NOTICE OF A REGULAR MEETING OF THE
LEAGUE OF ARIZONA CITIES & TOWNS
EXECUTIVE COMMITTEE

Friday, May 9, 2014 at 10:00 a.m.
League Office Building
1820 West Washington, Phoenix

Notice is hereby given to the members of the Executive Committee and to the general public that the Executive Committee will hold a meeting open to the public on May 9, 2014 at 10:00 a.m. Members of the Executive Committee will attend either in person or by telephone conference call. The Executive Committee may vote to recess the meeting and move into Executive Session on any item on this agenda. Upon completion of Executive Session, the Executive Committee may resume the meeting, open to the public, to address the remaining items on the agenda. A copy of the agenda is available at the League office building in Suite 200 or on the League website at www.azleague.org.

Agenda

All items on this agenda are scheduled for discussion and possible action, unless otherwise noted.

1. Review and Adoption of Minutes
2. Legislative Report and New Laws Update
3. TPT Implementation Update
5. 2014 League Conference Update
6. Governance Committee Update (Final document)
7. Resolutions Process Update (Draft recommendations)
8. AZ Cities @ Work Update
10. Resolution of Appreciation for Former Mesa Mayor Scott Smith

Property Corporation Meeting

11. Review and Adoption of Minutes
13. Annual Election of Officers

Additional informational materials are included in the agenda packet but are not part of the agenda.
Agenda Item #1       Review and Adoption of Minutes

Summary:       Minutes of the previous meeting are enclosed for your review and approval.

Responsible Person:       Vice President Mark Mitchell

Attachments:       February 14, 2014 Executive Committee Minutes

Action Requested:       Approval
MINUTES

LEAGUE OF ARIZONA CITIES AND TOWNS

EXECUTIVE COMMITTEE MEETING

Friday, February 14, 2014 at 10:00 a.m.
League Office Building
1820 West Washington, Phoenix

MEMBERS

President
Doug Von Gausig, Mayor, Clarkdale
Mark Nexsen, Mayor, Lake Havasu City

Vice President
Mark Mitchell, Mayor, Tempe
Scott Smith, Mayor, Mesa

Treasurer
Jay Tibshraeny, Mayor, Chandler
Greg Stanton, Mayor, Phoenix

Marie Lopez Rogers, Mayor, Avondale
Gilbert Lopez, Councilmember, Coolidge
Lana Mook, Mayor, El Mirage
John Lewis, Mayor, Gilbert
Jerry Weiers, Mayor, Glendale

Rob Adams, Mayor, Sedona
Rick Mueller, Mayor, Sierra Vista
Sharon Wolcott, Mayor, Surprise*
Bob Rivera, Mayor, Thatcher
Jonathan Rothschild, Mayor, Tucson*

*Not in attendance

League President Doug Von Gausig called the meeting to order at 10:09 a.m.

1. REVIEW AND ADOPTION OF MINUTES

Mayor Rob Adams moved to approve minutes of November 22, 2013 Executive Committee meeting as presented; Mayor Rick Mueller seconded the motion. Vote: unanimous.

2. LEGISLATIVE REPORT / STATE BUDGET REPORT

President Von Gausig recognized League Executive Director to give the legislative report. Mr. Strobeck reported on SB1413, the TPT tax exemption for electricity used in manufacturing and smelting. League Legislative Director René Guillen reviewed bills of concern to the League. He noted that the legislative division is monitoring several bills including ones that consist of technical changes to the legislation passed last year. They will include these in the 2014 New Laws Report. The Executive Committee further discussed SB1413 and decided not to take a position on the bill as a League until further data was presented.
3. REPORT FROM BUDGET SUBCOMMITTEE

Mayor Mark Nexsen, Chairman of the League Budget Subcommittee, presented the tentative budget and discussed the possibility of an increase in dues based on a change in the base amount and population adjustments. After discussion, the Executive Committee decided not to make any changes to the dues for the 2014-15 year. Mayor Rob Adams moved to approve the dues at the present level; Mayor Jim Lane seconded the motion. Vote: unanimous.

4. REPORT FROM GOVERNANCE COMMITTEE

League Executive Director Ken Strobeck reviewed the draft revised League Constitution based on the Governance Committee discussion. Mr. Strobeck noted that there had been several proposals to make changes to the document and that the draft presented represents the consensus of the committee discussion. President Von Gausig noted that the draft document anticipates the creation of League by-laws in the future. He also said a future task will be to review and make recommendations on ways to change the League’s resolutions process. The Executive Committee discussed several sections of the draft document and requested changes in some sections before it is approved for presentation to the entire membership.

5. 2014 CONFERENCE UPDATE

League Communication and Education Director Matt Lore updated the Executive Committee on the dates and plans for the upcoming 2014 League Annual Conference held at the Sheraton in downtown Phoenix. Mayor Lopez Rogers provided ideas that they discussed at a meeting to make changes to the conference program. Next, Mr. Lore asked for the assistance of Executive Committee members in securing sponsorships for the conferences by contacting those who have not renewed and thanking those that have.

6. UPDATE FROM USCM / NLC CONGRESSIONAL CITIES CONFERENCE REPORT

Mayor Scott Smith reported on the United States Conference of Mayors Winter Meeting noting on issues of concern to the Executive Committee. Then Mayor Marie Lopez Rogers also noted that the National League of Cities has addressed some of the same concerns as USCM. Mayor Lopez Rogers also noted that she is tasked by NLC to increase membership within the state.

Mr. Strobeck informed the committee of Arizona-related events and meetings at the NLC Congressional Cities Conference.

7. RECOGNITION OF OUTGOING EXECUTIVE COMMITTEE MEMBER

President Von Gausig recognized outgoing Executive Committee Member and former Mayor of Yuma Alan Krieger.

Mayor Rivera moved to approve the Resolution of Appreciation for former Mayor Alan Krieger; Mayor Rick Mueller seconded the motion. Vote: unanimous.
8. EXECUTIVE SESSION: DISCUSSION OF POSSIBLE PROPERTY PURCHASE

The committee moved to convene in executive session to discuss possible property purchase: Motion by Mayor Evans; second by Mayor Mueller.

Seeing no further business, President Von Gausig adjourned the meeting at 12:05 p.m.
Agenda Item #2 Legislative Report and New Laws Update

Summary: The 2014 Legislative Session concluded on April 24, the 101st day of the session. The League had a major victory with the amending of SB 1413, the bill eliminating the state TPT tax on electricity and natural gas used for manufacturing and smelting. Other victories included HB 2389, implementation of the TPT changes from HB 2111 last year; legislation that was the result of League Resolutions on graffiti abatement and public records requests; municipal elections calculations; fire districts; backyard fowl and others. Two firearms-related bills that the League opposed were vetoed by Governor Brewer. A number of other troubling bills were stopped in the legislative process. League staff will present an overview of the session highlights, discuss the New Laws Report for this year and our plans to tour the state with our annual legislative report. The report will include a discussion on PSPRS and related litigation.

Responsible Person: Ken Strobeck, Executive Director, and League Staff

Attachments: Legislative Bulletins since last meeting
Good Bill/Bad Bill tracking list
2014 Resolution Status Chart
Sedona Veto Letter for HB 2517
League Veto Letters for HB 2517, HB 2339
Republic article: Gov. Brewer vetoes controversial gun bills
Governor’s Veto Letters for HB 2517, HB 2339
Republic article: Lawmakers grant temporary fix for city election law
Republic article: Bill to end electricity sales taxes for factories tweaked to aid cities
Legislative Overview

League staff were kept busy this week with significant committee work and numerous stakeholder meetings. However, next week will likely be the busiest of the legislative season as Friday, February 21 marks the last day for the consideration of bills by committees in the chamber of origin. It should be noted that historically, the Appropriations committees have been afforded an additional week to consider bills.

The deadline to introduce legislation in the House was this past Monday, at 5:00 pm. There were a total of 701 bills and 61 memorials and resolutions introduced in the House. That bring the totals for the legislative session to 1,184 bills and 103 memorials and resolutions, which is slightly higher than last year, but well below the 1,395 bills and 149 memorials and resolutions of 2011. The League is currently tracking 279 measures for their potential municipal impacts.

Utility Tax Exemptions

On Wednesday, the Senate Finance Committee heard SB 1413 (taxes; manufacturers’ electricity sales; exemption). Sponsored by Senator Steve Yarbrough (R-Chandler), SB 1413 exempts electricity used in manufacturing and smelting operations from state transaction privilege taxes. Cities and towns are preempted from levying any tax or fee (including franchise fees) on the electricity used in manufacturing and smelting operations. The League opposed the bill due to the inability to accurately determine the direct revenue impacts to municipalities and the potential disruption to local economic development programs. As written, SB 1413 removes an important business attraction tool that better serves the state by being reserved for cities and towns to use when courting new businesses. The League signed in and testified in opposition to the bill, which passed on a 7-0 vote. A group of mayors and League staff met with the Governor and her staff on Thursday and remain hopeful that compromise can be reached on the measure.

Building Code Preemption

The Senate Government and Environment Committee passed SB 1227 (municipalities; counties; energy efficient codes) with a 3-2-2 vote. Sponsored by Sen. Chester Crandell (R-Heber), the bill prohibits municipalities from adopting any new energy efficiency building codes. The League opposed the bill because it precludes future employees of political subdivision entities (PSEs) from joining the Arizona State Retirement System (ASRS). The League opposed the bill because PSEs (which includes groups like the League, the Arizona Municipal Water Users Association and various regional councils of governments) serve government and

Political Subdivision Entities

On Tuesday, the House Insurance and Retirement Committee considered HB 2069 (ASRS; political subdivision entities), which precludes future employees of political subdivision entities (PSEs) from joining the Arizona State Retirement System (ASRS). The League opposed the bill because PSEs (which includes groups like the League, the Arizona Municipal Water Users Association and various regional councils of governments) serve government and
government purposes and preventing future employees from participating in ASRS will have negative consequences in the future. The bill, sponsored by Representative Michelle Ugenti (R-Scottsdale) passed out of the on a 4-3 vote.

State Lake Improvement Fund
On Tuesday the House Agriculture and Water Committee passed HB 2149 (state parks; SLIF fund distribution) by a vote of 6-2. The bill, sponsored by Rep. Sonny Borelli (R-Lake Havasu City), states that money in the State Lake Improvement Fund (SLIF) shall be used in accordance with the Arizona State Parks Board’s specifications. It also states that the money shall be distributed at least annually to counties and municipalities where motorboats are used on waterways. Money may also be distributed to the Game and Fish Commission. The League supports the measure. The bill proceeds to the Rules Committee.

State Preemption on Firearms
On Thursday the House Judiciary Committee passed HB 2517 (firearms; state preemption; penalties) by a vote of 5-3. The bill, sponsored by Rep. Steve Smith (R-Maricopa), states that if a political subdivision passes an ordinance, rule, tax or regulation that violates the state preemption on firearms, the courts shall declare it invalid and enjoin the subdivision from continuing the act. It further stipulates that there could be civil penalties and court action if the responsible party enacted such a regulation knowingly and willfully. The League opposed the measure as there have not been complaints of such behavior made to the League and it seems that the punishment is not commensurate with the alleged problem. The bill proceeds to the Rules Committee.

Other Bills of Note
(All bills being actively monitored by the League can be found here.)

**Bill Number - Short Title - Subject(s)**

HB 2421: S/E: public records; notice; penalty - transparency

HB 2536: best land management practices; appropriation - natural resources

SB 1277: vehicle right of way; buses - transportation

SB 1400: public safety assistance; commission; fund - public safety

SB 1482: homeowners' associations amendments; omnibus - HOAs

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Legislative Overview

On Thursday, the Arizona Supreme Court released their opinion in the Fields lawsuit. The Court upheld the trial decision, finding that the state could not enact changes to the Cost of Living Adjustment (COLA) formulas as they affect current retirees. As a result of the decision, the Public Safety Personnel Retirement System (PSPRS), which manages the Elected Officials Retirement Plan and the Correctional Officers Retirement Plan in addition to PSPRS, will have to make $40 million in back payments to retirees as well as transfer over $300 million from the trust to the Reserve Account to make future COLA payments. The League was deeply involved in the negotiations on SB 1609 that enacted the provisions overturned by the Fields decision and is eager to resume talks in order to ensure the viability of PSPRS for generations to come.

Today at 5:00 pm marks the deadline for bills to be heard by committees in the chamber of origin. As a result, committee agendas were robust and some committees deliberated well into the evening throughout the week. The League was kept busy weighing in on 36 bills that were scheduled for consideration this week, excluding bills that staff is closely monitoring. As a standard exception to the deadline noted above, the House and Senate Appropriations Committees are afforded an additional week to hear bills. From this point on, legislators have one month (March 21) to have their bills heard by any necessary committees in the complementary chamber.

A number of bills that the League opposed were scheduled for a hearing, but failed to advance out of committees this week. They include:

- **HB 2422**: S/E: municipal policy; authority
- **HB 2386**: special districts; elections; financing; limits
- **HB 2594**: public construction; business losses; compensation
- **SB 1405**: public employee misconduct; civil action
- **SB 1475**: contractor licensing exemptions; property owners

HURF Restoration

The House Transportation Committee approved **HB 2692** (DPS; operating expenses; appropriation; intent) with a 5-0 vote. Sponsored by Speaker of the House Andy Tobin (R-Paulden), the bill appropriates $119 million in each of the next two years from the state general fund to the Department of Public Safety for operational expenses. This will effectively restore Highway User Revenue Fund money to the proper distribution formula. Cities and towns specifically rely on HURF revenue to maintain local roads. The League testified in support and entered a number of locally-passed resolutions into the official record. We are grateful for the House Transportation Committee's unanimous support on this issue and looks forward to continued support as this bill moves through the legislative process.
Graffiti
On Thursday the House Judiciary Committee passed HB 2571 (criminal damages; economic costs) by a unanimous vote. HB 2571, sponsored by Representative Juan Carlos Escamilla (R-San Luis), allows victims of graffiti to recover costs related to abatement. The bill was amended in committee to put monetary caps on cases involving juveniles. The bill is the result of a League Resolution. It now proceeds to the Rules Committee.

State Parks
SB 1326 (state parks; donations; fund; transportation), passed the Senate Transportation and Appropriations Committees this week. Sponsored by Senator Don Shooter (R-Yuma), the measure states that there will be a voluntary donation option available on vehicle registrations for the purpose of funding State Parks. Of the amount donated 85% will go to support State Parks and 15% goes to the Department of Transportation for administration. The actual dollar amount will be determined by the State Parks Board. The bill now proceeds to the Rules Committee.

Fire Districts and Municipal Planning Areas
HB 2152 (fire district boundary changes) passed the House Government Committee Tuesday by a unanimous vote. Sponsored by Rep. Eddie Farnsworth (R-Gilbert), the bill places requirements on certain special taxing districts, including fire districts, when they seek to annex within a municipal planning area. The League supported the measure; it is the subject of a League Resolution. The bill requires these taxing districts to obtain the permission of the municipality before they annex. The measure now goes to the Rules Committee.

Transaction Privilege Taxes
The House Ways and Means Committee passed a strike everything amendment to HB 2389 (S/E: transaction privilege tax changes) with a 5-0-0-3 vote. The strike everything amendment, sponsored by Rep. Debbie Lesko (R-Peoria), makes a number of changes to transaction privilege tax (TPT) statutes to address the implementation of last year’s HB 2111. The most notable provisions include synchronizing municipal and state licensing renewal processes, electronic filing mandates for businesses with more than one location, and requiring non-program cities to administer and collect TPT associated with residential rental. The League recognizes that many of these changes are necessary and are supportive of those provisions, but the League cannot support segregating residential rental administration and collection from the rest of the TPT categories since it directly undermines the goal of uniformity. The League is neutral on the bill with the expectation that the Department of Revenue work with cities on transitioning TPT administration -- including residential rental -- to the state program.

Municipal Election Changes
SB 1415 (municipal elections; majority vote calculation) passed the Senate Elections Committee on Tuesday by a vote of 6-0. Sponsored by Sen. Steve Yarbrough (R-Chandler), the bill reformulates the procedure for determining whether a municipal candidate wins an election outright in a primary election, or must proceed to a general election. This measure was necessary for many cities and towns affected by the changes to municipal election schedules; the League supports the bill. SB 1415 now proceeds to the Rules Committee.

Economic Development
On Tuesday, the House Government Committee unanimously passed HB 2220 (improvement districts; municipal services). The bill, sponsored by Rep. Karen Fann (R-Prescott), removes the requirement that enhanced municipal services districts be formed only in areas of a municipality that are designate as slum or blighted. The League supports the bill because with this change cities and towns, particularly in rural areas, will be able to utilize these districts to support local businesses and thanks Rep. Fann for sponsoring the legislation.

Guns in Public Buildings
On February 20, HB 2339 (firearms; permit holders; public places) passed the House Judiciary Committee by a vote of
5-3. Sponsored by Rep. Brenda Barton (R-Payson), the bill would require public entities to install and use electronic screening equipment and have security personnel in order to deny an armed person who possesses a concealed weapon entrance to the public buildings. The League opposed as a matter of local control and fiscal impact. The bill proceeds to the Rules Committee.

