRS Plan.

- The Town's Key Statistics: The employee contribution rate effective 7/1/2015 is 11.65%. The employer contribution amount (FY15-16) \$73,942. The Employer rate effective 7/1/2015 will be 122.09%. The employer contribution amount as a % of operating revenues is 2%. Your unfunded liability (debt) is \$900,000. Percent funded as of 6/30/14 is 44%.
- Town's Census: Youngtown has three retirees on the plan for an annual amount of \$108,731 and 1 active officer for an annual amount of \$55,994.
- Town's unfunded liability: Accrued liability on 6/30/13 was at \$1.3 million and in 6/30/14 it was at \$1.6 million. Total assets in 6/30/13 were at \$900 thousand and in 6/30/14 assets were at \$700 thousand. Due to the Fields' Case your unfunded liability (debt) in 6/30/13 was \$400 thousand, now as of 6/30/14 it is at \$900 thousand. Assets as a percentage of liabilities (funded status) in 6/30/13 was 68% in 6/30/14 it was at 44%.
- Town's contribution rates: The amortization of unfunded liabilities in FY14/15 43.30% and in FY15-16 it will be 102.23% add the normal cost of 19.09% for FY14-15 and 19.86% in FY15-16 for a total contribution of 62.39% in FY14-15 and 122.09% in FY15-16.
- FY15-16 Contribution rates and amounts: normal cost at 19.86% is \$12,028 and the amortization of unfunded liabilities at 102.23% is \$61,914 for a total rate of 122.09% with a total amount of \$73,942. The annual payments to catch up were not being paid. This represents an 84% of annual amount unfunded.
- The Town's Council Policy Decision:
 1. Prepay your budgeted contribution by July 1, 2015 in the amount of \$73,942 each year rather than the \$2,850 every pay period (26 pays). Estimated increased interest income of \$3,000 become \$6,000 and then \$9,000., it compounds. Youngtown interest rate to pay back would be 1%; PSPRS interest rate 7.85%; begin to talk yourselves out of it; pay at the 1% rate.
 2. Do not defer the Fields' Case. An overturned 2011 reform which reduced annual pension increase for retirees. PSPRS Board adopted a policy to allow for a 3 year deferral due to the potential financial impact. Don't defer and absorb this time to catch up. Your decision will be due to the Board by 3/1/2015. Deferring will cost more in the end, estimated additional aggregated cost of \$50 thousand. There is another increase coming if the Hall Case is upheld. Deferring masks your plan's true financial condition. Our Governor has recommended in the State budget, he will not be deferring.
 3. Payoff unfunded Liability (debt) earlier. It is not "IF" the Town will pay off the unfunded liability....it's "WHEN and HOW" it's not an option. Treat it like a mortgage, most of the applied payment is toward interest, the principal is later. Factors to consider regarding payoff: At the rate of 7.85% for 22 years, interest cost to the town at \$1.2 million. Intergenerational equity, the unfunded liability relates to prior years. Paying off does not prevent future unfunded liability, it will come back, however it would be very small but the total is unknown at this time.

Mayor LeVault

- The annual retiree benefit increases (PBI) were not calculated.
- Assets of plan have to match the liability.
- The Town will continue to pay out for retirees.
- Without change this system is not sustainable.
- Our unfunded liability tripled from FY2013-14 \$360 thousand to now FY2014-15 \$888 thousand.

Pat Walker, Financial Consultant

- We will bring back to Council several budget scenarios to show different payment options.

C. Presentation and Discussion Re: Fiscal Year 2014-15 2nd Quarter Budget Report. (report attached)

Pat Walker, Financial Consultant

- We are pleased to present to Council a comprehensive fiscal year 2014-15 (FY15) second quarter financial report. This report will include a financial status summarization for the General and Highway User Revenue Fund (HURF), a description of major revenue categories, and a comparison to the second quarter year-to-date of fiscal year 2013-14 (FY14) to second quarter year-to-date FY15.
- Looking at table A: local sales tax revenue 2nd quarter FY2013-14 came in at \$704,722 and in FY2014-15 (2nd quarter) we have received \$734,705. which is a 4.25% increase. With all the revenue categories, the total increase is coming in at 8.38% showing that the economy is in an upswing.
- Table B Expenditures by Department are coming in below budget, showing a decrease, negative 0.45% from last year, 2nd quarter.

