MARANA TOWN COUNCIL
STUDY SESSION
NOTICE AND AGENDA
11555 W. Civic Center Drive, Marana, Arizona 85653
Council Chambers, March 26, 2019, at or after 6:00 PM

Ed Honea, Mayor
Jon Post, Vice Mayor
David Bowen, Council Member
Patti Comerford, Council Member
Herb Kai, Council Member
John Officer, Council Member
Roxanne Ziegler, Council Member

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Marana Town Council and to the general public that the Town Council will hold a meeting open to the public on March 26, 2019, at or after 6:00 PM located in the Council Chambers of the Marana Municipal Complex, 11555 W. Civic Center Drive, Marana, Arizona.

ACTION MAY BE TAKEN BY THE COUNCIL ON ANY ITEM LISTED ON THIS AGENDA. Revisions to the agenda can occur up to 24 hours prior to the meeting. Revised agenda items appear in *italics*.

The Council Chambers are wheelchair and handicapped accessible. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the Town Clerk at (520) 382-1999. Requests should be made as early as possible to arrange the accommodation.

This Notice and Agenda posted no later than Monday, March 25, 2019, 6:00 PM, at the Marana Municipal Complex, 11555 W. Civic Center Drive, the Marana Operations Center, 5100 W. Ina Road, and at www.maranaaz.gov under Agendas and Minutes.

CALL TO ORDER AND ROLL CALL

PLEDGE OF ALLEGIANCE/INVOCATION/MOMENT OF SILENCE

APPROVAL OF AGENDA

DISCUSSION/DIRECTION/POSSIBLE ACTION

D1 PUBLIC HEARING: Relating to Development; release of biennial certified audit of the Town's land use assumptions, infrastructure improvements plan and development fees for the period of July 1, 2016 through June 30, 2018 (Yiannis Kalaitzidis)

D2 Presentation: Relating to Economic Development; discussion, consideration and direction regarding Town of Marana membership in Sun Corridor, Inc. (Curt Woody)

D3 Presentation: Relating to Administration; discussion, consideration and direction regarding the development of a Town of Marana pension funding policy for Public Safety Personnel Retirement System (PSPRS) eligible employees hired before July 1, 2017, as required by Arizona Revised Statutes § 38-863.01 (Yiannis Kalaitzidis)

EXECUTIVE SESSIONS

Pursuant to A.R.S. § 38-431.03, the Town Council may vote to go into executive session, which will not be open to the public, to discuss certain matters.

E1 Executive Session pursuant to A.R.S. §38-431.03 (A), Council may ask for discussion or consideration, or consultation with designated Town representatives, or consultation for legal advice with the Town Attorney, concerning any matter listed on this agenda for any of the reasons listed in A.R.S. §38-431.03 (A).

FUTURE AGENDA ITEMS

Notwithstanding the mayor's discretion regarding the items to be placed on the agenda, if three or more Council members request that an item be placed on the agenda, it must be placed on the agenda for the second regular Town Council meeting after the date of the request, pursuant to Marana Town Code Section 2-4-2(B).

ADJOURNMENT

Council-Study Session **D1**

Meeting Date: 03/26/2019

To: Mayor and Council

From: Yiannis Kalaitzidis, Finance Director

Date: March 26, 2019

Strategic Plan Focus Area:
Not Applicable

Subject: PUBLIC HEARING: Relating to Development; release of biennial certified audit of the Town's land use assumptions, infrastructure improvements plan and development fees for the period of July 1, 2016 through June 30, 2018 (Yiannis Kalaitzidis)

Discussion:

A.R.S. § 9-463.05, the development impact fee statute, requires the Town to either appoint an infrastructure improvements advisory committee or provide for a biennial certified audit of the Town's land use assumptions, infrastructure improvements plan and development fees. The Town's most recent impact fee update under this statute was in 2017. Further, the Town has selected a biennial certified audit of impact fees in lieu of a separate advisory committee as allowed by state statute.

In accordance with A.R.S. § 9-463.05(G)(2), the Town's external auditors, Henry & Horne LLP, completed the biennial certified audit. The completed audit report has been posted on the Town's website as required by statute. The statute also requires that the Town hold a public hearing on the audit within 60 days of the release of the audit to the public. The purpose of this item is to formally hold the required public hearing.

The audit was conducted to review the progress of the infrastructure improvement plan, including the collection and expenditures of development fees for projects in the plan, and evaluate any inequities in implementing the plan or imposing the development fee. The audit found that the Town is collecting fees in accordance with Town Ordinances 2017.029, 2014.012 and 2014.013 and all expenditures were for projects listed in the Improvement Plans. The auditors did find that impact fees for some permits were

either not calculated appropriately or collected at the time of issuing the permit.