Alarms

**HB 2546** (alarm businesses; alarm agents; regulation) passed the House Commerce Committee this Wednesday by a vote of 7-1. Sponsored by Rep. David Gowan (R - Sierra Vista), the bill as amended eliminates the ability for cities to tax alarm monitoring after December of 2014 and says that people convicted of crimes involving "moral turpitude" cannot be licensed as installers. The League opposed the bill. In previous years there were multiple stakeholder meetings on the issue and this year there was no opportunity for such input. Additionally, the ability to tax the monitoring systems is a financial hit to some cities. The bill proceeds to the Rules Committee.

Public Records

The House Technology and Infrastructure (TI) Committee took public testimony regarding potential striker language on HB 2419. The legislation could not be considered and voted on because the bill was not assigned the committee. The amendment would have authorized governmental entities to charge for the labor costs for fulfilling public records requests after the first four hours of work. The League testified in support of the idea of more closely examining our public records laws, but is cautious about ideas that have the potential to harm those filing proper, legitimate requests. The League thanks Rep. David Stevens (R-Sierra Vista) for providing an opportunity to have the discussion and is looking forward to additional conversations on the matter. The League would also like to thank Rep. Bob Thorpe (R-Flagstaff) for his comments on this issue as well as on all municipal matters considered by the TI Committee on Thursday.

Other Bills of Note

(All bills being actively monitored by the League can be found here.)

**Bill Number - Short Title - Subject(s)**

**HB 2118:** S/E: utilities; right of way - construction

**HB 2407:** S/E: electronic filing; contributions; expenditures - elections

**HB 2547:** major event public safety reimbursement - public safety, economic development

**HB 2561:** private certification; occupations - regulation

**HB 2640:** government investigations; independent third party - regulation

**HB 2654:** government reporting; financial information.. - transparency

**HB 2690:** photo radar; calibration; traffic tickets - public safety

**HB 2693:** PSPRS; employer liability; death benefits - pension, finance

**HB 2695:** homeowners' associations amendments; omnibus. - planning and zoning

**SB 1158:** fireworks; permissible use - regulation, public safety
Legislative Overview

This week saw the end of bills being heard in committees in the chamber of origin. Both the House and Senate Appropriations Committee worked their way through substantial agendas, with the Wednesday House Appropriations hearing lasting well into the night. Although some additional committees did meet to consider bills from the opposite chamber, the focus of legislative efforts this week was on pushing bills through caucus and Committee of the Whole (COW) in order to transmit them out of the chamber of origin. Case in point, the House of Representatives posted 10 COW calendars for consideration on Thursday. Floor action will remain high as both chambers seek to complete action on their bills; the House has already posted six COW calendars for consideration on Monday.

Now that the House and Senate Appropriations committees have completed hearing their respective bills, the picture of the universe of viable legislation becomes clearer. At the bill introduction deadline, the League was tracking 281 pieces of legislation. That list has now been pared down to 172; 51 of which are being tracked solely for inclusion in the League’s annual New Laws Report.

HURF Restoration

The House Appropriations Committee approved HB 2692 (DPS; operating expenses; appropriation; intent) with a 7-3 vote. Sponsored by Speaker of the House Andy Tobin (R-Paulden), the bill appropriates $119 million in each of the next two years from the state general fund to the Department of Public Safety for operational expenses. This will effectively restore Highway User Revenue Fund money to the proper distribution formula. Cities and towns specifically rely on HURF revenue to maintain local roads. The League testified in support and entered a number of locally-passed resolutions into the official record. We are grateful for Speaker Tobin’s support on the issue.

Firearm Definition

On Tuesday the Senate Appropriations Committee approved a strike everything amendment to SB 1366 (S/E: firearms; definition). Sponsored by Senator Rick Murphy (R-Peoria), the amendment redefines firearm in statute to exclude air guns. There are other measures still in the legislative process that redefine firearm as well, so the League is evaluating all such proposals for conflicting language. The League was neutral on this particular bill. The bill passed the committee by a vote of 6-3, and now proceeds to the Rules Committee.

Political Subdivision Entities

On Thursday, the House considered HB 2069 (ASRS; political subdivision entities) in Committee of the Whole. The bill precludes future employees of political subdivision entities (PSEs) from joining the Arizona State Retirement System (ASRS). The bill was amended on the floor to allow new employees of PSEs to remain in ASRS if they have been an active ASRS member in the last 30 days. The League opposes the bill because PSEs (which includes groups like the League, the Arizona Municipal Water Users Association and various regional councils of governments) are created by
government to serve government and perform essential functions and preventing future employees from participating in ASRS will have negative consequences in the future.

Public Records
On Wednesday, the House Appropriations Committee approved a strike-everything amendment on HB 2419 (S/E: public records; labor costs). The amendment authorizes governmental entities to charge for the labor costs for fulfilling public records requests after the first eight hours of work. The League signed in support of the measure as it represents an opportunity to more closely examine our public records laws, but is cautious about ideas that have the potential to harm those filing proper, legitimate requests. The League thanks Rep. David Stevens (R-Sierra Vista) for providing an opportunity to have the discussion and is looking forward to additional conversations on the matter.

Other Bills of Note
(All bills being actively monitored by the League can be found here.)

Bill Number - Short Title - Subject(s)
HB 2050: ASRS membership; section 218 requirements - pension

SB 1415: municipal elections; majority vote calculation - elections

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Legislative Overview

As predicted last week, legislators were focused on floor action, particularly in the House where Monday saw six Committee of the Whole (COW) calendars and Thursday saw eight COW calendars. A number of bills were also Third Read in both chambers, with Senate President Andy Biggs (R-Gilbert) cautioning senators to prepare for a similar level of activity next week. The urgency may be justified as, by rule, the Legislature only has two more weeks to get bills out of committee and there has been no indication of an extension of the deadline.

This week saw movement on two policy matters of high importance for the League. First, SB 1413, which is the electricity tax-exemption for manufacturers that the Governor highlighted in her state of the state address, moved rapidly through the Senate, and included an amendment to address concerns raised by the League. Secondly, HB 2692, which essentially provides full funding to the Highway User Revenue Fund for the next fiscal years, overcame a major hurdle by passing out of the House and moving onto the Senate for further consideration. The League is pleased with the developments on both matters and is thankful for the efforts on these bills. More details about each measure can be found below.

Utility Tax Exemptions

This week, SB 1413 (taxes; manufacturers’ electricity sales; exemption) saw significant movement. The bill passed out of the Senate Rules Committee, was caucused, amended in COW and passed out of the Senate by a vote of 25-0. Sponsored by Senator Steve Yarbrough (R-Chandler), SB 1413, as amended, exempts electricity used in manufacturing and smelting operations from state transaction privilege taxes and stipulates that if a city or town wishes to provide a similar exemption it must be provided to all manufacturers and must have the same definitions as the state. Additionally, the definitions in the bill are more fleshed out and narrowed to reflect existing practices within the Department of Revenue. With these changes, the League dropped its opposition to the bill. The League is thankful for the support of the Governor, her staff, and the numerous others that all played a role in listening to our concerns and working with cities and towns to draft a compromise that preserves local authority while further improving the business climate in Arizona.

HURF Restoration

The House voted 49-9 on Thursday to pass HB 2692 (DPS; operating expenses; appropriation; intent). Sponsored by Speaker of the House Andy Tobin (R-Paulden), the bill appropriates $119 million in each of the next two years from the state general fund to the Department of Public Safety for operational expenses. This will effectively restore Highway User Revenue Fund money to the proper distribution formula. Cities and towns specifically rely on HURF revenue to maintain local roads. The League strongly supports the measure and thanks Speaker Tobin for his leadership and support on the issue.
Graffiti

HB 2571 (criminal damage; economic costs) passed House Third Read by a vote of 58-0 on Wednesday. Sponsored by Representative Juan Carlos Escamilla (D-San Luis), HB 2571 allows victims of economic damage, especially graffiti, to recover their abatement costs. The bill was amended in the Judiciary Committee to stipulate that those costs should be reasonable, and capped at $2500 for offenses committed by juveniles. The bill now proceeds to the Senate.

Energy Efficiency Building Codes

SB 1227 (municipalities; counties; energy efficient codes) passed the Senate Committee of the Whole with an amendment to clarify that the bill does not impact “dark sky” codes. The bill, sponsored by Senator Chester Crandell (R-Heber), prohibits municipalities from adopting any new energy efficiency building codes. Although the amendment addresses an unintended consequence, the League still opposes the bill’s intended goal on the grounds of its infringement on what is a matter of local concern.

Economic Development

On Wednesday, the House passed HB 2220 (improvement districts; municipal services) by a vote of 41-17. The bill, sponsored by Rep. Karen Fann (R-Prescott), removes the requirement that enhanced municipal services districts be formed only in areas of a municipality that are designated as slum or blighted. The League supports the bill because with this change cities and towns, particularly in rural areas, will be able to utilize these districts to support local businesses and thanks Rep. Fann for sponsoring the legislation, which now moves to the Senate.

Other Bills of Note

(All bills being actively monitored by the League can be found here.)

Bill Number - Short Title - Subject(s)

HB 2547: major event public safety reimbursement - public safety, economic development

HB 2640: government investigations; independent third party - regulation

SB 1158: fireworks; permissible use - regulation, public safety

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Legislative Overview

This past week was relatively calm compared to what we expect to face over the next couple of weeks. Next Friday, March 21, is the deadline established by rule to hear bills in committee, excluding the Appropriations committees. Committee agendas in both chambers are loaded with bills for consideration and at least one committee is planning to hold two hearings in order to complete their business.

State Parks Funding

SB 1326 (state parks; donations; fund; transportation) unanimously passed the Senate Third Read this week. Sponsored by Senator Don Shooter (R-Yuma) the bill allows for a voluntary contribution at the time of vehicle registration to the newly created Sustainable State Parks and Roads Fund. The amount of the contribution will be determined by the State Parks Board. The money will go to fund parks' projects and an administration fee of 15% goes to the Department of Transportation. The League supports the measure, which was transmitted to the House.

Firearms

On March 12, three bills related to firearms saw floor activity, with two passing and one (at least temporarily) failing.

HB 2339 (firearms; permit holders; public places) passed the House by a vote of 34-22. The measure requires public establishments, including municipal buildings, to install electronic screening devices and security personnel at each entrance in order to deny access to such structures for those who possess concealed weapon permits. The bill is sponsored by Representative Brenda Barton (R-Payson).

HB 2517 (firearms; state preemption; penalties) passed by the same margin. This bill sets up a variety of penalties for political subdivisions found to be in violation of the state preemption on firearms regulation. HB 2517 is sponsored by Rep. Steve Smith (R-Maricopa). Both this measure and HB 2339 were transmitted to the Senate.

SB 1063 (misconduct involving weapons; firearm storage) failed in the Senate by a vote of 14-14. Sponsored by Sen. Rick Murphy (R-Peoria), the bill states that a person is not guilty of misconduct involving weapons if he or she enters a public establishment or event that is not “in full compliance” with current state law on storage of weapons at public establishment access points. However, the bill was successfully moved for reconsideration, which means that it will come up for another vote in the near future.

Other Bills of Note

(All bills being actively monitored by the League can be found here.)
Bill Number - Short Title - Subject(s)
HB 2050: ASRS membership; section 218 requirements - pension

HB 2389: NOW: transaction privilege tax changes - finance

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Issue 11 - March 21, 2014

Legislative Overview

This week was full of activity as members sought to have their bills passed out of committee before the deadline. Amidst the business, both the House and Senate independently introduced their respective budgets for consideration. The Senate passed their suite of nine bills out of the Appropriations Committee on Tuesday and out of the full Senate on Thursday; the House is scheduled to consider their bills in their Appropriations Committee on Monday. Without going through the entirety of the House and Senate budgets, the League would like to highlight that both address Highway User Revenue Fund (HURF) dollars in the same fashion. Both proposed budgets restore $30 million in HURF funding to cities, towns and counties in fiscal years (FY) 2015 and 2016 and then restore a total of $60 million in fiscal year 2017. Although we are encouraged that the Legislature is restoring some HURF money, which is an improvement over the Executive Budget, the proposed increase is only one-quarter of the amount that has been swept in the past and by not providing any additional money to the State Highway Fund, communities in rural Arizona that depend on state highways will be adversely impacted. Additionally, legislators cannot “bind the hands” of future Legislatures, which means that there is no guarantee that the money earmarked in FY 16 and FY 17 will ever reach local governments. For these reasons, the League continues to strongly support HB 2692 (DPS; operating expenses; appropriation; intent) and all efforts to end the diversion of HURF dollars.

Utility Tax Exemptions

This week, SB 1413 (taxes; manufacturers' electricity sales; exemption) passed out of the House Ways and Means Committee by a vote of 7-0. Sponsored by Senator Steve Yarbrough (R-Chandler), SB 1413, exempts electricity used in manufacturing and smelting operations from state transaction privilege taxes and stipulates that if a city or town wishes to provide a similar exemption it must be provided to all manufacturers and must have the same definitions as the state. The League signed in neutral to the bill, which was amended to make technical changes.

Graffiti Abatement

HB 2571 (criminal damages; economic costs) passed the Senate Public Safety Committee on Wednesday by a vote of 5-0. Sponsored by Representative Juan Carlos Escamilla (D-San Luis) the bill provides for full restitution for criminal damages, including reasonable repair costs such as labor, equipment and materials. The measure came out of a League Resolution and is particularly focused on graffiti abatement costs. It now moves onto Senate Rules.

State Parks Funding

SB 1326 (state parks; donations; fund; transportation) passed the House Government Committee by a unanimous vote on Thursday. The bill would allow for a voluntary contribution to help fund state parks. The bill's sponsor, Sen. Don Shooter (R-Yuma) told the committee that the bill will be amended on the floor to change the state agency receiving the donation from the Department of Transportation to the Department of Revenue. The donation will be made on a person's state income tax return. The measure now goes on to the House Rules Committee. The League supported the bill as preserving the financial viability of state parks is a League Resolution.
Firearms

Three bills related to firearms passed out of committees this week. HB 2339 (firearms; permit holders; public places) cleared the Senate Judiciary Committee by a vote of 5-3. As amended on the House floor a week ago, the bill requires public establishments to use electronic screening devices and security personnel in order to deny access to such structures for those who are carrying firearms yet possess concealed weapon permits. Public K-12 education, community colleges and public universities are exempt from the measure. The bill is sponsored by Rep. Brenda Barton (R-Payson). The bill now goes on to the Senate Rules Committee. The League opposes HB 2339.

HB 2517 (firearms; state preemption; penalties) also passed the Senate Judiciary Committee by a 5-3 vote. Sponsored by Rep. Steve Smith (R-Maricopa), the bill sets up a variety of penalties for political subdivisions in violation of the state preemption on firearms, including civil penalties, making mayors and council members personally liable for their legislative actions and termination of employment. The measure also states that taking an act on good faith or upon the advice of an attorney are not grounds for a defense. Additionally, HB 2517 grants standing in court for persons or a membership association aggrieved by such an ordinance, and allows for the rewarding of attorney fees, and actual damages up to $100,000. This bill also goes on to the Senate Rules Committee. The League opposes HB 2517.

Lastly, SB 1063 (misconduct involving weapons; firearm storage) passed the House Judiciary Committee by a 4-2 vote. Sponsored by Sen. Rick Murphy (R-Peoria) the measure states that a person is not guilty of misconduct involving weapons if a public establishment is not in "full compliance" with the current requirement to have gun locker storage for those buildings that deny access for people carrying firearms. SB 1063 will proceed to the House Rules Committee. The League was neutral on SB 1063, as it does not know of any municipalities that are not in compliance currently.

Transaction Privilege Taxes

The Senate Finance Committee passed HB 2389 (NOW: transaction privilege tax changes) with a 6-0 vote. The bill, sponsored by Rep. Debbie Lesko (R-Peoria), makes a number of changes to transaction privilege tax (TPT) statutes to address the implementation of last year’s HB 2111. The most notable provisions include synchronizing municipal and state licensing renewal processes and electronic filing mandates for businesses with more than one location. The League recognizes that many of these changes are necessary and are supportive of those provisions, but signed in officially neutral on the bill due to an outstanding licensing issue.

Other Bills of Note

(All bills being actively monitored by the League can be found here.)

Bill Number - Short Title - Subject(s)
HB 2126: municipal annexation; size; exception - annexation

HB 2547: major event public safety reimbursement - public safety

HB 2690: photo radar; calibration; traffic tickets - public safety, transportation

HB 2693: PSPRS; employer liability; death benefits - pension

SB 1158: NOW: fireworks; permissible use - regulations

Legislative Bulletin is published by the League of Arizona Cities and Towns.
Forward your comments or suggestions to league@azleague.org.
Legislative Overview

The fiscal year 2014-15 (FY 15) budget took center stage this week amidst long hours and a fair share of drama. The House of Representatives was set to tackle a budget proposal mirroring the budget passed by the Senate last Thursday. (A summary of that budget can be found here.) However, it soon became evident that there were insufficient votes to pass that proposal on the floor of the House as they gathered on Monday night, and the scheduled floor session was effectively cancelled.

Over the following three days, deep discussions were held in an attempt to reach a compromise on the budget. That compromise was reached on Thursday evening with a revised budget proposal that spends approximately $54.3 million more in FY 15 than the $9.18 billion included in the Senate proposal. This latest package was passed by the House in the waning hours of Thursday night and was First Read in the Senate Friday morning, setting the stage for Senate Appropriations and floor action on the budget early next week.