- Table C Revenues FY 2014-15 adopted budget at \$3,397,078 for 2nd quarter we are at \$1,679,545 which is 49.44% Let me remind you that collections run two months behind.
- Table D FY2014-15 Budgetary Comparison on the local sales tax FY2014-15 adopted budget \$1,350,000. FY 2014-15 2nd quarter is at \$734,705. FY2015 end estimate at \$1,469,409 putting us ahead \$119,409. There are journal entries yet to be made for the court enhancement revenue and the judicial enhancement revenue.
- Table E Expenditures by Department showing a surplus \$574,239.
- General Fund Summary – based on revenue and expenditure analysis of fiscal year 2014 year to date versus fiscal year 2015 year to date, it is anticipated the Town will meet the annual budget projections of revenues and expenditures. The economy is improving as seen in the increases in local sales taxes, state shared revenues have also improved as anticipated in this year's budget and departments are spending conservatively within their budget limitations.
- Highway User Revenue Fund (HURF) Summary – the HURF fund is what is referred to as the gasoline tax and is used for street related purposes. The Town maintains the HURF revenues and expenditures in a separate fund to ensure this. As of 2nd quarter FY2015 excluding fund balance and a reimbursement for a street sweeper of \$23,485, the HURF fund has received 58.34% of its budgeted revenues. Highway user revenues are coming in higher than anticipated due to the increase in gas sales as the tax is based on sales per gallon, not price. With lower gas prices it appears there are more gallons being sold which would account for the over realization of HURF revenue.

E. Presentation and/or Action Re: Zoning Case #15-01, A request to approve a Special Use Permit by Verizon Wireless to install a monopole cell site 30' high with a microwave dish atop and an equipment box approximately 2'X3'X3' tall on the Town R.O.W., location to be at 111th Avenue and Louisiana Avenue, in the residential (R3) Zoning District.

1. Staff Report given by Gregory Arrington Community Development Manager.

- A special use permit has been submitted by Shaw and Associates, PLC 1222 W. Cavedale Drive, Phoenix, AZ 85085, applicant is Verizon Wireless. This application involves a request to allow a wireless monopole cell site to be located in the Town's right-of-way North of Louisiana Avenue on 111th Avenue. The proposed project provides for the installation of two antennas, one temporary microwave dish and an equipment cabinet. The proposed pole and antenna will match in color to the existing streetlight; the equipment cabinet will be enclosed with decorative masonry to match the surrounding neighborhood. The required publication of the public notice and citizen's review and public hearing was completed as required by statute.

2. Zoning Hearing Officer Recommendations

The Hearing Officer Ray Jacobs approved with recommended modification:

1. Finds the special use application meets the Town requirements with no negative effects or impact upon the public health, safety and morals and general welfare of the Town.
2. Finds neither adverse effects to the Town's right-of-way property, nor any impact to the general integrity and character of the district involved.
3. The equipment shelter is to include a gate for a complete enclosure.
4. The microwave dish is to be removed upon installation of fiber-optics not to exceed eighteen (18) months.

3. Open Public Hearing

Mayor LeVault opened the public hearing
There were no comments.

4. Close Public Hearing

Mayor LeVault closed the public hearing.