As a result of the audit findings the Town has implement corrective actions, as described in the attached Impact Fee Audit Response.

A copy of the audit report and a response to the audit finding is attached.

Staff Recommendation:
No action by Council is necessary; The public hearing is being held in compliance with the statute.

Suggested Motion:
No motion is necessary.

Attachments

Biennial Certfied Impact Fee Report
Impact Fee Audit Responses

MARANA AZ
FINANCE

Official Response to the Independent Accountant's on Applying Agreed-Upon Procedures

Town of Marana staff have provided a response to the auditor finding discovered during the Infrastructure Improvement Plan agreed-upon procedures delivered on January 16, 2019.

Finding: *For 4 of 25 transactions tested (to determine that each developer/unit is charged the same rate as another equivalent developer/unit), we noted errors in the calculation of impact fees charged to the permit.*

Town of Marana Response:
Town of Marana staff agree with the auditors' comments.

For 2 of the 4 errors noted by the auditor, permits were overpaid due to timing of fee schedule changes and permit issuance. The fees were calculated in December before the new schedule went into effect. The permits were issued in February of the following year after the new fee schedule (with lower impact fees) went into effect. A refund has been issued for the overpayment.

For the remaining 2 errors noted by the auditor the Town did not collect any impact fees due to a clerical error at the time of review by Town staff. Each of the permits were for Custom Single Family Permits. The permits not collected were the road impact fee and park impact fee. A letter has been sent out for one of the uncollected permits requesting remittance of the uncollected fees. However, after review of applicable Arizona Revised Statutes, staff determined that we are no longer able to pursue collection of the fees for the second permit, as that permit was issued more than two years after the obligation to pay.

In addition to the above-mentioned corrective action, Town staff have reviewed all custom home permits issued during the audit period discovering no other instances of uncollected fees or other calculation errors.

In order to improve the proper collection of impact fees, Town staff responsible for the processing of permits have received additional training to ensure permits are processed correctly. Further, by the end of June 2019, Town staff will prepare and review a report of all fees processed on a quarterly basis.

Council-Study Session **D2**

Meeting Date: 03/26/2019

To: Mayor and Council

From: Curt Woody, Director of Economic Development and Tourism

Date: March 26, 2019

Strategic Plan Focus Area:
Commerce

Strategic Plan Focus Area Additional Info:
PRINCIPLE STATEMENT 2: WE WILL SEEK AND RETAIN DIVERSE INDUSTRIES AND COMMERCE.
Initiative 7: Obtain best practices, develop contacts, and implement strategies and tools from state and national organizations such as Arizona Commerce Authority (ACA), Sun Corridor, Arizona Association of Economic Developers, International Council of Shopping Centers (ICSC), and the International Economic Development Council (IEDC).

Subject: Presentation: Relating to Economic Development; discussion, consideration and direction regarding Town of Marana membership in Sun Corridor, Inc. (Curt Woody)

Discussion:

Sun Corridor, Inc. is a non-profit economic development organization. Sun Corridor's role is to coordinate all economic development activities and programs within the Southern Arizona megaregion under one umbrella. This megaregion includes Pima, Pinal, Cochise and Santa Cruz counties. The primary goal of Sun Corridor is to facilitate primary (non-retail) job creation and strengthen/grow the economic base in Southern Arizona.

Town staff will make a presentation regarding the core services and benefits of joining this regional economic development organization. The agenda materials include as backup information a description of Sun Corridor's services and investment opportunities for 2018-2019. The annual membership fee in Sun Corridor for the Town is $10,000.

Financial Impact:

Fiscal Year:	2019
Budgeted Y/N:	N
Amount:	N/A

This is discussion item only. Staff will return with recommendations on inclusion of this fee in the upcoming fiscal year Manager's recommended budget for Fiscal Year 2020.

Staff Recommendation:

Staff recommends that Council direct the Town Manager to include funds in the FY 2020 budget for the Town to become a member of Sun Corridor, Inc.

Suggested Motion:

I move to direct the Town Manager to include funds in the FY 2020 manager's recommended budget for the Town to become a member of Sun Corridor, Inc.