If this proposal is sent to the Governor and she signs it, the Legislature will likely begin its final labors on the path to sine die; the end of the regular legislative session.

HURF Restoration

The Senate Appropriations Committee voted 7-1 on Tuesday to pass HB 2692 (DPS; operating expenses; appropriation; intent). Sponsored by Speaker of the House Andy Tobin (R-Paulden), the bill appropriates $119 million in each of the next two years from the state general fund to the Department of Public Safety for operational expenses. If enacted, this would effectively restore Highway User Revenue Fund (HURF) money to the proper distribution formula. Cities and towns specifically rely on HURF revenue to maintain local roads. The League strongly supports the measure and thanks Speaker Tobin for his leadership and support on the issue. However, with the passage of the budget bills in the Senate and House that includes an increase of $30 million for local HURF funds over last year’s distribution, the fate of this bill is uncertain at best.

Fire District Annexations

HB 2044 (S/E: fire district boundary changes) is now the vehicle for the fire district boundary change bill, HB 2152. The bill was the subject of a strike-everything amendment in Senate Appropriations on Tuesday, and passed by a vote of 5-4. The measure sets forth requirements of certain special taxing districts, including fire districts, when they seek to annex within a municipal planning area. The League supported the measure because municipal taxpayers should not be forced to pay for providing fire response services that are the responsibility of another entity; specifically the bill requires these taxing districts get the permission of the adjacent municipality before they annex. This issue is also the subject of a League Resolution. The measure now goes to the Rules Committee.
Public Records

The Senate Appropriations Committee approved a strike-everything amendment on HB 2414 (S/E: public records; burdensome requests). The strike-everything amendment essentially provides a definition of what may make a public records request unduly burdensome. The strike-everything amendment was further amended to provide that when denying a public records request it is a defense that the request was unduly burdensome or harassing. The language regarding the defense reflects what had been worked out between the League and representatives from the newspaper association. In committee, Appropriations Chairman Senator Don Shooter (R-Yuma) stated that the language contained in the underlying strike-everything amendment was the result of a mix-up and that the intended plan is to remove the erroneous language on the floor. The League signed in neutral on the measure, but with the changes discussed in committee, the League will support the bill. The League thanks Representative David Stevens (R-Sierra Vista) for his work on this issue.

Other Bills of Note

(All bills being actively monitored by the League can be found here.)

Bill Number - Short Title - Subject(s)
HB 2547: major event public safety reimbursement - public safety

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Legislative Overview

The fiscal year 2014-15 (FY 15) budget continues to dominate the landscape at the Capitol as the Executive and Legislative branches grapple to cobble a budget capable of obtaining the necessary support to get across the finish line. The Senate took up the House’s modified budget at the beginning of the week, passing it out on April 1 largely along party lines, but not without modifications. A comparison of the House and Senate budgets can be found here.

Later that day, the House refused the changes made in the Senate and sent the budget to Conference Committee for further changes. On Thursday, the House appointed three conferees to a Free Conference Committee, but the Senate has yet to follow suit. Both chambers stand adjourned until Monday. Budget negotiations are likely to continue, but it is unclear what the outcome will be and how close the Legislature is to adjourning for the year.

Utility Tax Exemptions

This week, SB 1413 (taxes; manufacturers’ electricity sales; exemption) passed out of the House Committee of the Whole (COW). Sponsored by Senator Steve Yarbrough (R-Chandler), SB 1413 exempts electricity used in manufacturing and smelting operations from state transaction privilege taxes (TPT) and stipulates that if a city or town wishes to provide a similar exemption it must be provided to all manufacturers and must have the same definitions as the state. The League is neutral on the bill, which was amended in COW with a substitute floor amendment to make technical changes and to include natural gas in the TPT exemption. The bill now awaits Third Read in the House.

Special Taxing Districts

On Thursday, SB 1415 (municipal elections; majority vote calculation) was scheduled to be considered by the House Committee of the Whole. The bill became the subject of a strike-everything amendment that will severely limit the utility of Community Facilities Districts (CFD) in Arizona by placing new and arbitrary bond limits on special taxing districts. The League opposes the striker because it will harm Arizona’s ability to move beyond the economic downturn. The bill was ultimately retained on the calendar.

The original bill, sponsored by Senator Steve Yarbrough (R-Chandler) reformulates the majority vote threshold needed for determining whether a municipal candidate wins an election outright during the primary or must proceed to a general election. Without this change, taxpayers will have to fund a runoff election that otherwise may not be necessary. Although the bill and the striker did not move this week, both issues are important enough for cities and towns to keep a close eye on. The League continues to explore alternate paths to see the election vote calculation changes enacted into law.

Other Bills of Note
(All bills being actively monitored by the League can be found here.)

**Bill Number - Short Title - Subject(s)**

HB 2050: ASRS membership; section 218 requirements - public safety

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Forward your comments or suggestions to league@azleague.org.
Legislative Overview

The budget process has come to an end as the House and Senate came together this week in Conference Committee to adopt compromise provisions to the budget for fiscal year 2014-15 (FY 15). With few exceptions, the budget passed both chambers along party lines. The budget was transmitted to the Governor along with three bills that have revenue impacts; SB 1413, SB 1484 and HB 2377. The entire package was sent to the Governor on Wednesday, and although the Executive has yet to act, the Legislature expects her to sign the budget as presented. A document prepared by the Joint Legislative Budget Committee detailing the final budget can be found here.

If the Governor does indeed sign the budget into law, lawmakers will likely complete their labors and seek to adjourn sine die next week.

Utility Tax Exemptions

This week, SB 1413 (taxes; manufacturers' electricity sales; exemption) passed out of the House by a vote of 51-3 and was subsequently passed by the Senate on a final read vote of 27-0. Sponsored by Senator Steve Yarbrough (R-Chandler), SB 1413 exempts electricity and gas used in manufacturing and smelting operations from state transaction privilege taxes (TPT) and stipulates that if a city or town wishes to provide a similar exemption it must be provided to all manufacturers and must have the same definitions as the state. The League is neutral on the bill.

State Parks Funding

SB 1326 (state parks; donations; fund; transportation) passed the House Committee of the Whole this week by a voice vote. Sponsored by Sen. Don Shooter (R-Yuma) the bill now has the Department of Revenue collecting money for the state park fund via a voluntary check-off on an individual's tax return, if they are entitled to a refund. Individuals may also make an additional donation beyond the portion coming out of their return. Prior versions of the bill had the Department of Transportation collecting donations when a vehicle was registered. The fund will be used for the maintenance and operation of state parks. SB 1326 now proceeds to Third Read. The League is in support of the measure.

Other Bills of Note

(All bills being actively monitored by the League can be found here.)

Bill Number - Short Title - Subject(s)
HB 2162: city or town council; vacancy - elections

HB 2389: NOW: transaction privilege tax changes - finance
HB 2339: firearms; permit holders; public places - public safety

HB 2414: S/E: public records; burdensome requests - administration

HB 2517: firearms; state preemption; penalties - public safety

HB 2571: criminal damage; economic costs - public safety

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Legislative Overview

Unfortunately, the prediction made in last week's Bulletin did not come to fruition as the legislature closed another week of activity without adjourning sine die. By rule, Tuesday, April 22, will mark the 100th day of session. With the budget on the books, excluding future budgetary issues associated with the Governor’s new child welfare agency, both chambers have begun transmitting bills to the Governor. As of Friday morning, of the 191 bills have been sent to the Governor 100 have been signed and four have been vetoed.

State Parks Funding

SB 1326 (state parks; donations; fund; transportation) passed both the House and Senate final votes by overwhelming majorities this week. Sponsored by Senator Don Shooter (R-Yuma), the bill as amended allows for individuals to voluntarily remit a portion of their tax return to fund state parks, and to allow anyone filing individual income taxes to contribute to the state parks fund. The fund is to be used for maintenance and operation of state parks. The bill now awaits the Governor’s action.

Graffiti Abatement

HB 2571 (criminal damages; economic costs) passed the Senate Committee of the Whole on Thursday. Sponsored by Representative Juan Carlos Escamilla (D-San Luis) the measure allows for victims of criminal damage, especially graffiti, to recover full economic costs for the abatement of the damage from the perpetrator. The bill is the product of a League Resolution, and now proceeds to Senate Third Read.

Guns

Both HB 2339 (firearms; permit holders; public places) and HB 2517 (firearms; state preemption; penalties) narrowly passed the Senate this week, were transmitted to the House and subsequently sent to the Governor’s office. HB 2339 requires public buildings and establishments to have electronic screening equipment and security personnel at entrances if the public entity wants to deny access to concealed weapon permit holders from entering with their weapons. The League opposed this bill as it will add costs to local budgets and is an infringement on local authority.

HB 2517 ascribes various penalties to political subdivisions if they enact ordinances or regulations that violate the state preemption on firearms. The League also opposed this bill as it denies the defense of good faith and advice of counsel and provides for the removal from office for an offense and monetary damages to aggrieved individuals or their membership organizations.

Pension Eligibility

This week HB 2050 (ASRS membership; section 218 requirements) passed Senate Third Read and House Final Read on
unanimous votes and was transmitted to the Governor on Tuesday. The bill, sponsored by Rep. Phil Lovas (R-Peoria) decouples the Arizona State Retirement System’s (ASRS) eligibility requirements from the state’s Section 218 agreement with the Social Security Administration. This change will finally put to rest the question of the pension eligibility of certain public safety employees, at least in regards to new hires. The bill was signed by the Governor on Wednesday and is awaiting a chapter number. The League would like to thank Rep. Lovas, Rep. Bob Robson (R-Chandler), ASRS, legislative staff and the other numerous stakeholders for their extensive work on this issue.

Public Records
The Senate passed HB 2414 (NOW: public records; burdensome requests) out of Committee of the Whole on Tuesday, with the Appropriations Committee amendment. The strike-everything amendment was further amended to provide that when denying a public records request it is a defense that the request was unduly burdensome or harassing and additionally provide a definition of what may make a public records request unduly burdensome. The language regarding the defense reflects what had been worked out between the League and representatives from the newspaper association. The League has serious concerns about the definitions provided in the bill, but has been assured that the objectionable language will be removed in a Conference Committee. If the language is restored to just provide a defense, the League will be in support of the measure.

Other Bills of Note
(All bills being actively monitored by the League can be found here.)

Bill Number - Short Title - Subject(s)
HB 2389: NOW: transaction privilege tax changes - finance

SB 1158: NOW: fireworks; permissible uses - public safety

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Forward your comments or suggestions to league@azleague.org.
Legislative Overview

At 1:46 A.M. Thursday morning, the Legislature adjourned sine die, marking the end of the Second Regular Session of the 51st Legislature. This session saw the passage of 337 bills, memorials and resolutions. Governor Brewer now has ten days (excluding Sundays) to take action on the remaining bills on her desk. Unless vetoed by the Governor, the general effective date for bills will be July 24.

As might be expected, this week saw a flurry of legislative activity, which included a number of bills that were monitored by the League for the harmful impacts on cities and towns. HB 2448 (NOW: just compensation; tax credits) and HB 2091 (just compensation; tolling; time limitation) were defeated on the floor of the Senate and HB 2339 (firearms; permit holders; public places) and HB 2517 (firearms; state preemption; penalties) were vetoed by the Governor.

Although the Legislature has officially adjourned, their labors are almost assuredly unfinished, as the Governor is expected to call them back in to special session in order to address her desired Child Protective Services reforms.

Graffiti Abatement

HB 2571 (criminal damages; economic costs) passed the Senate Third Read and the House Final Read on Tuesday, was transmitted to the Governor’s office on Wednesday and signed into law. Sponsored by Representative Juan Carlos Escamilla (D-San Luis) the measure allows for victims of criminal damage, especially graffiti, to recover full economic costs for the abatement of the damage from the perpetrator. The bill is the product of a League Resolution. We thank Rep. Escamilla for shepherding the bill and Governor Brewer for signing it.

Election Calculations

On Thursday HB 2126 (municipal annexation; size; exception) passed the House on a Final Read vote of 56-1. The bill, among other changes, enacts the provisions of SB 1415 (municipal elections; majority vote calculation) on a temporary basis. This means that cities and towns holding councilmember elections this fall without a mayor on the ballot may be able to save taxpayer dollars by using the total of local ballots cast to determine the winner of council races rather than using the votes cast in the gubernatorial primary. It should be noted that although the language of HB 2126 includes the year 2015, this has no practical effect as there is no presidential or gubernatorial election to skew vote calculations. The League would like to thank the numerous legislators whose hard work and commitment helped get this bill through the legislative process and onto the Governor’s desk. The bill now awaits final action from the Governor.

Other Bills of Note

(All bills being actively monitored by the League can be found here.)
Bill Number - Short Title - Subject(s)
HB 2389: NOW: transaction privilege tax changes - finance

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2014 Legislative Session – Key Bills

Good Bills

**HB 2044: S/E: fire district boundary changes**
Resolution: Held awaiting Senate COW.
Overview: Will prohibit fire districts from annexing territory without providing additional fire service and prevents fire departments from providing uncompensated fire services. League resolution.

**HB 2050: ASRS membership; section 218 requirements**
Resolution: Signed by the Governor.
Overview: Eliminates the Arizona State Retirement System eligibility requirements that an employee must be covered by the state’s 218 agreement and repeals the defined contribution retirement plan for those members ineligible for the Arizona State Retirement System or the Public Safety Personnel Retirement System.

**HB 2126: municipal annexation; size; exception**
Resolution: Awaiting action by the Governor.
Overview: Contains session law provisions of SB 1415 relating to the calculation of votes in local elections.

**HB 2220: improvement districts; municipal services**
Resolution: Never scheduled for committee hearings in the Senate.
Overview: Removes the requirement that an improvement district for enhanced municipal services only be formed within a designated area.

**HB 2148: improvement districts; lighting; streets; parks**
Resolution: Signed by the Governor.
Overview: The bill outlines the procedure for a county street light improvement district (SLID) to be converted to a municipal SLID. The issue was the subject of a League resolution.

**HB 2419/HB 2414: NOW: public records; burdensome requests**
Resolution: HB 2419 held awaiting House Rules. HB 2414 Failed on Senate 3rd Read.
Overview: Could have provided cities and towns with additional tools to prevent abuse of Arizona’s public records law.

**HB 2571: criminal damage; economic costs**
Resolution: Signed by the Governor.
Overview: Prescribes the types of costs in determining damages for the offenses of criminal damage and aggravated criminal damage and is the subject of a League resolution.
HB 2692: DPS; operating expenses; appropriation; intent
Resolution: Held awaiting Senate Rules.
Overview: Appropriates $119,247,100 and 1041.7 FTE positions in each of FY 2015 and 2016 from the state General Fund to the Department of Public Safety for operating expenses in lieu of appropriations made from HURF.

SB 1326: state parks; donations; fund; transportation.
Resolution: Signed by the Governor.
Overview: Establishes the Sustainable State Parks and Roads Fund and allows taxpayers to make a voluntary contribution of their tax refund to the fund.

Bad Bills

HB 2069/SB 1082: ASRS; political subdivision entities
Resolution: HB 2069 held off of 3rd Read. SB 1082 amendment defeated in House Gov.
Overview: Prohibits future employees of political subdivision entities (like the League) from participating in ASRS.

HB 2093: S/E: lobbyist; false statement; authorization
Resolution: Defeated in Senate COW.
Overview: Prohibits a lobbyist that represents a political subdivision from providing any information to a public official or state employee in support of or in opposition to any legislative or administrative action without receiving prior approval from the political subdivision's governing body by majority vote in a public meeting.

HB 2339: firearms; permit holders; public places
Resolution: Vetoed by the Governor.
Overview: States that if a public entity wants to deny access to public buildings to concealed weapon permit holders, the public entity has to have electronic metal detection screening equipment and security personnel at the entrances of their public buildings.

HB 2448: NOW: just compensation; tax credits
Resolution: Failed Senate 3rd Read on reconsideration.
Overview: This bill allows a property owner to bypass the current process for compensation for land use decisions by establishing a new tax credit that can be claimed if the property owner believes a property’s market value has been diminished. It creates a convoluted system where credits can be taken before proving eligibility and the Department of Revenue is wrongly placed in the untenable position of having to be the arbiter of the claims. They must honor the claims as if valid even if the claims are ultimately proven to be false. Additionally, tax credits claimed on city and county land use changes are paid out of shared revenue.
HB 2517: firearms; state preemption; penalties
Resolution: Vetoed by the Governor.
Overview: States that political subdivisions can be enjoined from carrying out rules, taxes, actions or ordinances that violate the state preemption on firearms. It also allows for civil penalties and possible court action towards the responsible party who knowingly or willfully passes such a regulation.

SB 1151: fowl regulation; prohibition
Resolution: Defeated in House COW.
Overview: Prohibits municipalities from adopting zoning ordinances that forbid residents in single-family detached homes from keeping fowl in their backyards.

SB 1161/HB 2422: municipal policies; authority
Resolution: SB 1161 Held in Senate GE. HB 2422 Held in House TI.
Overview: The bill creates recommended policies that can already be adopted voluntarily today by municipalities. The opposition was due in large part to the bill's preamble, which said the "authority granted to municipalities may encourage the exercise of local government power that is threatening to general public health, safety and welfare, frustrating to economic development [and] inimical to fiscal responsibility."