Motion to approve Zoning Case #15-01, A request to approve a Special Use Permit by Verizon Wireless to install a monopole cell site 30' high with a microwave dish atop and an equipment box approximately 2'X3'X3' tall on the Town R.O.W., location to be at 111th Avenue and Louisiana Avenue, in the residential (R3) Zoning District. The equipment shelter is to include a gate for a complete enclosure and the microwave dish is to be removed upon installation of fiber-optics not to exceed eighteen (18) months. – Councilmember Chittenden

Second – Vice Mayor Duran

F. Discussion and Action Re: Zoning Case #15-02, Amendment to the Town of Youngtown Town Code, Title 17 Zoning, Chapter 17.40 C-2 Commercial District, by amending Section 17.40.020 Use Regulations; and amending Chapter 17.56 Special Uses and Temporary Buildings, by amending Section 17.56.010 Special Uses Enumerated and Section 17.56.030 Application Fees, related to adopting Special Use Permit Requirements for Stand-Alone Smoking Lounges, Tattoo and/or Body Piercing Establishments, and Sexually Oriented Businesses. The effect of the amendment will be to require businesses to obtain a special use permit authorizing these uses prior to opening a location within the Town.

1. Staff Report given by Gregory Arrington Community Development Manager.

- Staff was directed to review the current permitting regulation governing the following non-traditional businesses; Stand-alone Smoking Lounges, Sexually Oriented Businesses, Massage Establishments, Tattoo and/or body piercing Establishments. This amendment to the code would require non-traditional businesses to obtain a special use permit which would require a citizen review and hearing process. This process will give Council an opportunity to evaluate the business before locating here in Town. Because the Town has initiated this requirement the fee for a special use permit will be waived. The business would still have to pay the required business license to operate. In keeping with the "small town" appeal of the Town, the proposed text amendment will support the policies within the General Plan designed to foster a strong sense of community and small town appeal. Staff does not expect any significant conflict with the proposed text amendment.

2. Zoning Hearing Officer Recommendations

The Hearing Officer Ray Jacobs approved with recommended modification:

1. Sexually Oriented businesses are added to the list for a required special use permit.
2. Finds that the requested text amendment conforms to the Town's General Plan; Geographic boundaries are limited thus avoids the clustering of non-traditional businesses.

Town Clerk Cordova,

- Hearing Officer Ray Jacobs recommended that Sexually Oriented businesses be added to the special uses enumerated list.

Town Attorney Stuhan

- The Sexually oriented businesses are subject to and are listed already under use regulations.

3. Open Public Hearing

Mayor LeVault opened the public hearing.

There were no comments.

4. Close Public Hearing

Mayor LeVault closed the public hearing.

Motion to approve Zoning Case #15-02; Ordinance 15-01 Amending the Town of Youngtown Town Code, Title 17 Zoning, Chapter 17.40 C-2 Commercial District, by amending Section 17.40.020 Use Regulations; and amending Chapter 17.56 Special Uses and Temporary Buildings, by amending Section 17.56.010 Special Uses Enumerated and Section 17.56.030 Application Fees, related to adopting Special Use Permit Requirements for Stand-Alone Smoking Lounges, Tattoo and/or Body Piercing Establishments, and Sexually Oriented Businesses; Providing for repeal of conflicting ordinances; Providing for severability; and Providing for penalties. – Councilmember Mello
Second – Vice Mayor Duran

8. Call for Executive Session

No call was made.

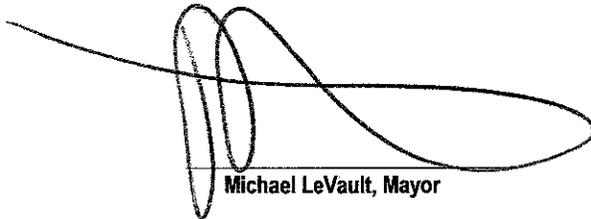
9. Future Agenda & Meetings:

- A. There may be discussion of whether to place an item on a future agenda and the date, but not the merits of the item.
- B. Announcement of next Regular Council Meeting: Thursday, March 19, 2015 at 7:00 p.m.

Motion to adjourn: Councilmember Miller

Second – Councilmember Gustafson

Meeting Adjourned 9:59 p.m.



Michael LeVault, Mayor

Attest:



Stacy Anderson, Citizen Services Specialist

Minutes approved at March 19, 2015 regular meeting.