Attachments

Sun Corridor Presentation

Sun Corridor Investment Opportunities 2018-2019

Sun Corridor Inc. Membership

Curt Woody, Director Economic Development

March 26, 2019

HISTORICAL PERSPECTIVE

- TREO Member up until 2012
- $35,000 Membership Fee w/Performance Measurement Contracts
- 85% Public Funded / 15% Private Funded
- Structure of Organization Redefined – Sun Corridor Inc.
  - 75% Private Funded / 25% Public Funded
  - No Longer Performance Metrics

SUN CORRIDOR CORE SERVICES

- Outbound Sales Missions with Site Selectors & Companies
- Hosting Client Visits
- Real Estate and Facility Research
- Relationship Building with Site Selectors
- Business Attraction and Expansion

SUN CORRIDOR BENEFITS

- Meet and Influence C-Level Executives and Site Selectors During Sun Corridor Initiated Dinners & Meetings
- Access to Top Elected and Business Officials Via Board-Only Meetings and Updates
- Opportunities to Weigh-In on Development Issues and Attraction Strategies
- Invitation to Attend Site Selector Roadshows, Media Tours, and Business Leadership Trips

SUN CORRIDOR BENEFITS

- Board Level Recognition in all Sun Corridor Sponsored Events and Print/Electronic Marketing
- Advance Notification of Announcements and Breaking News, and in Appropriate Cases: Inclusion in Confidential Attraction Projects
- Membership Cost $10,000

SUN CORRIDOR - WHERE WE ARE TODAY

- Opportunity to Participate as a Regional Partner
- Opportunity to Help Drive the Discussions and Strategies to Shape Economic Development for our Region
- Town of Marana is the Only Municipality that is Not a Member of our Regional Economic Development Organization

SUN CORRIDOR INC NOTABLE BOARD MEMBERS

- Bonnie Allen, President & CEO – Tucson Airport Authority
- Don Bourne, CEO – Bourn Companies
- Michael Crow, President – Arizona State University
- Robert Robbins, President – University of Arizona
- Dave Hutchens, CEO – UNS Energy Corp, Tucson Electric Power
- Taylor Lawrence, President – Raytheon Missile Systems
- Mary Jacobs, Town Manager – Town of Oro Valley
- Thomas Murphy – Mayor – Town of Sahuarita
- Anthony Smith, Vice Chair – BOS, Pinal County

QUESTIONS

MARANA AZ
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Investment Opportunities 2018-19

Board of Directors
Town of Marana

What We Do

Sun Corridor Inc.'s role is to coordinate all economic development activities and programs within the Southern Arizona megaregion under one umbrella. This megaregion includes Pima, Pinal, Cochise and Santa Cruz counties.

The primary goal of our organization is to facilitate primary (non-retail) job creation and strengthen/grow the economic base in Southern Arizona. In other words, we act as the sales and marketing agency to attract new companies, new jobs, new talent and new capital investment.

To be successful, we must have a competitive environment that allows primary employers to flourish and succeed. Thus, Sun Corridor Inc. convenes Southern Arizona's top leadership to ensure our competitiveness and influence economic and public policy. As a stakeholder, you are recognized in the ranks of the region's top leadership to accomplish these goals and make sure your company has a voice at the table.

How We Are Funded

The most successful economic development groups are led by the private sector, with public sector involvement and input. We are funded 75% by the private sector.

Our unique mix of private funds and public influence allows us to move with speed and efficiency. Our board consists of leaders in industry, government, academia and leading nonprofits. Between our strong board and our relationships with top government officials, we have the power to transform this economy.

Driven by a Strategic Plan

Our efforts in facilitating job growth in a competitive environment are driven by a multi-faceted, data-driven strategic plan called the Economic Blueprint. This plan includes a targeted list of industries that match the current and future assets of the megaregion and provide the best opportunity for long-term success. Primary Industry Targets:

- Aerospace & Defense
- Bioscience/Diagnostics
- Transportation & Logistics
- Renewable & Mining Technology

Our Core Services

Our body of work includes the recruitment of primary companies, expansion of companies and marketing the region to a national and international audience. These activities require significant investment of people and resources to be successful. Specific activities we engage in day to day with your financial support include:

- Outbound sales missions and road shows across the country with site selectors and companies
- Hosting client visits of companies considering Tucson and Southern Arizona for a location
- Central analysis of municipal, county and state economic development tools for client projects
- Facility start up assistance
- Real estate and facility research assistance
- Soft Landing Program management
- Supply chain assistance
- National/international media tours
- Relationship-building with site selectors
- Relationship-building with real estate and economic development reporters
- Email, newsletters, social media and web-based marketing

What is the ROI? What does your organization get out of the relationship?

Bringing in new businesses and helping businesses expand, in turn, benefits existing businesses here, by providing them with new customer prospects, new suppliers and new potential partners for their own growth plans. A stronger economy attracts professionals to move and stay here, expanding the talent base in our region.