SB 1227/SB 1133: municipalities; counties; energy efficient codes
Resolution: SB 1227 held off of Senate 3rd Read. SB 1133 held off of House Gov.
Overview: Prohibits municipalities and counties from certain actions relating to energy efficiency, energy conservation or green construction regulations in new construction.

SB 1413: taxes; manufacturers' electricity sales; exemption
Resolution: Signed after amendments to address municipal concerns.
Overview: SB 1413 exempts electricity and gas used in manufacturing and smelting operations from state TPT and stipulates that if a city or town wishes to provide a similar exemption it must be provided to all manufacturers and must have the same definitions as the state.

SB 1415: S/E; secondary levy limits; limits
Resolution: Held awaiting House COW.
Overview: The strike-everything amendment severely limits the utility of Community Facilities Districts by placing new and arbitrary bond limits on special taxing districts.
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<thead>
<tr>
<th>No.</th>
<th>Summary</th>
<th>Status</th>
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<tbody>
<tr>
<td>1</td>
<td>Develop and pass legislation to make the requirements for annexation a more simple and flexible process.</td>
<td>SB 1210 – Did not receive a hearing. HB 2148 and HB 2330 – Signed by the Governor.</td>
</tr>
<tr>
<td>3</td>
<td>Prohibit fire districts from annexing areas inside a municipal planning area without the consent of the municipality, unless the municipality does not operate a municipal fire department.</td>
<td>HB 2044 – Held awaiting Senate COW.</td>
</tr>
<tr>
<td>6</td>
<td>Authorize street light improvement districts (SLIDs) to levy and expend money to repair, maintain and replace lighting facilities.</td>
<td>HB 2148 – Signed by the Governor.</td>
</tr>
<tr>
<td>9</td>
<td>Amend A.R.S. Title 13 (Criminal Code) to ensure that restitution for graffiti includes all costs of a victim associated with graffiti abatement.</td>
<td>HB 2571 – Signed by the Governor.</td>
</tr>
<tr>
<td>11</td>
<td>Stop future sweeps of Highway User Revenue Funds (HURF) allocated to Arizona cities and towns and restore HURF funding to FY2008 levels.</td>
<td>HB 2692 – Held Awaiting Senate Rules. SB 1487 ($30M restoration) – Signed by the Governor.</td>
</tr>
<tr>
<td>12</td>
<td>Develop and pass legislation to ensure the viability of Arizona state parks and to restore the Arizona state park heritage fund.</td>
<td>SB 1326 – Signed by the Governor.</td>
</tr>
<tr>
<td>16</td>
<td>Include one representative from a large city along with one representative from a small non-metropolitan city on the Public Safety Personnel Retirement System Board of Trustees.</td>
<td>HB 2203 – Held awaiting House COW.</td>
</tr>
<tr>
<td>19</td>
<td>Pass legislation or engage in other activities that support and advocate for resources to improve Arizona’s ports of entry with Mexico and related infrastructure.</td>
<td>League is a partner in the Arizona-Sonora Mega-Region.</td>
</tr>
<tr>
<td>20</td>
<td>Support the long-term retention of Arizona’s military installations.</td>
<td>No specific action requested.</td>
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**League Staff Resolutions**

<table>
<thead>
<tr>
<th>No.</th>
<th>Summary</th>
<th>Status</th>
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<tbody>
<tr>
<td>1</td>
<td>Preserve the tax exempt status of municipal bonds.</td>
<td>Worked with NLC.</td>
</tr>
<tr>
<td>2</td>
<td>Pass the Marketplace Fairness Act.</td>
<td>Worked with NLC; Informational Hearing in House Judiciary Committee. May be considered during “lame duck” session later this year.</td>
</tr>
</tbody>
</table>
April 17, 2014

The Honorable Janice K. Brewer
Governor of the State of Arizona
1700 West Washington Street, 9th Floor
Phoenix, AZ 85007

Dear Governor Brewer:

On behalf of the City of Sedona, I want to acknowledge your ongoing support of cities and towns throughout Arizona and supporting communities like Sedona.

The City of Sedona has concerns with the passage of HB 2517; firearms; state preemption; penalties. The effect of this bill is to essentially criminalize the good faith actions of local officials and subject them to personal penalties, including fines, legal costs and removal from their jobs. Oddly, the sanctions in this bill do not apply to state legislators.

The true impact of this bill is punitive against local officials acting in good faith, responding to constituent needs or upon the advice of legal counsel in the conduct of their official duties. A local official could potentially be held personally liable for thousands of dollars in fines and legal expenses and the loss of employment over a minor technicality that deviates from state firearm laws, even if the local official was legally advised that their local ordinance or policy was in perfect compliance with state laws.

Existing state statutes have already clearly defined the limits of local authority regarding firearms regulation, but the excessive provisions of HB 2517 are intended to criminalize the actions of local elected officials or staff members acting in good faith and on the advice of legal counsel. State courts already have the authority to declare a local ordinance null and void.

Sponsors and proponents of this bill cannot provide concrete examples of abuses at the local level when it comes to firearms regulation that requires such drastic measures as this bill provides. This bill is a heavy handed and punitive approach to a problem that does not exist. I, Mayor Robert M. Adams, on behalf of the City of Sedona, strongly urge Governor Brewer to veto HB 2517.

Sincerely,

[Signature]

Robert M. Adams, Mayor
City of Sedona
April 16, 2014

The Honorable Janice K. Brewer
Governor of Arizona
1700 West Washington Street
Phoenix, AZ 85007

Dear Governor Brewer:

The League of Arizona Cities and Towns respectfully requests your veto of HB 2517 (firearms; state preemption; penalties).

While this bill has been characterized as a firearms bill, its true impact is potentially punitive and devastating to local officials acting in good faith or upon the advice of counsel in the conduct of their official duties. It provides for a civil penalty of $5,000, removal from employment, imposes personal liability, subjects people to lawsuits and prohibits legal defense from the city or town if an official prepares documents or votes in a way that is deemed to be in violation of certain restrictions regarding firearms legislation.

State statute already is clear in its preemption of the field of firearms regulation, but the excessive provisions in this bill essentially criminalize the actions of local officials. If a local ordinance is in violation of state statute, a court is the appropriate venue to declare it null and void without engaging in punishment of staff or elected officials who may believe it is good public policy.

We request that you veto this unnecessary and mean-spirited bill.

Thank you for your consideration.

Sincerely,

[Signature]

Ken Strobeck
Executive Director
April 16, 2014

The Honorable Janice K. Brewer
Governor of Arizona
1700 West Washington Street
Phoenix, AZ 85007

Dear Governor Brewer:

The League of Arizona Cities and Towns respectfully requests your veto of HB 2339 (firearms; permit holders; public places).

This bill reprises some of the same provision so HB 2729 from the 2012 Session which you vetoed, including a provision that permits concealed weapons permit holders to bring firearms into most public establishments and public events unless there are security personnel and electronic screening equipment at each entrance.

This unfunded mandate would require cities and towns to purchase equipment, retrofit hundreds of building entrances and incur the ongoing expenses of security personnel in order to provide security in city and town halls, courts, offices, libraries, recreation centers, senior centers and all other public buildings including state buildings.

There is no positive public policy goal advanced by this overreaching preemption on Arizona cities and towns, and we urge you to veto this bill.

Thank you for your consideration.

Sincerely,

[Signature]

Ken Strohecker
Executive Director
Governor Brewer vetoed two controversial gun bills on Tuesday that would have allowed guns in public buildings.

Gov. Jan Brewer for a third time in four years has vetoed legislation that would have allowed Arizonans to carry guns into public buildings and events.

Brewer also vetoed a bill that would have made local officials personally liable for passing gun statutes that are more restrictive than the state's.

Gun advocates said they will try again next year under a new governor.

Brewer vetoed House Bill 2339, which would have allowed guns in public buildings and events that do not provide security guards and metal detectors at each entrance. It did not apply to K-12 schools, community colleges or universities.


Read: Summary enactments by date (http://archive.azcentral.com/ic/pdf/summary-enactments.pdf)

She voiced concerns about the cost to local governments of meeting the requirements to keep guns out as well as the wisdom of allowing guns in certain public buildings. Brewer had twice vetoed similar bills, in 2011 and 2012.
"I am a strong proponent of the Second Amendment, and I have signed into law numerous pieces of legislation to advance and protect gun rights," Brewer wrote in her veto letter. "However, I cannot support this measure in its proposed form."

The other gun-related measure Brewer vetoed Tuesday was HB 2517, which would have added penalties to an existing state law that restricts cities, towns and counties from regulating firearms more strictly than the state. If a local government passed such a regulation, the law would have required the courts to declare it invalid and allowed any government official involved in the regulation to personally be fined up to $5,000 and removed from office. Any person who felt they were adversely affected by the regulation could have sued and sought up to $100,000 in damages.

Brewer in her veto called the bill "vague" and "punitive," saying someone who perceives an ordinance is illegal can already challenge it in court.

The National Rifle Association and the Arizona Citizens Defense League supported the bills. Cities, counties and local law enforcement opposed them.

Arizona Citizens Defense League spokesman Charles Heller said Brewer's vetoes are inconsistent with her statements that she supports gun rights.

He said the goal of the public-buildings legislation was to "stop a massacre."

"We are not advocating for people to carry guns in buildings," he said. "This is about securing the building. It's saying if you put up a sign (banning guns), you've got to have security. If you don't have security, people will secure themselves."

Sen. Steve Gallardo, D-Phoenix, has been among the most vocal opponent of such bills over the years.

"You're talking libraries, public swimming pools, the convention centers, large events," he said. "This is something we do not need in the state of Arizona."

He said he may not have such concern if the Legislature hadn't gutted the education requirements to get a concealed-weapons permit over the past several years.

"It's literally unbelievable what we've done to our CCW (concealed-carry weapons) laws," he said. "They are laughable. There is, for the most part, no training."

To get a concealed-weapons permit in Arizona, individuals must be 21 or older, a legal U.S. resident, have no felony convictions or mental illness, and must complete a firearms safety course. There are no minimum requirements for what a safety course must include and no requirement for hands-on training with a gun. Several companies offer online classes.

Arizona law allows individuals to carry guns concealed without a permit. However, a permit is necessary in most other states, inside an Arizona restaurant or bar that serves alcohol or within 1,000 feet of a school.

The Arizona Coalition Against Gun Violence delivered cookies to Brewer's office on Monday and wrote letters asking her to veto the public-buildings bill. The group had met with Brewer's staff weeks ago on the legislation.

Members said it was the first time in 14 years that representatives of a governor's office had met with gun-safety advocates.

Gerry Hills, a Republican and a member of Arizonans for Gun Safety, lost her younger brother in 1994 to gun violence. He was serving as an off-duty police officer in Michigan when he was ambushed and killed with an AK-47 by a man with mental-health issues.

Hills said lawmakers "are far too concerned about pandering to the gun lobby, and for the most part, they are out of touch with mainstream Republicans and mainstream Arizonans."

"For instance, libraries, which is a place where children and families and vulnerable populations go all the time — that's a burden to put in metal detectors and armed security guards. It's not the environment we want for our public buildings."
Caren Teves, whose son was killed in the 2012 mass shooting at an Aurora, Colo., movie theater, said lawmakers must do more to prevent mass shootings.

"I feel like we're losing our freedom to live our everyday lives in a safe environment," she said. "More guns and less regulation is not working in our state."

Gun legislation, a hot topic at the Arizona Legislature over the past several years, took a backseat this session to battles over child welfare and the budget. But there were a handful of bills that advanced.

Litchfield Park Mayor Tom Schoaf said he was especially concerned about HB 2517, the bill that would have restricted cities from creating stricter ordinances.

"It seems to have some very frightening possibilities for local elected officials," he said. "It criminalizes our good-faith actions taken on behalf of our municipalities, subjects us to personal penalties and may even attempt to remove us from office with no vote of our electors at all."

Brewer has already signed HB 2483, which prohibits cities, towns and counties from banning the shooting of a gun or use of archery equipment on private property as long as the nearest occupied home is at least a quarter-mile away.

Rep. John Kavanagh, R-Fountain Hills, who sponsored the bill, said it was prompted by Yavapai County's effort to restrict shooting on rural property owned by a Prescott man.

Hills said she does not believe the new law would conflict with the portion of state statute called Shannon's Law, which makes it a felony to fire a gun negligently within a municipality. The law is named after 14-year-old Shannon Smith, who was killed by a stray bullet in 1999.

"Overall, we don't think it's going to have a huge impact on Shannon's Law," she said.

Pima County Deputy Attorney Kathleen Mayer opposed the legislation, saying it takes away the ability of local governments to protect residents through "reasonable regulations."

"Essentially, any property owner can shoot any type of firearm and shoot arrows on his or her property, no matter the size of the property or proximity to other homes and businesses," Mayer said.

"If the neighbors view this as a nuisance, the local government does not have the authority to abate the nuisance. ... In short, the rights of the shooter have trumped the rights of all those who live around him or her."

Only the attorney general would have the authority to address such a complaint.

Schoaf said a quarter-mile within city limits is not enough space to keep people safe.

"I think my rifles would reach a quarter-mile if I fired them up in the air," he said.

He said there are plenty of places outside city limits or at designated shooting ranges available for residents' to shoot.

Brewer also signed HB 2103, which allows military personnel or those who have been honorably discharged to apply for a state concealed-weapons permit at age 19 instead of 21.

Brewer has not yet weighed in on two other bills passed by the Legislature: HB 2338, which would make it an aggravated-assault crime for someone to take a gun away from another person with the intent to cause harm with that gun. It would not apply to law enforcement.

The second bill, Senate Bill 1366, would modify the definition of firearms to exclude air rifles.

Reporter Yvonne Wingett Sanchez contributed to this article.
The Honorable Andy Tobin
Speaker of the House
Arizona House of Representatives
1700 West Washington
Phoenix, Arizona 85007

Re: House Bill 2517 (firearms; state preemption; penalties)

Dear Speaker Tobin,

Today, I vetoed House Bill 2517, which would have required a court to declare invalid any act or ordinance that violates state laws concerning the regulation of firearms. It also would subject an elected or other government official to personal liability while in the performance of their official duties.

A person or an organization, who perceives that an ordinance is illegal, already may seek remedies through the legal system. The bill also broadly mandates that a court make findings and take prescribed action without regard to consideration of facts. Furthermore, I am troubled by the vague and punitive provision that a person in violation of the statute is “subject to termination from employment.”

These concerns are among the primary reasons I have vetoed House Bill 2517.

Sincerely,

Janice K. Brewer
Governor

cc: The Honorable Andy Biggs
The Honorable Steve Smith
The Honorable Andy Tobin  
Speaker of the House  
Arizona House of Representatives  
1700 West Washington Street  
Phoenix, Arizona 85007  

Re: House Bill 2339 (firearms; permit holders; public places)  

Dear Speaker Tobin,  

Today, I vetoed House Bill 2339, which would have required public entities to provide security personnel and screening devices at each entrance into public buildings in order to limit or prohibit weapons. As you know, I vetoed similar measures in 2011 and in 2012 and the majority of my concerns were not addressed in House Bill 2339.  

I am a strong proponent of the Second Amendment, and I have signed into law numerous pieces of legislation to advance and protect gun rights. However, I cannot support this measure in its proposed form.  

I also am concerned about the fiscal impact of this legislation. This bill would establish an unfunded mandate on our state and local governments. It is an unnecessary diversion of limited resources.  

These concerns are among the primary reasons I have vetoed House Bill 2339.  

Sincerely,  

Janice K. Brewer  
Governor  

cc: The Honorable Andy Biggs  
The Honorable Brenda Barton
Lawmakers grant temporary fix for city election law

Legislation touted by Arizona cities as a crucial fix to state election law won approval from the state Legislature this week, but only as a temporary solution after one lawmaker fought hard to sink the bill.

City officials have worried that an apparent statistical fluke in the 2012 consolidated-elections reform, which required municipalities to move local elections to coincide with state and county races, would render their primary elections meaningless.

The law set a virtually unattainable threshold for city council hopefuls to win a seat in the August primaries, all but guaranteeing runoff elections that could feature the exact same slate of candidates.

Since many voters focus on higher-profile races at the top of the ballot and never make it far enough to vote in council elections, a candidate would be unlikely to capture the majority of all votes cast in the primary. The result would be thousands of taxpayer dollars wasted on token elections and a longer campaign season with more road signs and higher costs for candidates, officials said.

Senate Bill 1415 introduced a solution that set the vote threshold at the local level, requiring municipal candidates only to capture a majority of votes cast in their race. Supported by the League of Arizona Cities and Towns and considered non-controversial, the bill easily passed the Senate in February.

The legislation hit a major snag in March, however, when state Rep. Michelle Ugenti, R-Scottsdale, used a last-minute striker amendment to wipe out the language. Ugenti had sponsored the consolidated-elections bill two years ago, legislation that drew opposition from the league.

Ugenti's striker amendment to SB 1415 passed the House Government Committee, where Ugenti serves as chair, with a 4-3 vote on March 20 but never came before the entire House for a vote.

Municipal officials were left to find another vehicle to get their election fix through the Legislature.

State Rep. Chester Crandell, R-Heber, introduced an amendment to House Bill 2126, which dealt with municipal annexation, and successfully added language that provides a temporary solution for city council elections in 2014 and 2015.

The bill, originally sponsored by Republican state Rep. Frank Pratt, was approved by the Senate with a 23-0 vote and the House with a 56-1 vote. Ugenti was the only lawmaker to vote against the bill. She did not respond to a request for comment.

League Executive Director Ken Strobeck said the organization would have preferred the permanent fix found in the original SB 1415, but he is pleased the Legislature approved a temporary solution that sets the stage for a permanent fix next year.

While most major cities in Arizona have adopted municipal charters and have their own formula for naming an election winner, communities like Gilbert, Surprise, Queen Creek and Buckeye are beholden to the state's law.

"I appreciated the support of our legislators," Gilbert Mayor John Lewis said. "A temporary fix is better than no fix."
Bill to end electricity sales taxes for factories tweaked to aid cities

A bill that would give a financial boost to Arizona manufacturers has been amended so that it does not come at the expense of cities’ bottom lines.

Senate Bill 1413 would eliminate the state sales tax that manufacturers pay on electricity, but the latest amendment appeases the concerns of municipal leaders, who could still charge the local tax.

The bill is on its way to the Arizona House of Representatives after the Senate approved the amended version late last week.

Gov. Jan Brewer specifically requested a bill to eliminate the tax in her State of the State address in January.

Proponents say that because most other states do not charge the tax to manufacturers, eliminating it would help the state attract and keep these companies.

Barry Broome, president and CEO of the Greater Phoenix Economic Council, said the bill could help the state attract large power users, such as Tesla Motors Inc. The electric-vehicle company recently named Arizona one of four states it is considering for a massive battery factory that would employ about 6,500 people.

“What I like about this policy is it improves our competitiveness and it respects our communities, and that’s the kind of policy we like,” Broome said.

The League of Arizona Cities and Towns, which opposed the original bill, now has taken a neutral position.

“We still will be affected to some extent with whatever the shared revenue of the state’s portion is, but we feel that’s a decision that the governor and the state Legislature can make,” said Ken Strobeck, the league’s executive director.

The organization said that the proposal took away local control and that it defined manufacturing too broadly. The amendment clarified that the exemption would apply to companies that used more than half of their electricity on manufacturing or smelting.

Glenn Hamer, president of the Arizona Chamber of Commerce and Industry, predicted cities will face pressure to participate in the sales-tax exemption. “I believe it will basically take it to the same place, but maybe with a little bit more of a scenic route,” he said.

The amendment would allow cities and towns to choose whether they exempt manufacturers from the tax. If cities chose not to levy the tax, they would need to use the same definitions as the state and would need...
to offer the exemption across the board, said Sen. Steve Yarbrough, R-Chandler, one of the bill’s sponsors.

“It was very important to me that it would be available to small manufacturers as well as large ones,” he said.

The bill could reduce state general-fund revenue by up to $19.5 million the first full year it is implemented, said Stefan Shepherd, deputy director of the Joint Legislative Budget Committee. Counties, cities and towns could lose about $2.9 million in revenue shared by the state.

Those figures do not account for the amendments made to the bill, Shepherd said.
Agenda Item #3  TPT Implementation Update

Summary: The passage of HB 2111 last year has resulted in the creation of work groups and the re-structuring of a number of local and state systems. The League and several individual cities are actively working with the DOR to work out issues prior to the effective date of January 1, 2015. This agenda item is to provide you with a report on progress and challenges to date.

Responsible Person: Tom Belshe, Deputy Director

Attachments: HB 2111 Implementation Timeline
<table>
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<th>Description</th>
<th>Review Description</th>
<th>Date</th>
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<td>&quot;To Be&quot; User Testing Initiation</td>
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<tr>
<td>&quot;To Be&quot; User Testing Completion</td>
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To: ADOR: Lynette Nowlan, Jennifer Moore
From: Lee Grafstrom, Tax Policy Analyst
Date: 4/22/2014
Subject: Suggested License Matching & Annual Renewal Process Timeline

Now that the cities have provided their initial response to the License Matching issue, we feel it is advisable that we adopt the following timelines for future iterations in this process.

- **5/08/14** ADOR completes its 1st Round of internal matching and returns the revised lists to the respective cities. At this point it would be helpful if ADOR could provide a comprehensive list of all licensed taxpayers including the individual locations for examination by cities.
- **5/29/14** Cities complete the 2nd Round of matching and return their lists to ADOR.
- **6/20/14** ADOR completes its 2nd Round of matching and return the lists to the cities.
- **7/03/14** Cities complete their 3rd Round of matching.
- **7/24/14** ADOR completes its 3rd Round of matching, resulting in a Final Matched List. By this point if not sooner, we would also hope to have a finalized list of action items regarding the creation of active licenses for all previously unlicensed taxpayers in the ADOR system, preferably using an automated conversion process rather than the manual process currently proposed.

In addition to the need for identifying all current license holders to ensure the uninterrupted flow of tax returns, we are also interested in how the annual license renewal will be performed, both in 2015 and in future years. Issues we would like to see covered include: written procedures covering the methodology for the annual license renewal process; review of the proposed annual license renewal letter; development of the programming necessary to create the individual renewal notices, including the method for determining fees due; and development of the new annual license certificate, including delivery of new licenses each year as taxpayers pay their renewal fees.

To accomplish this portion of the larger project, we suggest that ADOR provide cities with the pieces identified above on dates that alternate with the matching process above, allowing the city staff time to review and comment on process issues during the periods when ADOR is working on their side of the license matching. This schedule was developed using such timing:

- **5/29/14** ADOR provides cities with drafts of the renewal procedures, renewal letter, annual license certificate, and programming logic for fee determination.
- **6/20/14** Cities provide input, comments, and suggested alternatives.
- **7/03/14** ADOR provides cities with revised versions.
- **7/24/14** Cities provide final input and remarks.
- **8/08/14** ADOR and cities agree on final version.
City IGA Group

Given ADOR's desire to begin the 2015 License Renewal process in October, we will need to have the completed IGA approved by City Councils in September, so the final document will need to be agreed to in August. The following schedule is proposed for meetings or conference calls to address the IGA.

- 4/30/14  City IGA Group conference call to refine issue identification and prioritization
- 5/14/14  City Negotiators meet with ADOR
- 5/28/14  City IGA Group
- 6/11/14  City Negotiators/ADOR
- 6/25/14  City IGA Group
- 7/16/14  City Negotiators/ADOR
- 7/30/14  City IGA Group
- 8/13/14  City IGA Group/ADOR Agree to Final Language
Agenda Item #4  League Budget for 2014-2015

Summary: The proposed budget for the League for the upcoming fiscal year, as recommended by the Budget Subcommittee, is presented for your review and approval. The budget is unchanged from the one presented for your tentative approval at the February meeting.

Responsible Person: Mayor Mark Nexsen, Budget Subcommittee Chairman

Attachments: FY 2014-2015 Recommended Budget and Budget Narrative

Action Requested: Approval
## PROPOSED 2014-2015 League Budget

### REVENUES

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<tr>
<th>Item</th>
<th>Budget FY 2014</th>
<th>Expected FY 2014</th>
<th>Over / (Under)</th>
<th>PROPOSED FY 2015</th>
<th>% Change</th>
<th>% of Total Budget</th>
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<td>Risk Pool</td>
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**TOTAL REVENUES** $2,544,523 $2,604,730 $60,207 $2,576,532 1.3%

### EXPENDITURES

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<th>Item</th>
<th>Budget FY 2014</th>
<th>Expected FY 2014</th>
<th>Over / (Under)</th>
<th>PROPOSED FY 2014</th>
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<th>% of Total Budget</th>
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<td>35,000</td>
<td>0.0%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>32,000</td>
<td>30,741</td>
<td>(1,259)</td>
<td>32,000</td>
<td>0.0%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Travel</td>
<td>25,000</td>
<td>25,890</td>
<td>890</td>
<td>26,000</td>
<td>4.0%</td>
<td>1.0%</td>
</tr>
</tbody>
</table>

**TOTAL EXPENDITURES** $2,583,600 $2,396,709 ($186,891) $2,666,600 3.2%

### Revenues Over (Under) Expenditures ($39,077) $208,021 $247,098 ($90,068)

### Beginning Fund Balance $1,624,059 $1,458,676 $1,666,697

### Ending Fund Balance $1,584,982 $1,666,697 $1,576,629
## PROPOSED 2014-2015 League Budget

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>Budget FY 2014</th>
<th>Expected FY 2014*</th>
<th>Over / (Under)</th>
<th>PROPOSED FY 2015</th>
<th>% Change</th>
<th>% of Total Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Affiliate Group Contracts</strong></td>
<td>131,200</td>
<td>136,200</td>
<td>5,000</td>
<td>136,200</td>
<td>3.8%</td>
<td>5.3%</td>
</tr>
<tr>
<td><strong>Annual Conference</strong></td>
<td>350,000</td>
<td>384,465</td>
<td>34,465</td>
<td>350,000</td>
<td>0.0%</td>
<td>13.6%</td>
</tr>
<tr>
<td><strong>Dues</strong></td>
<td>1,818,423</td>
<td>1,818,423</td>
<td>0</td>
<td>1,838,434</td>
<td>1.1%</td>
<td>71.4%</td>
</tr>
<tr>
<td><strong>Executive Recruitment</strong></td>
<td>3,000</td>
<td>24,129</td>
<td>21,129</td>
<td>6,000</td>
<td>100.0%</td>
<td>0.2%</td>
</tr>
<tr>
<td><strong>Interest</strong></td>
<td>5,000</td>
<td>4,864</td>
<td>(136)</td>
<td>5,000</td>
<td>0.0%</td>
<td>0.2%</td>
</tr>
<tr>
<td><strong>Miscellaneous</strong></td>
<td>13,500</td>
<td>25,490</td>
<td>11,990</td>
<td>14,000</td>
<td>3.7%</td>
<td>0.5%</td>
</tr>
<tr>
<td><strong>Property Corporation - Mgmt Fee</strong></td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>Risk Pool</strong></td>
<td>135,400</td>
<td>135,366</td>
<td>(34)</td>
<td>138,898</td>
<td>2.6%</td>
<td>5.4%</td>
</tr>
<tr>
<td><strong>Seminars and Meetings</strong></td>
<td>50,000</td>
<td>39,150</td>
<td>(10,850)</td>
<td>50,000</td>
<td>0.0%</td>
<td>1.9%</td>
</tr>
<tr>
<td><strong>US Communities Purchasing Program</strong></td>
<td>13,000</td>
<td>11,643</td>
<td>(1,357)</td>
<td>13,000</td>
<td>0.0%</td>
<td>0.5%</td>
</tr>
<tr>
<td><strong>Valley Schools Health Pool</strong></td>
<td>25,000</td>
<td>25,000</td>
<td>0</td>
<td>25,000</td>
<td>0.0%</td>
<td>1.0%</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>$2,544,523</td>
<td>$2,604,730</td>
<td>$60,207</td>
<td>$2,576,532</td>
<td>1.3%</td>
<td></td>
</tr>
</tbody>
</table>

The Arizona City/County Management Association, the Government Finance Officers Association of Arizona and the Arizona Municipal Clerks Association contract with the League for staff services. The three associations currently pay $136,200 for services including graphic design, website management, conference planning and membership management.

Revenues from the Annual Conference in Phoenix are optimistically projected to total $350,000, but that number is highly variable depending on sponsorships and attendance. Conference revenue is intended to cover all conference expenses, except staff salaries, plus provide approximately $130,000 in net revenue to the League to support other programs throughout the year. Sponsorships play a very important role in conference revenue and we will continue to pursue existing and new companies to assure that our sponsorship revenues will remain strong. Conference registration fees are the second-largest source of revenue for ongoing League operations.

The current dues formula is a $3,750 base fee plus a varying per capita rate ranging from $.45 to $.48 depending on population. Cities over 200,000 population pay on a capped dues formula.

The League's fee-based city/town manager recruitment service provides assistance to cities and towns seeking new Managers. Revenue for this program is uncertain from year to year, depending on the number of communities that use the League service. The estimated income for FY 2015 is $6,000.

Through investment accounts, the League earns interest income on our unexpended fund balances. The bulk of the funds are invested with the State Treasurer's Local Government Investment Pool. Based on current projections, a total of $5,000 is anticipated.

This item includes publication sales and any other miscellaneous income. As more League publications are available online and produced electronically, revenue for these items has continued to decline. Any revenue realized from the League-sponsored ordinance codification service through American Legal or from advertising in the bi-annual League magazine is also included in this line item. The total amount anticipated in this category is $14,000.

In past years, the Property Corporation has reimbursed the League for management services for the building. However, with the aging facility requiring more maintenance, and the lack of available funds in the Property Corporation budget, the League will continue to waive the fee.

The League receives an annual fee from the Arizona Municipal Risk Retention Pool (AMRRP) for institutional value related to our sponsorship, marketing, promotion and other services for the insurance pool program. The fee this year will be $138,898. The Executive Director serves as a non-voting member of the AMRRP Board.

The League offers a variety of classes and training program opportunities throughout the year, most at minimal or no cost. We also present programs in conjunction with one of the affiliate groups such as the city managers or city clerks, or other government-related groups. Fees are assessed to cover costs of training materials, mailings, refreshments, building space, etc. A total of $50,000 is expected in revenue from seminars and workshops sponsored by the League.

The US Communities government purchasing program pays the League a sponsorship fee based on a percentage of the total purchases made by Arizona cities and towns. It is expected to bring in about $13,000 of this total in FY 2015.

The League has entered into a new agreement with Valley Schools Insurance Trust to market a health insurance program to cities and towns. An annual fee of $25,000 is for the League’s sponsorship, marketing and promotion of the program.
### EXPENDITURES

<table>
<thead>
<tr>
<th>Category</th>
<th>Budgeted</th>
<th>Actual</th>
<th>Variance</th>
<th>Total</th>
<th>Percentage Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual Conference</strong></td>
<td>220,000</td>
<td>201,786</td>
<td>(18,214)</td>
<td>220,000</td>
<td>0.0% 8.3%</td>
</tr>
<tr>
<td>The amount budgeted for Conference expenses is $220,000. However, as with the revenue side, this is only an estimate because final contracts for meal functions and other activities are not yet finalized. This amount includes direct costs only, primarily for the conference hotel; staff time is not included in this figure. Revenue received from the Conference is expected to offset the entire amount of these expenses.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Benefits</strong></td>
<td>510,000</td>
<td>441,972</td>
<td>(68,028)</td>
<td>525,000</td>
<td>2.9% 19.7%</td>
</tr>
<tr>
<td>Both the professional and clerical staff have pension coverage with the Arizona State Retirement System (ASRS) in addition to Social Security. Employees are covered by group insurance for health under policies with United Healthcare, a dental plan through Delta Dental, life insurance through the Guardian and long term disability insurance under ASRS. The League pays 100% of each employee’s costs and 80% of an employees’ dependent health coverage. The League also offers two other options: a vision program and AFLAC insurance, both options fully paid by employees. By League policy, staff is also provided with an opportunity to participate in a professional development activity such as specialized training or conferences and higher education, upon the approval of the Executive Director. The following expenditures are projected: ASRS - $133,000; Group Health - $240,000; Group Dental - $12,000; Life Insurance - $4,000; FICA - $97,000; Worker's Compensation - $3,000; Other Miscellaneous - $26,000; Education/Professional Development - $10,000. The budget for this category is $525,000.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Capital Outlay</strong></td>
<td>20,000</td>
<td>18,900</td>
<td>(1,100)</td>
<td>20,000</td>
<td>0.0% 0.8%</td>
</tr>
<tr>
<td>A total of $20,000 is budgeted in this category to keep up with the ongoing schedule of replacing computer equipment and operating software.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Contingency</strong></td>
<td>10,000</td>
<td>0</td>
<td>(10,000)</td>
<td>10,000</td>
<td>0.0% 0.4%</td>
</tr>
<tr>
<td>We have budgeted $10,000 in a contingency account to be available for unexpected costs.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equipment Rental &amp; Maintenance</strong></td>
<td>25,000</td>
<td>24,104</td>
<td>(896)</td>
<td>25,000</td>
<td>0.0% 0.9%</td>
</tr>
<tr>
<td>This category includes the costs for equipment repair and maintenance agreements on office equipment such as the copiers, mailing equipment, office computers and lease of our postage machine. We have budgeted $25,000 for the upcoming fiscal year.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Executive Committee</strong></td>
<td>12,000</td>
<td>11,680</td>
<td>(320)</td>
<td>12,000</td>
<td>0.0% 0.5%</td>
</tr>
<tr>
<td>Members of the Executive Committee and subcommittees are reimbursed for expenses incurred in attending Executive Committee meetings other than the meeting held during the Annual Conference and for special meetings or legislative matters. The League President can be reimbursed for travel and registration costs for attendance at the two major conferences of the National League of Cities. This category also includes the costs incurred for the luncheons in conjunction with the Executive Committee meetings. The budget for this category is $12,000.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Executive Recruitment</strong></td>
<td>2,000</td>
<td>4,306</td>
<td>2,306</td>
<td>3,000</td>
<td>50.0% 0.1%</td>
</tr>
<tr>
<td>Cities and towns that use the League’s executive recruitment service cover direct costs for advertising and candidate background information and pay a fee that covers staff time and travel. This line item reflects other direct costs incurred by the League in providing the service. The budgeted amount is $3,000 but is subject to the number of requests for service.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Insurance</strong></td>
<td>7,600</td>
<td>7,422</td>
<td>(178)</td>
<td>7,600</td>
<td>0.0% 0.3%</td>
</tr>
<tr>
<td>The League has consolidated all our liability and workers comp coverage through AMRRP, the League-sponsored municipal insurance pool. This item includes insurance coverage for office contents, liability, data processing and employee bond. The budget amount is $7,600.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Postage &amp; Shipping</strong></td>
<td>4,000</td>
<td>3,848</td>
<td>(152)</td>
<td>4,000</td>
<td>0.0% 0.2%</td>
</tr>
<tr>
<td>The postage and shipping budget for the League is $4,000. Our largest costs for the year in this category are for the shipping of the Local Government Directory, Legislative Poster and Annual Calendar.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PR &amp; Communications</strong></td>
<td>110,000</td>
<td>111,500</td>
<td>1,500</td>
<td>110,000</td>
<td>0.0% 4.1%</td>
</tr>
<tr>
<td>The League retains the services of a communications marketing firm to create and implement aspects of the AZ Cities @ Work campaign.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Printing</strong></td>
<td>12,000</td>
<td>9,638</td>
<td>(2,362)</td>
<td>10,000</td>
<td>-16.7% 0.4%</td>
</tr>
<tr>
<td>The League prints as many publications as possible in-house. Copy costs for in-house work are included in their respective lease/maintenance plans which are in the Equipment Rental and Maintenance budget item. Larger projects, such as the Local Government Directory are competitively bid out to private printing firms. Budgeted printing costs for the next fiscal year total $12,000 as follows: Local Government Directory - $6,500; Policy Statement, Legislative Poster &amp; Calendar - $2,000; Miscellaneous Outside Printing - $1,500.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Professional Services