Sun Corridor Inc. has a 13-year history of success in helping to advance the Southern Arizona economy: 162 company locates and expansions, 47,766 jobs supported and an economic impact of $24.8 billion.

The list of successful projects can be found here.

Our success has generated more interest in our region for business attraction and expansion than we have seen in years. We have a strong pipeline and are poised to continue our success.

Sun Corridor Inc. Board of Directors

Description
Sun Corridor Inc. is governed by a 67-member Board of Directors. This diverse group includes leaders from higher education, nonprofit, business and government. Meets quarterly.

Financial Investment
Annual investment of $10,000

Benefits

- Meet and influence C-level executives of relocating and existing businesses and site selectors during Sun Corridor Inc.-initiated dinners and meetings, thus marketing our region and furthering corporate interests
- Access to top elected and business officials statewide, nationally, and internationally via Sun Corridor Inc. Board-only meetings and updates
- Opportunity to effect change in the public sector by spearheading committees if desired
- Opportunities to weigh in on development issues and talent attraction strategies
- Board-level recognition in all Sun Corridor Inc.-sponsored events and print/electronic marketing materials, including Annual Biz Tucson Special Section (44,000 readers), Web Site (24,000 visitors annually) and the Annual Luncheon (preferred placement and special pricing)
- Advance notification of announcements and breaking business news and in appropriate cases: inclusion in confidential attraction projects
- Access to decision-makers of recent project successes for business opportunities
- Invitation to attend Site Selector Roadshows, Media Tours and Business Leadership Trips
- Invitations to welcome receptions and news conferences for relocating/expanding businesses
- Opportunity to participate in Soft Landing Program with ability to reach relocating employees of new/expanding companies

Members include:

- David Adame, President & CEO, Chicano's Por La Causa, Inc.
- Bonnie Allin, President & CEO, Tucson Airport Authority
- Mara Aspinall, Managing Director, BlueStone Venture Partners / CEO, Health Catalysts Groups
- Don Bourn, Chief Executive Officer, Bourn Companies, LLC
- Sharon Bronson, Board of Supervisors, Pima County
- Joseph Coyle, Managing Director, The Patrick Group
- Michael Crow, President, Arizona State University
- Jon Dudas, Senior Vice President and Chief of Staff, The University of Arizona
- Michael Eastman, Vice President of Customer Service Strategy & Operations, Comcast
- Marc Fleischman, Chief Executive Officer, BeachFleischman PC
- Sarah Frost, Chief Executive Officer, Banner University Medical Center Tucson and South
- Guy Gunther, Senior Director Central Region Consumer Markets, Century Link
- Michael Groeger, VP, Group Commercial & Specialty Sales, Blue Cross® Blue Shield® of Arizona
- Larry Hecker, Managing Member, Hecker PLLC