<table>
<thead>
<tr>
<th>Service</th>
<th>Budget 162,000</th>
<th>Actual 80,666</th>
<th>Variance (81,334)</th>
<th>Budget 162,000</th>
<th>Percentage 0.0%</th>
<th>Percentage 6.1%</th>
</tr>
</thead>
</table>

This category principally includes services from outside vendors and consultants such as contract lobbying assistance, specialized expertise on municipal elections and outside legal counsel. It also includes our annual audit by a certified public accounting firm, our monthly accounting services which are handled by a contractual agreement with a private accounting firm, paycheck processing fees and contracting fees for web hosting and maintenance. The amount budgeted for professional services is $162,000.

### Rent

<table>
<thead>
<tr>
<th>Category</th>
<th>Budget 105,000</th>
<th>Actual 105,000</th>
<th>Variance 0</th>
<th>Budget 105,000</th>
<th>Percentage 0.0%</th>
<th>Percentage 3.9%</th>
</tr>
</thead>
</table>

The League building is owned by the League’s Property Corporation. In order to account for maintenance and utility costs, the League pays rent to the Property Corporation. The rental cost for next year is $105,000, a rate of $19/sq. ft.

### Salaries

<table>
<thead>
<tr>
<th>Category</th>
<th>Budget 1,255,000</th>
<th>Actual 1,255,000</th>
<th>Variance 0</th>
<th>Budget 1,255,000</th>
<th>Percentage 5.5%</th>
<th>Percentage 47.1%</th>
</tr>
</thead>
</table>

Staff salaries make up the largest expenditure line item of the League budget. For the 2014-15 fiscal year, our fifteen staff positions include Executive Director, Deputy Director, Legislative Director, Communications and Education Director, General Counsel, two Legislative Associates, a Member Services Associate, Tax Policy Analyst, Web Developer, Communication and Education Assistant, Office Manager, two clerical staff and a part-time Graphic Designer. We also hire interns for the legislative session and other special projects. Over time, our goal has been to have a competitive compensation package in order to retain our talented and effective League staff, while remaining sensitive to the fiscal condition of many of our member cities and towns. Maintaining staff stability helps with continuity on many complex issues, provides greater value to our members and gives us the opportunity to develop credibility and positive relationships with the legislators. The budgeted amount is $1,255,000 which includes selected salary increases up to 3%.

### Seminars and Meetings

<table>
<thead>
<tr>
<th>Category</th>
<th>Budget 50,000</th>
<th>Actual 50,000</th>
<th>Variance 0</th>
<th>Budget 50,000</th>
<th>Percentage 0.0%</th>
<th>Percentage 1.9%</th>
</tr>
</thead>
</table>

This category includes all costs associated with our training seminars, workshops, luncheon meetings and special events. It also includes charges for receptions at the NLC conferences for Arizona delegates. A total of $50,000 is budgeted.

### Subscriptions and Dues

<table>
<thead>
<tr>
<th>Category</th>
<th>Budget 55,000</th>
<th>Actual 55,000</th>
<th>Variance 0</th>
<th>Budget 55,000</th>
<th>Percentage 5.8%</th>
<th>Percentage 2.1%</th>
</tr>
</thead>
</table>

For the coming year, $55,000 has been budgeted for subscriptions, dues and advertising. The bulk of this category is used to pay the League’s annual dues for membership in the National League of Cities. Other costs in this category include our subscriptions to printed versions of legislative bills and amendments, legislative-related newsletters and background sheets, our online legislative information tracking service and the update costs for the state statutes and legal resources housed in our library.

### Supplies / Office Expenses

<table>
<thead>
<tr>
<th>Category</th>
<th>Budget 35,000</th>
<th>Actual 35,000</th>
<th>Variance 0</th>
<th>Budget 35,000</th>
<th>Percentage 0.0%</th>
<th>Percentage 1.3%</th>
</tr>
</thead>
</table>

This line item pays for general office supplies such as paper and toner for the printers and fax machines, pens, pads and notebooks. It also includes a variety of general office supplies such as mailing envelopes, tubes, boxes and other miscellaneous office expenses. This item is unchanged from the current budgeted amount of $35,000.

### Telecommunications

<table>
<thead>
<tr>
<th>Category</th>
<th>Budget 32,000</th>
<th>Actual 32,000</th>
<th>Variance 0</th>
<th>Budget 32,000</th>
<th>Percentage 0.0%</th>
<th>Percentage 1.2%</th>
</tr>
</thead>
</table>

This category includes usage charges for the regular phone service, cell phone charges, Internet service, and web hosting fees. This category also includes charges for telephone conference services which are used extensively for legislative business and other kinds of meetings. The budgeted amount is $32,000, unchanged from last year.

### Travel

<table>
<thead>
<tr>
<th>Category</th>
<th>Budget 26,000</th>
<th>Actual 26,000</th>
<th>Variance 0</th>
<th>Budget 26,000</th>
<th>Percentage 4.0%</th>
<th>Percentage 1.0%</th>
</tr>
</thead>
</table>

As part of their job duties, League staff members travel to our member cities and towns for in-person visits and presentations as often as reasonably possible. It is a priority for staff members to keep in touch with our members across the state in support of legislative efforts and city assistance projects. Items in this category include rental vehicles as well as reimbursement for actual travel costs. This budget item is estimated at $26,000. This line item also includes air travel and lodging for NLC conferences and special meeting activities such as the NLC Board, State League Steering Committee and NLC-RISC Board.

### TOTAL EXPENDITURES

<table>
<thead>
<tr>
<th>Category</th>
<th>Budget 2,583,600</th>
<th>Actual 2,396,709</th>
<th>Variance (186,891)</th>
<th>Budget 2,666,600</th>
<th>Percentage 3.2%</th>
</tr>
</thead>
</table>

### Revenues Over (Under) Expenditures

<table>
<thead>
<tr>
<th>Category</th>
<th>Budget ($39,077)</th>
<th>Actual 208,021</th>
<th>Variance 247,098</th>
<th>Budget ($90,068)</th>
</tr>
</thead>
</table>

### Beginning Fund Balance

<table>
<thead>
<tr>
<th>Category</th>
<th>Budget 1,624,059</th>
<th>Actual 1,458,676</th>
<th>Variance 166,697</th>
</tr>
</thead>
</table>

### Ending Fund Balance

<table>
<thead>
<tr>
<th>Category</th>
<th>Budget 1,584,982</th>
<th>Actual 1,666,697</th>
<th>Variance 80,715</th>
</tr>
</thead>
</table>
Agenda Item #5  2014 League Conference Update

Summary: Preparations for the 2014 League Conference are well underway; a group met in March to discuss ideas and establish the framework for the Conference sessions. The Conference will be held August 19-22, at the Sheraton Downtown in Phoenix. The registration information will be sent out to all cities and towns during the week of May 19. Staff will brief the Executive Committee on Conference logistics and events. A highlight of the Conference is expected to be a Gubernatorial Debate on Tuesday evening, exactly one week prior to the Primary. Lake Havasu City Mayor Mark Nexsen has been named Chairman of the Resolutions Committee and Mayor Bob Rivera of Thatcher is Chairman of the Nominations Committee.

Responsible Person: Matt Lore, Communication & Education Director

Attachments: List of Conference Sponsors to date
Corporate Sponsorship Brochure
## 2014 League Annual Conference Sponsors as of 4/25/14

<table>
<thead>
<tr>
<th>Organization</th>
<th>Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona General Contractors</td>
<td>Bronze</td>
</tr>
<tr>
<td>Arizona Public Employers Health Pool</td>
<td>Bronze</td>
</tr>
<tr>
<td>Arizona Transit Association</td>
<td>Bronze</td>
</tr>
<tr>
<td>CenturyLink</td>
<td>Bronze</td>
</tr>
<tr>
<td>Charles Abbott Associates, Inc.</td>
<td>Bronze</td>
</tr>
<tr>
<td>Comcast</td>
<td>Bronze</td>
</tr>
<tr>
<td>Cox Business</td>
<td>Bronze</td>
</tr>
<tr>
<td>Gammage &amp; Burnham</td>
<td>Bronze</td>
</tr>
<tr>
<td>Molera Alvarez/A Government &amp; Public Affairs Firm</td>
<td>Bronze</td>
</tr>
<tr>
<td>RBC Capital Markets, LLC</td>
<td>Bronze</td>
</tr>
<tr>
<td>smartworksplus, inc.</td>
<td>Bronze</td>
</tr>
<tr>
<td>Stifel, Nicolaus &amp; Company, Incorporated</td>
<td>Bronze</td>
</tr>
<tr>
<td>Water Infrastructure Finance Authority of Arizona</td>
<td>Bronze</td>
</tr>
<tr>
<td>Brown &amp; Associates Certified Inspection, Inc.</td>
<td>Silver</td>
</tr>
<tr>
<td>Republic Services</td>
<td>Gold</td>
</tr>
<tr>
<td>Union Pacific</td>
<td>Gold</td>
</tr>
<tr>
<td>Waste Management</td>
<td>Gold</td>
</tr>
<tr>
<td>American Legal Publishing</td>
<td>Endorsed Partner</td>
</tr>
<tr>
<td>Arizona Municipal Risk Retention Pool</td>
<td>Endorsed Partner</td>
</tr>
<tr>
<td>CivicPlus</td>
<td>Endorsed Partner</td>
</tr>
<tr>
<td>H-PACT</td>
<td>Endorsed Partner</td>
</tr>
<tr>
<td>APS</td>
<td>Platinum</td>
</tr>
<tr>
<td>Arizona State University - Office of Public Affairs</td>
<td>Platinum</td>
</tr>
<tr>
<td>Arizona Lottery</td>
<td>Diamond</td>
</tr>
</tbody>
</table>
The 2014 League Annual Conference will be held at the Sheraton Phoenix Downtown, August 19-22. The Annual Conference is the League’s signature event, a four-day meeting bringing together more than 1,000 Arizona mayors, councilmembers, appointed officials and guests. The Annual Conference allows members and other municipal officials to share experiences and discuss current local, regional and national trends affecting their communities.

Sponsorship of the conference allows you to:

- Reach more than 1,000 elected officials and guests at one conference
- Increase visibility for your company
- Participate in conference events
- Develop and maintain contacts with elected officials and municipal staff

Your financial assistance through sponsorship of the conference permits the League of Arizona Cities and Towns to keep expenses affordable for even the smallest Arizona municipalities. In addition, our range of participation levels provides your organization with flexible opportunities to support important conference events - along with optimum visibility and name recognition for your organization.

Levels of Sponsorship:

<table>
<thead>
<tr>
<th>Level</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Platinum</td>
<td>$10,000</td>
</tr>
<tr>
<td>Gold</td>
<td>$8,000</td>
</tr>
<tr>
<td>Silver</td>
<td>$5,000</td>
</tr>
<tr>
<td>Bronze</td>
<td>$2,500</td>
</tr>
</tbody>
</table>

For detailed information on the sponsor levels and corresponding benefits, please see page 3.
## SPONSOR BENEFITS

<table>
<thead>
<tr>
<th></th>
<th>Platinum $10,000</th>
<th>Gold $8,000</th>
<th>Silver $5,000</th>
<th>Bronze $2,500</th>
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</thead>
<tbody>
<tr>
<td><strong>EXHIBIT SPACE</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Table top exhibit in conference registration area for entire event</td>
<td>●</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PUBLIC RECOGNITION OF SPONSORSHIP</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company name included on conference program, signage and app</td>
<td>LOGO</td>
<td>LOGO</td>
<td>NAME ONLY</td>
<td>NAME ONLY</td>
</tr>
<tr>
<td>Company name, logo and link included on conference section of League website</td>
<td>LOGO &amp; WEB LINK</td>
<td>LOGO &amp; WEB LINK</td>
<td>NAME &amp; WEB LINK</td>
<td>NAME ONLY</td>
</tr>
<tr>
<td>Company name and logo included on special signage recognizing sponsors at major conference events</td>
<td>LOGO</td>
<td>LOGO</td>
<td>NAME ONLY</td>
<td>NAME ONLY</td>
</tr>
<tr>
<td>Public recognition of sponsorship during Opening General Session</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Company representative invited on stage during Opening General Session</td>
<td>●</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company logo on conference bag</td>
<td>●</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opportunity to place one pre-approved promotional item in conference bags</td>
<td>●</td>
<td>ADDITIONAL FEE</td>
<td>ADDITIONAL FEE</td>
<td>ADDITIONAL FEE</td>
</tr>
<tr>
<td>Ability to distribute pre-approved items to golfers</td>
<td>●</td>
<td>ADDITIONAL FEE</td>
<td>ADDITIONAL FEE</td>
<td>ADDITIONAL FEE</td>
</tr>
<tr>
<td>Opportunity to place program ad (for additional fee)</td>
<td>●</td>
<td>●</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opportunity to sponsor conference break (for additional fee)</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Opportunity to sponsor the golf tournament</td>
<td>●</td>
<td>ADDITIONAL FEE</td>
<td>ADDITIONAL FEE</td>
<td>ADDITIONAL FEE</td>
</tr>
<tr>
<td>Opportunity to sponsor splash page of mobile app (for additional fee)</td>
<td>●</td>
<td>●</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opportunity to meet and interact with city and town mayors at special sponsor reception</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Sponsor name and logo listed in conference mobile app</td>
<td>LOGO &amp; WEB LINK</td>
<td>LOGO &amp; WEB LINK</td>
<td>NAME &amp; WEB LINK</td>
<td>NAME ONLY</td>
</tr>
<tr>
<td><strong>CONFERENCE REGISTRATIONS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complimentary registrations to the conference</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Complimentary golf registrations</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td><strong>ADDITIONAL BENEFITS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complimentary copy(s) of Local Government Directory (additional copies available at 50% off regular price)</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

Questions? Contact Matt Lore at 602-258-5786
EXTRA SPONSOR OPPORTUNITIES

Conference Bag Sponsor
(must be a sponsor)
For an $800 contribution beyond your selected benefactor level, a sponsor may send the League a pre-approved promotional item from your company to be placed in the conference bags.

Golf Tournament Sponsor
(must be a sponsor)
For an $800 contribution beyond your selected benefactor level, you will receive a complimentary golf foursome, company logo on signage at the tournament and the opportunity to distribute a company promotional item to golfers.

Conference Break Sponsor
(must be a sponsor)
For an $800 contribution beyond your selected benefactor level, you may sponsor a conference morning break. Included in this sponsorship opportunity is signage with your company’s logo in the coffee/break area. (Please indicate which breakfast you would like to sponsor on the reservation form.)

Ad in Final Conference Program
(must be a gold or platinum sponsor)
Platinum or gold sponsors also have the opportunity to place an ad in the conference program.

- Back Cover: $2,000
- Inside Front Cover: $1,500
- Inside Back Cover: $1,500
- Inside Full Page: $1,000
- Inside Half Page: $750

Conference Mobile App Splash Page Ad:
(must be a gold or platinum sponsor)
All users of the conference mobile app will see your ad each time they open the conference app to view program, speakers and sessions.

- Conference Mobile App Splash Page Ad: $2,500

Questions? Contact Matt Lore at 602-258-5786

The inside front cover, inside back cover and the back cover are available on a first-come, first-served basis.
TENTATIVE CONFERENCE AGENDA

Tuesday, August 19
- Golf Tournament (morning)
- League Resolutions Committee (afternoon)
- Sponsor Reception (evening)
- Welcome Reception (evening)

Wednesday, August 20
- Opening General Session (morning)
  - Parade of Flags
  - Sponsor Recognition
  - Keynote
- Concurrent Sessions (afternoon)
- League Youth Program (all day)
- Service Awards Dinner and Entertainment (evening)

Thursday, August 21
- Concurrent Sessions (all day)
- Spouse/Guest Program (all day)
- Governor, Legislative and Gabe Zimmerman Award Luncheon
- Annual Business Meeting (afternoon)
- Showcase of Cities and Towns (evening)

Friday, August 22
- Closing Sessions (morning)

A detailed agenda will be available when registration opens in late May 2014. Once registration is open, the agenda will be posted to the League’s homepage, www.azleague.org.

Questions? Contact Matt Lore at 602-258-5786
PAST CONFERENCE SPONSORS

- American Fidelity Assurance Company
- American Legal Publishing Corporation
- American Solar Electric
- APS
- ARCADIS U.S., Inc.
- Arizona American Water
- Arizona Capitol Times
- Arizona Cardinals
- Arizona Food Marketing Alliance
- Arizona Governor’s Office of Energy Policy
- Arizona Lottery
- Arizona MultiHousing Association
- Arizona Municipal Risk Retention Pool
- Arizona Pipe Trades Local 469
- Arizona Public Employers Health Pool
- Arizona State University Office of Public Affairs
- Arizona Transit Association
- Arizona Wireless Association
- AZ Wireless Association
- Ballard Spahr LLP
- Brown & Associates
- Camelback Ranch Spring Training
- Cancer Treatment Centers of America
- Central Arizona Project
- Century Link/Qwest
- CenturyLink
- CH2M HILL
- Charles Abbott Associates, Inc.
- CivicPlus
- Clean Energy
- Climatec
- Comcast
- CORE Construction
- Cox Business
- Curtis, Goodwin, Sullivan, Udall & Schwab, PLC
- Douglas Ranch
- Ellman Companies/Westgate City Center, The
- EPCOR
- Gammaga & Burnham
- Global Water
- GovNET
- HDR Engineering
- Hewlett-Packard (HP)
- HighGround, Inc.
- Honeywell Building Solutions
- H-PACT
- Humana
- Intel Corporation
- Lockheed Martin Information Systems & Global Solutions
- McCarthy Building Companies
- Metropolitan Tucson Convention and Visitors Bureau
- Microsoft
- Midstate Energy
- Mountain States Employers Council, Inc.
- Periscope Holdings
- PFM Asset Management LLC
- Piper Jaffray & Co.
- Policy Development Group, Inc.
- Qwest Communications
- RBC Capital Markets
- Red Oak Consulting
- Republic Services
- Resolution Copper Mining
- Ritchie Bros Auctioneers
- Rural/Metro Corporation
- Severn Trent Services
- Sherman & Howard, LLC
- Sky Cast LLC
- smartworksplus, inc.
- Southwest Ambulance
- Southwest Gas Corporation
- SRP
- Stifel
- Tetra Tech
- TIAA-CREF
- TLHocking & Associates, LLC
- Total Transit, Inc.
- Transportation Logistics Management, Inc.
- Triadvocates
- Tucson Electric Power, Unisource Energy Services
- Union Pacific
- UnitedHealthcare
- UNS Energy
- Utility Service Partners, Inc.
- Veolia Water
- Visit Tucson
- W.C. Scouten, Inc.
- Waste Management of Arizona
- Water Infrastructure Finance Authority of Arizona
- Wedbush Securities
SPONSOR RESERVATION FORM

Please Select a Sponsorship Level:

☐ Platinum . . . . . . . . . $10,000
☐ Gold . . . . . . . . . . . $8,000
☐ Silver . . . . . . . . . . $5,000
☐ Bronze . . . . . . . . . $2,500

Conference Program Ad:
(Platinum and gold sponsors only)

☐ Back Cover . . . . . . . . $2,000
☐ Inside Front Cover . . . $1,500
☐ Inside Back Cover . . . $1,500
☐ Inside Full Page . . . . $1,000
☐ Inside Half Page . . . . $750

Extra Benefactor Opportunities:
(Must be a sponsor to participate)

☐ Conference Bag . . . . $800
☐ Golf Sponsor . . . . . . $800
☐ Morning Break Sponsor . $800

Please mark your preference:
☐ Wednesday Morning ☐ Thursday Morning

Conference App Splash Page Sponsor:
(Platinum and gold sponsors only)

☐ Con. App Splash Page . . $2,500

The Conference App splash page, inside cover and the back cover are on a first-come, first-served basis.

Company Name

Contact Name

Contact Title

Address

City State Zip

Phone Email

If you choose to pay via credit card, there will be an automatic 5% fee included in addition to the sponsorship amount. Please contact Matt Lore at mlore@azleague.org for a credit card form.

Please mail or fax this form, along with your check, by May 30, 2014 to:

League of Arizona Cities and Towns
1820 West Washington Street
Phoenix, Arizona 85007
Fax: 602-253-3874

League of Arizona Cities and Towns
WWW.AZLEAGUE.ORG
Agenda Item #6  Governance Committee Update

Summary: President Von Gausig requests that the Executive Committee discuss revisions to our current League governing documents based on the discussion at the February meeting. The suggestions from that meeting have been incorporated into the attached document. If approved by the Executive Committee, this new League Charter will be presented for approval of the full membership at the Annual Conference.

Responsible Person: Ken Strobeck, Executive Director

Attachments: Updated Draft League Charter document
ARTICLE I. Name and Purposes

Section 1. Name. This organization shall be known as

THE LEAGUE OF ARIZONA CITIES AND TOWNS. (“League”)  

Section 2. Purpose. The purposes of this organization are:

A. To strengthen the quality of life and common good of all citizens of Arizona municipalities through advocacy of favorable legislative and administrative policy and opposition to harmful policy proposals at the state and federal levels.

B. To render technical, informational, and other services to cities and towns of Arizona in the conduct of their respective municipal governments and administration of their municipal affairs and for their general welfare.

C. To promote cooperation between officials of cities and towns of Arizona and the interchange of information, experiences and best practices in the conduct of municipal government and municipal affairs through conferences, meetings, trainings, publications and educational programs and similar events.

D. To secure collaboration and common purpose among cities and towns in matters that affects the rights and liabilities of cities and towns.

E. To engage in programs that take advantage of savings that can be achieved through the joint purchase of goods and services.

F. To create a greater public awareness and understanding of municipal responsibilities, services, governance and administration.

G. To do any and all other lawful things necessary or proper for the benefit of the cities and towns of Arizona.

ARTICLE II. Membership

Section 1. Regular Members. All incorporated cities or towns in the State of Arizona shall be eligible for membership in the League. Any incorporated city or town in the State of Arizona
may become a member of the League of Arizona Cities and Towns by paying the membership fee required in Article III, and by its governing board adopting a resolution or ordinance declaring its intent to become a member of the League of Arizona Cities and Towns.

Section 2. Life Members. The BoardExecutive Committee may designate individuals to be a Life Member of the League.

Section 3. Withdrawal From Membership. Any member may withdraw from membership by giving ninety days written notice in the form of council resolution or ordinance to the League President and Executive Director and as may be set forth in the League bylaws.

ARTICLE III. Fees and Dues

Section 1. Annual Membership Dues. Each city or town member of the League shall pay annually, as dues, such an amount as is in the discretion of the BoardExecutive Committee, unless otherwise ordered by the League, as may be necessary for the proper conduct of the business of the League, and said dues shall be paid at the time as may be fixed by the BoardExecutive Committee.

Section 2. Special Assessments. Special assessments may be levied by the BoardExecutive Committee when necessity requires and shall be payable on the date fixed by the BoardExecutive Committee. The BoardExecutive Committee may request voluntary contributions for other services and programs authorized by the BoardExecutive Committee.

ARTICLE IV. Organization

Section 1. Officers. The officers of the League shall consist of President, Vice President and Treasurer (“Officers”). The Officers shall be elected at the annual conference in each even-numbered year, and shall hold their office for two years or until their successors shall have been duly elected and qualified.

Section 2. BoardExecutive Committee of Directors. There is hereby established an BoardExecutive Committee (“Executive Committee”) of Directors (“Board”). The BoardExecutive Committee shall consist of 25 members which includes the Officers. The remaining 22 members of the BoardExecutive Committee shall be elected annually at the annual conference and shall hold office for staggered terms of two years each or until their successors have been duly elected and qualified, with eleven members to be elected in even-numbered years and eleven in odd-numbered years.

Section 3. Executive CommitteeOfficers’ Council. There is hereby established an Executive CommitteeOfficers’ Council (“Executive CommitteeOfficers’ Council”) consisting of the Officers of the BoardExecutive Committee, and staffed by the Executive Director of the League. The President shall be the chair of the Executive CommitteeOfficers’ Council.
ARTICLE V. Meetings

Section 1. Annual Conference. An annual conference of the League shall be held at least once each and every year at a time and place determined by the BoardExecutive Committee. The program of the annual conference shall be arranged by, or under the direction of, the BoardExecutive Committee and the Executive Director.

Section 2. Annual Business Meeting. The League shall hold an annual business meeting at the annual conference to elect Officers, BoardExecutive Committee members, and to otherwise conduct the business of the League as prescribed in the League bylaws. A quorum shall consist of the members present. All votes shall be decided by a majority of the members present and voting, unless a greater vote is required on any specific matter by this Charter.

Section 3. BoardExecutive Committee Meetings. The BoardExecutive Committee shall meet at least 4 times each year as determined by the President. The BoardExecutive Committee may meet at such other times as may be deemed necessary by the President. A meeting of the BoardExecutive Committee may also be called by the Executive Director upon the written request of a majority of the BoardExecutive Committee. Any member of the BoardExecutive Committee who misses more than 2 meetings in any year without being excused by the President shall be deemed to have vacated the member’s seat. A quorum of the BoardExecutive Committee shall be a majority of the members holding a seat on the BoardExecutive Committee at the time of the meeting. A quorum is required to take any action. All actions shall be decided by a majority of the members present and voting.

Section 4. Executive Committee Officers’ Council Meetings. The Executive Committee Officers’ Council shall meet as needed upon the call of the either the President or the Executive Director. A quorum of the Executive Committee Officers’ Council shall be three two. All actions of the Executive Committee Officers’ Council shall be decided by a majority of the members present and voting.

Section 5. Parliamentary Procedure. Questions of parliamentary practice shall be decided according to the latest edition of Robert’s Rules of Order or other parliamentary procedures adopted by the BoardExecutive Committee.

ARTICLE VI. Elections

Section 1. Officers and BoardExecutive Committee. All Officers and members of the BoardExecutive Committee shall be elected during the annual conference. Nominations for elective officers and BoardExecutive Committee members shall be made by a nominating committee appointed by the President. The nominating committee shall consist of at least three members who shall be appointed not later than thirty days before the annual conference. In making nominations, the nominating committee shall follow the criteria established in the bylaws. Additional nominations for officers or BoardExecutive Committee members may be made from the floor. Officers and BoardExecutive Committee members so elected shall be immediately thereafter installed.
Section 2. **Eligibility.** No person shall be eligible to an elective office in the League unless, at the time of the election, the person is an elected official of an active municipal member of the League. Any Officer or member of the BoardExecutive Committee who shall leave office during his or her term or retire at the end of a term shall automatically vacate the office in the League. Such vacancies may be filled by the BoardExecutive Committee for the remainder of the term until the next annual conference.

**ARTICLE VII. Voting**

Section 1. **One Vote Per Member.** In every question which might require a vote of the entire membership, including elections, at the annual conference, each city and town shall have one vote and the delegate designated by the governing body of the city or town shall cast the vote of such city or town. The President may require any delegate to present evidence of authority to represent a city or town.

Section 2. **Authorized Voter.** Voting membership shall consist of the official delegate authorized to cast the vote for the city or town represented.

Section 3. **Suspension Member.** A city or town delegate’s vote shall not be counted if the city or town membership status is suspended for non-payment of dues.

Section 4. **Proxy Voting Not Permitted.** A city or town shall not be entitled to vote by proxy, and only the authorized delegate from a city or town shall cast the ballot for that city or town.

**ARTICLE VIII. Duties, Powers, and Responsibilities**

Section 1. **League Membership.** The League members, meeting at the Annual Conference, may conduct any business of the League that is deemed necessary. The League shall elect the Officers and the members of the BoardExecutive Committee, and adopt Resolutions setting forth the League’s legislative agenda for the following year.

Section 2. **BoardExecutive Committee.** The BoardExecutive Committee shall have the following duties and responsibilities:

A. General supervision over the affairs of the League and the authority to make decisions binding on the League in the interim between the annual conferences.

B. Appoint an Executive Director to serve at its pleasure. The Executive Director shall administer the policies established by the BoardExecutive Committee, and manage all staff and business functions of the organization. The Executive Director’s compensation and duties shall be prescribed by the BoardExecutive Committee.

C. May adopt bylaws that further define the policies and procedures for the operation of the League.

D. May, at its discretion, fill any vacancies of any Officer, or BoardExecutive Committee member. The person filling such vacancy shall hold office until the next Annual Conference.
E. Adopt an annual budget for the operation of the League.

F. The President shall have the power to appoint such standing and special committees from
time to time as may be deemed necessary for the proper transaction of business. Any
duties or rules regarding such committees may be set forth in the bylaws.

G. No officer or committee of the League shall be authorized to create any financial liability
for the League unless it shall be approved both in nature and amount under the rules of
the BoardExecutive Committee.

H. The position of the League on any proposed state or federal legislative matter shall be
determined by the membership through actions at the annual conference, authorization of
the BoardExecutive Committee or Executive Committee Officer’s Council or other
processes as provided in the bylaws of the League.

I. The BoardExecutive Committee shall have the power to receive from any public or
private source including, but not limited to the federal, state or local governments,
voluntary associations, nonprofit corporations, firms, partnerships or persons or any
combination thereof, bequests, donations, devices, grants and gifts of all kinds of
property including all forms of ownership interest therein, and to do all acts necessary to
carry out the purposes of such bequests, grants, donations and devices with power
to manage, sell, convey, contract, lease or otherwise dispose of the same in accordance
with the terms of the said bequests, gifts, grants, devices or donations of trust or
absolutely in case such bequests, grants, gifts, devices or donations of trust be
unconditional.

J. The League shall not expend any funds except in compliance with the overall budget
adopted by the BoardExecutive Committee and in furtherance of the purposes of the
League. Specific approval is not required for expenditures made by the Executive
Director in compliance with the overall budget.

K. The duties of the Officers shall be such as are usually performed by officers holding these
titles and as may be prescribed by the League bylaws.

Section 3. Executive Committee Officers’ Council. The Executive Committee Officers’
Council shall have all of the authority, duties and responsibilities of the BoardExecutive
Committee to be exercised between meetings of the BoardExecutive Committee, or at times
when it is impossible or impractical to convene a special meeting of the BoardExecutive
Committee. Actions of the Executive Committee Officers’ Council shall be reported to the
BoardExecutive Committee as soon as possible.

Section 4. Executive Director. The BoardExecutive Committee shall select an Executive
Director who shall manage all the affairs of the League, its offices and employees. The
BoardExecutive Committee shall set the salary of the Executive Director and provide for a
periodic annual performance evaluation. The Executive Director shall serve at the pleasure of
the BoardExecutive Committee.

The Executive Director shall:

A. Serve as Secretary to the BoardExecutive Committee and shall be responsible for
preparing BoardExecutive Committee documents, meeting materials, minutes, financial
reports and all other records.

B. Have authority to appoint, discipline, and remove League employees; to establish
salaries, benefits, duties and terms and conditions of employment.

C. Be responsible for all property and monies belonging to the League and is authorized, subject to the budget approved by the Board Executive Committee and all applicable laws and regulations, to enter into any and all contracts and agreements necessary for carrying out the purposes, operations and administration of the League.

D. Prepare, in coordination with the appropriate Board Executive Committee subcommittee, an annual budget in accordance with applicable budget laws and practices.

ARTICLE IX. Amendments to Charter

Section 1. Amendment Process. This Charter may be amended at the annual business meeting by a two-thirds vote of the members present and voting, provided the proposed amendment shall have been submitted in writing to the President or Executive Director at least thirty days prior to the Annual Conference and shall have been submitted by the President or Executive Director to each city or town member at least fifteen days prior to the annual conference and read by title to the members on the first day thereof.

ARTICLE X. Procedure on Dissolution

Section 1. Dissolution. In the event the League of Arizona Cities and Towns is dissolved, or otherwise terminated, all of its assets of every nature shall be returned to the cities and towns then of record as members in proportion to the then population of such cities and towns.
Agenda Item #7  Resolutions Process Update

Summary: For several years, there have been suggestions for a more inclusive and open process for the development and consideration of League Municipal Policy and Legislative Agenda. Based in part on the policy development process of several other state leagues and input from municipal officials in Arizona, the attached revised Resolutions Process is presented for your discussion. The main change proposed is to establish five policy committees to develop and recommend resolutions to the full League Resolutions Committee. The document explains how this new process would replace the current one. If approved by the Executive Committee, this process could be implemented in time to develop the resolutions for the 2015 Annual Conference.