- Dave Hutchens, President & CEO, UNS Energy Corp, Tucson Electric Power & UniSource Energy Services (Chair)
- Mary Jacobs, Town Manager, Town of Oro Valley
- Nancy Johnson, Chief Executive Officer, El Rio Health
- William Kelley, Chief Financial Director, Diamond Ventures
- Adriana Kong Romero, Senior Vice President, Tucson Market President, Bank of America
- Clinton Kuntz, Doctor of Behavioral Health, CEO, MHC Healthcare
- Steve Lace, Past President, Tucson New Car Dealers Association, VP, Royal Automotive Group & Lexus of Tucson
- Robert Lamb, Chief Operations Officer, GLHN Architects & Engineers, Inc.
- Lee Lambert, Chancellor & CEO, Pima Community College
- David Larson, President, BFL Construction Company, Inc.
- Taylor Lawrence, President, Raytheon Missile Systems
- Lisa Lovallo, Market Vice President, Southern Arizona, COX Communications
- Clint Mabie, President & CEO, Community Foundation for Southern Arizona
- Xavier Manrique, Senior Vice President & Loan Team Leader, Arizona Middle Market Banking, Wells Fargo Bank
- Edmund Marquez, Agency Principal, Edmund Marquez Allstate Agencies
- Enrique Marroquin, President for Hunt Mexico, Senior Vice President, Hunt Power LP
- Kelle Maslyn, Executive Director, Community Relations, Arizona State University – Tucson
- Fletcher McCusker, Chief Executive Officer, UA Venture Capital
- Ian McDowell, Vice President and Regional Director - Tucson, Sundt Companies, Inc.
- Dennis Minano, Managing Director CMM, VP Public Policy, Chief Environmental Officer, General Motors Corporation (retired)
- Omar Mireles, President, HSL Properties, Inc.
- Mark Mistler, CEO, Tucson & Southern Arizona, BBVA Compass
- Farhad Moghimi, Executive Director, Pima Association of Governments/Regional Transportation
- Thomas Murphy, Mayor, Town of Sahuarita
- Steven Odenkirk, Executive VP, Southern Arizona Regional Manager, Alliance Bank of Arizona
- Judy Patrick, Board Director, CopperPoint Mutual Insurance Company
- Ricardo Pineda Albarran, Consul of Mexico, Consulate of Mexico in Tucson
- Chuck Potucek, City Manager, City of Sierra Vista
- Diane Quihuis, Board of Directors, Pima County IDA
- Robert Ramirez, President & CEO, Vantage West Credit Union (Secretary/Treasurer)
- Barbi Reuter, President/Principal, Cushman & Wakefield / PICOR Commercial Real Estate Services
- Judy Rich, President & CEO, TMC HealthCare
- Walter Richter, Public Affairs Administrator, Southwest Gas
- Robert Robbins, President, The University of Arizona
- Bill Rodewald, Senior VP/Regional Manager, Harsch Investment Properties
- Randy Rogers, Chief Executive Officer, Tucson Association of REALTORS®
- Steve Rosenberg, Owner & Publisher, BizTucson Magazine
- Jonathan Rothschild, Mayor, City of Tucson
- Jeffrey Rothstein, VP & Head of Legal, Roche Tissue Diagnostics, Roche Modular Solutions
- Jean Savage, Vice President, Caterpillar Surface Mining & Technology Division
- Mary Seely, Lead HR Manager, Caterpillar, Surface Mining & Technology Division
- Keri Silvyn, Partner/Owner, Lazarus, Silvyn and Bangs PC

- David Smallhouse, Managing Director, Miramar Ventures
- Anthony Smith, Vice Chair, Board of Supervisors, Pinal County
- Kevin Stockton, Market CEO, Northwest Healthcare
- James Stover, Medicaid President, Arizona Complete Health
- Guillermo Valencia, Chairman, Greater Nogales and Santa Cruz County Port Authority
- Robert Walkup, Honorary Consul, Republic of Korea in Tucson
- Sandra Watson, President & CEO, Arizona Commerce Authority
- Joshua Weiss, President & CEO, Hexagon Mining
- Steven Zylstra, President & CEO, Arizona Technology Council

Members of the Board of Directors found here: http://www.suncorridorinc.com

Updated January 2019

Council-Study Session **D3**

Meeting Date: 03/26/2019

To: Mayor and Council

From: Yiannis Kalaitzidis, Finance Director

Date: March 26, 2019

Strategic Plan Focus Area:
Community

Strategic Plan Focus Area Additional Info:
PRINCIPLE STATEMENT 1: We will maintain a safe and well-managed community.

Subject: Presentation: Relating to Administration; discussion, consideration and direction regarding the development of a Town of Marana pension funding policy for Public Safety Personnel Retirement System (PSPRS) eligible employees hired before July 1, 2017, as required by Arizona Revised Statutes § 38-863.01 (Yiannis Kalaitzidis)

Discussion:

Beginning on or before July 1, 2019, Arizona Revised Statutes (A.R.S.) §38-863.01 requires all jurisdictions that participate in the Public Safety Personnel Retirement System (PSPRS) to adopt and post on the governing body's website an applicable pension funding policy. Since numerous jurisdictions are impacted by the law, the League of Arizona Cities and Towns drafted a model policy for our use.

The League's draft policy allows each jurisdiction to develop different options on how to maintain an appropriate funding ratio for the pension plan or, at its simplest form, allows the Town to do nothing more than memorialize our current obligations and practices. Our obligations have always stemmed from the actuarial reports prepared annually for the pension plan.

The law only requires this policy be adopted for the PSPRS pension plans for employees who were hired before July 1, 2017 (Tier 1 & 2). It excludes the health premium subsidy/benefit and employees hired on or after July 1, 2017 (Tier 3) funds.

The purpose of tonight's item is to present the requirements of the statute and to seek

direction for the following:

a. Maintaining stability of the Town's contributions to PSPRS.
b. Defining how and when the Town's funding requirements will be met.
c. Defining the Town's funded ratio target and the timeline for reaching the targeted funded ratio.

Staff Recommendation:
Council's pleasure.

Suggested Motion:
Council's pleasure.

Attachments

No file(s) attached.