Responsible Person: Ken Strobeck, Executive Director; Rene Guillen, Legislative Director

Attachments: Resolutions Process Draft document

Action Requested: Discussion, Approval
April 24, 2014

TO: Members of Executive Committee  
FROM: League Staff  
SUBJECT: Proposed Change to Resolutions Committee Process

In 2013, The League’s Executive Committee established a Governance Committee to examine the core procedures and policies of the organization and to explore ways to update selected committees, policies and procedures to more effectively serve our members; the 91 cities and towns in Arizona. One of the initial recommendations of the Governance Committee was for League staff to critique the current resolutions process and propose changes to make the process and the Resolutions Committee more viable and dynamic.

**Current Resolutions Process:**

The League resolutions process provides a forum where a representative from each of the 91 cities and towns in Arizona gather to establish our municipal and legislative priorities for the upcoming year. This process is an important component of the core mission of the League to, “focus principally on representing the interests of cities and towns before the legislature.” The current process begins in April by inviting all Arizona Mayors to serve on the Resolutions Committee. This invite also stipulates the timeline for resolution submittals and procedures. Below is an overview of the current process:

<table>
<thead>
<tr>
<th>April</th>
<th>Resolutions Committee Chair appointed by League President.</th>
</tr>
</thead>
<tbody>
<tr>
<td>May:</td>
<td>Letters sent to all Arizona city and town Mayors appointing them (or a councilmember) to serve on the Resolutions Committee. This letter also stipulates the resolution timeline and procedures.</td>
</tr>
<tr>
<td>Mid-June:</td>
<td>Deadline for resolutions to be submitted to the League.</td>
</tr>
<tr>
<td>Mid-July:</td>
<td>Resolutions Subcommittee meets. (The Subcommittee’s task is to place submitted resolutions into categories: Recommend for Adoption, Recommend with Amendments, Significant Municipal Issue or Not Recommended for Passage.)</td>
</tr>
<tr>
<td>Late July:</td>
<td>Resolution agenda packets sent to cities and towns.</td>
</tr>
<tr>
<td>First day of conference:</td>
<td>Full Resolutions Committee meets at the Annual Conference to adopt a formal position on each proposed resolution.</td>
</tr>
<tr>
<td>Thursday at conference:</td>
<td>Resolutions ratified at the Annual Business Meeting.</td>
</tr>
</tbody>
</table>
While the current process offers an annual opportunity to provide input into legislative priorities, members have expressed an interest in:

- More thorough analysis of issues
- Expanded participation in policy discussions
- Considering issues within their proper context
- Increased flexibility in addressing topics

**Proposed Changes to Resolutions Process:**

The League will establish policy committees to examine specific municipal issues. These committees will be chaired by a member of the Executive Committee who will be appointed by the League President. The Policy Committees will include:

| Budget, Finance and Economic Development | Neighborhoods, Quality of Life and Sustainability |
| General Administration, Human Resources and Elections | Public Safety and Courts |
| | Transportation, Infrastructure and Public Works |

The policy committees will meet a minimum of twice a year (or more depending on the needs of that particular committee) to consider submitted municipal issues. Each committee may have both municipal elected officials and municipal staff who will serve on each committee. A League staff member will also serve as staff for each committee.

“Municipal Issues” can be submitted to the League at any time during the year from a city or town (there will be a process laid out for submittal of issues). The issue will then be referred to a specific policy committee depending upon the focus of that specific issue (i.e. a tax issue would go to Budget and Finance, a liquor licensing issue would go to Neighborhoods and Quality of Life etc.).

The policy committee will discuss the issue at its next meeting (depending upon the complexity and importance of the issue, the committee may hold a special meeting or hear it at its regularly scheduled meeting). At policy committee meetings, the committee will hear from municipal staff, outside stakeholders and elected officials.

Once an issue has been vetted to the satisfaction of the policy committee, the committee will vote to either prepare a resolution for submittal to the full Resolutions Committee for legislation or recommend other non-legislative action. Only a policy committee can submit an issue or recommendation to the Full Resolutions Committee.

The chairman of each policy committee shall constitute the Resolutions Subcommittee which will review the resolutions of each policy committee and recommend any amendments or other action before going to the full Resolutions Committee. At the Annual Conference, the chairman of each policy committee will present a report to the Resolutions Committee detailing the actions taken by their committee and the Resolutions Subcommittee. Each resolution developed by the policy committee will be presented for discussion and debate. Following deliberations on the resolution, the Resolutions Committee shall take one of three actions: approve the resolution, reject the resolution or refer the resolution back to a policy committee. Resolutions approved by the Resolutions Committee shall form the basis of that year’s Municipal Policy Statement.

These structural changes will improve the process by making it more inclusive, more dynamic and provide for greater flexibility in how we as cities and towns approach relevant municipal issues.
Agenda Item #8  AZ Cities @ Work Update

Summary: Update on latest activities of AZ Cities @ Work program.

Responsible Person: Matt Lore, Communication and Education Director

Attachments: Pictorial Summary
Your Input Matters Budget Video
To support cities and towns and better engage residents, AZ Cities @ Work produced a video primer on the budget process. The video, titled “Your Input Matters,” was created to simplify and explain the municipal budget process to citizens and promote resident involvement.

Cities and towns across the state have used the video in a variety of ways, including posting it on websites, sharing via newsletters and social media accounts, adding it to their public access channels, and playing it in community meetings.

The video is also playing on the AZ Cities @ Work website, with information for Arizona citizens to become involved in their city or town’s budget process.
Recognizing Exemplary Municipal Officials:

Established during Cities and Towns week, AZ Cities @ Work continues to honor exemplary municipal elected officials, staff and volunteers. Individuals selected are featured on AZ Cities @ Work Facebook & Twitter, in the AZ Cities @ Work Connection Blog and in web banners at www.AZCitiesWork.com.
AZ Cities @ Work Update

Events:

Spring Training at Camelback Ranch
March 13, 2014

AZ Cities @ Work visited the city of Glendale’s Camelback Ranch spring training facility for a spring training game and First Responders Day. A booth was set up to educate game attendees about Arizona cities and towns.

Television Appearances:

November 28

March 4

Your Life: A to Z TV Appearances
KTVK Phoenix

March 10

City of Buckeye Police Officers Michael Miklus and Jeff Lumadue discuss how they went above and beyond the call of duty serving a resident of Buckeye on Channel 3, Your Life A to Z.

City of Goodyear Mayor Georgia Lord and Matt talk about Cactus League Spring Training and AZ Cities @ work on Channel 3, Your Life A to Z.
AZ Cities @ Work Update

Social Media Outreach:

AZ Cities @ Work connects with the community through Facebook and Twitter. The reach of each account has grown since the campaign’s inception last spring. To date, Facebook has 127 “likes” and Twitter has 247 followers. The League updates these accounts on a regular basis to provide up-to-date information and connect with cities and towns.

Facebook Posts & Tweets:

• Town of Gilbert Publishes First Benchmarking Report

• Town of Clarkdale receives Project of the Year Award from WIFA

• City of Goodyear Ranked Among Best Spring Training Facilities in US

• Town of Prescott Valley Engineers Present Engineering Badges to Local Boy Scouts

• City of Tempe Creates Character Areas to Help Improve Resident Input
Agenda Item #9  Report on Bi-National Economic Forum in Nogales, Sonora

Summary: Approximately 60 Arizona delegates, including several members of the Executive Committee, traveled to Nogales, Sonora April 10-11 to participate in the Second Bi-National Economic Forum. The League was a co-sponsor of the event. The event was significant for the creation of a “mega-region” to establish economic cooperation and to celebrate the creation of an association of Mayors of Sonora. Some Sonoran Mayors are expected to attend the League’s Annual Conference in August and a breakout session on the initiative will be held. This group will strengthen economic and cultural ties between cities and towns in Arizona and Sonora, Mexico.

Responsible Person: Avondale Mayor Marie Lopez Rogers; Coolidge Vice Mayor Gilbert Lopez and others

Attachments: Invitation and Schedule of Events
Mega-Region Charter
Photos of Events
News Release
H. Nogales, Sonora, March, 2014

Dear Friends:

With the knowledge that, historically, our State and the neighboring State of Arizona share economic and social relations that are vital, we seek to consolidate ourselves into a single region through an ambitious project that is to be called "Mega-Region ARI SON."

For this reason and with the singular goal of promoting and consolidating this project and bringing about greater development in our states, I invite you to attend and play a role at the gathering of the Association of Mayors of Sonora (Asociación de Alcaldes de Sonora, A.C.) and that the city you represent joins us in this plan that we are certain will receive your endorsement because, aside from being aware of your political trajectory, we are also convinced that your vision will help support this city-oriented proposal.

For the aforementioned reasons, I am honored to invite you to the Second Bi-national Forum of Mayors (Segundo Foro Económico Binacional) where mayors from Sonora and Arizona will seek to consolidate ourselves into a single region and approach the different themes of common interest. This initiative is to take place April 10 and 11 in Nogales, Sonora, your home away from home.

I express my gratitude ahead-of-time for your consideration and take advantage of this opportunity to extend my best wishes for 2014.

Respectfully,
H Ayuntamiento de Nogales, Sonora

Ramón Guzmán Muñoz
Mayor

If you have any questions regarding this event, please contact MAG staff at 602-254-6300 or at the contact information below:

Denise McClafferty
dmclafferty@azmag.gov
602-452-5033

Alana Chavez Langdon
alangdon@azmag.gov
602-759-1803

DIRECCION DE DESARROLLO ECONOMICO, PLAZA KALITEA, LOCAL 8, COLONIA EL GRECO, NOGALES, SONORA, CP. 84066, TEL: (631) 10-4-12-23
Dear Friend:

Knowing that historically our neighbor state of Arizona and our own have an important shared relationship both social and economic, for this reason at this moment I find myself in the middle of developing a municipal project, one which I am sure, will empower a regional economic growth, for this it is fundamental to join our strengths and capabilities that each city holds individually, all this with the purpose to strengthen our bonds and take our economic expectations to the next level.

For this reason it is my honor to invite you to accompany us this 10th and 11th of April in this our city which is your home, with the purpose to conform and sign a binational agreement in which we will together as mayors of Sonora and Arizona collaborate to form a mega region denominated as "MEGA REGION ARI-SON", same that will be exposed to a broader range of the international markets to incentivize our entire regions growth and cooperation.

Through this agreement we will work towards an international promotion plan that encompasses each of our cities and sectors, promoting in this each of our strengths in industry, commerce, and tourism, working through binational work commissions in areas of security, education, transport, culture, art, productive infrastructure and economic development.

I appreciate beforehand your participation, and take this moment to extend my most sincere consideration and best wishes for this year 2014.

Sincerely,

Mr. Ramón Cuszmán Muñoz
Mayor
H. Ayuntamiento de Nogales, Sonora
The local governments and business interests in Arizona and Sonora desire to build a globally competitive megaregion. This initiative requires a large scale example of collaborative governance and cross-border initiatives to mutually enhance economic development that encompasses local and regional agencies in Arizona and Sonora. The parties hereto have agreed to build mutual understanding, share knowledge, and develop social capital in the process of setting policy direction within what will hereinafter be known as the Arizona-Sonora Binational Megaregion.

The international economic environment has generated greater competition to attract and retain sources of employment and new strategic projects. While the States of Arizona and Sonora are working on economic promotion along the Mexico-United States border area, regions and local governments are the engines of the greater economy and need to collaborate to be globally competitive.

Based on the above facts, it becomes essential to establish a mechanism for coordination and integration that will enable the signing states and local governments to identify strategies for joint promotion, to spur economic development and create greater prosperity for its inhabitants.

The parties below hereto have agreed to collaborate through this Partnering Charter to build mutual understanding, share knowledge, and develop social capital in the process of setting policy direction within what will hereinafter be known as the Arizona-Sonora Binational Megaregion, which may be renamed in the future following mutual consent by members party to this charter.

GUIDING PRINCIPLES

The founding members of the Arizona-Sonora Binational Megaregion mutually and reciprocally agree upon the following guiding principles and will work together to:
Partnering Charter
Formation of an Arizona-Sonora Binational Megaregion

- Establish a collaborative dialogue between the communities of Arizona and Sonora (from local, State and Federal governments, and business and trade organizations in collaboration with institutions of higher education and consulting firms) within the Arizona-Sonora Binational Megaregion;

- Cooperatively schedule meetings of local and regional elected officials from Arizona and Sonora to discuss and identify the development, governance, operation and policy objectives of the Arizona-Sonora Binational Megaregion;

- Foster competitiveness and innovation in the Arizona-Sonora Binational Megaregion and implement economic development plans and strategies to benefit the Arizona-Sonora Binational Megaregion;

- Brand the Arizona-Sonora Binational Megaregion to promote it as a truly desirable location to attract and retain businesses as well as to foster their expansion; and

- Use the Arizona-Sonora Binational Megaregion as a framework to further enable the development of local relationships to advance projects/initiatives of regional significance on both sides of the border in areas such as transportation and infrastructure, education, economic development, border security and public safety, trade area promotion, commerce and tourism.
do. 2do. FORO ECONÓMICO BINACIONAL
"Consolidación de Mega Región"
FOR IMMEDIATE RELEASE

CONTACT: Kelly Taft
Communications Manager
(602) 452-5020

Second Binational Forum Yields Partnering Charter, Creation of Municipal Governance Agency in Mexico

PHOENIX (April 15, 2014) – In an effort to build a globally competitive “megaregion,” local government leaders in Arizona and Sonora signed a partnering agreement Friday to create the Arizona-Sonora Binational Megaregion. As outlined in the charter, the megaregion creates a means for the two states to “build mutual understanding, share knowledge, and develop social capital in the process of setting policy direction.” In another historic event at the forum, municipalities in Sonora formed a governance organization similar to the League of Arizona Cities and Towns, the first of its kind for the Mexican state.

The two-day forum, which was held in Nogales, Sonora, Mexico, attracted 230 participants, including 30 mayors from Sonora and 32 elected officials from Arizona. The Maricopa Association of Governments (MAG) helped organize the trip for elected officials and business leaders from Arizona, in cooperation with statewide planning organizations.

“With the knowledge that, historically, our state and the neighboring state of Arizona share economic and social relations that are vital, we seek to consolidate ourselves into a single region through an ambitious project,” said Nogales, Sonora, Mayor Ramón Guzmán Muñoz, who hosted the event.

“This event was a potential game-changer on both sides of the border,” said Youngtown Mayor Michael LeVault, vice chair of the MAG Regional Council. “Reaching out to our counterparts in a megaregion of this magnitude is important on many levels. It’s important not only in improving trade, but also in improving trust,” said LeVault, who added that working to improve the economy in Mexico will create a stronger border economy. “For the first time in history, Mexico is close to establishing a true middle class,” he said.

Phoenix Councilmember Michael Nowakowski said he looks forward to building on the concept of a megaregion. “With the significant assets we have in Arizona, such as Sky Harbor International Airport, the city of Phoenix stands ready to work with the mayors in Sonora to create a world-class megaregion,” he said.

During the forum Mayor Guzmán announced the formation of La Asociación de Alcades de Sonora (Association of Mayors of Sonora), which will establish municipal priorities for cities and towns in the state of Sonora. League of Arizona Cities and Towns Director Ken Strobeck congratulated the mayors on the move.

“We are excited to see our counterparts taking this action. This association will enable municipal governments throughout the state of Sonora to work together for the well-being of their citizens,” said Strobeck. “Local government is the form of government closest to the people and this new organization will help promote cooperation and the sharing of successful ideas.”

Strobeck formally invited the mayors to attend the League’s Annual Conference August 19-22, 2014, the next step in the relationship building effort. Photos of the forum are available at this link.
Agenda Item #10  Resolution of Appreciation for Former Mesa Mayor Scott Smith

Summary: Mayor Scott Smith of Mesa resigned from his position on April 16th to pursue the Republican nomination for Governor of Arizona. Mayor Smith has been a member of the Executive Committee since 2008. A Resolution of Appreciation is attached for consideration by the Executive Committee.

Responsible Person: Vice President Mark Mitchell

Attachments: Resolution of Appreciation

Action Requested: Approval
RESOLUTION OF APPRECIATION FOR

Scott Smith

A RESOLUTION EXPRESSING THE APPRECIATION OF THE EXECUTIVE COMMITTEE OF THE LEAGUE OF ARIZONA CITIES AND TOWNS TO SCOTT SMITH FOR HIS DEDICATED SERVICE TO LOCAL GOVERNMENT IN ARIZONA.

WHEREAS, SCOTT SMITH served the citizens of the City of Mesa for six years as Mayor; and

WHEREAS, SCOTT SMITH has provided outstanding service to the League as a member of the Executive Committee from 2008-2014; and

WHEREAS, SCOTT SMITH served on and chaired the League Resolutions Committee and other special League committees; and

WHEREAS, SCOTT SMITH was an active participant in League meetings and Conferences as a speaker and a presiding officer; and

WHEREAS, SCOTT SMITH made frequent visits at the request of the League with Legislators and the Governor.

WHEREAS, SCOTT SMITH provided national leadership and enhanced the image and profile of Arizona cities and towns by regularly attending meetings of the National League of Cities; and

WHEREAS, SCOTT SMITH earned the position of President of the US Conference of Mayors and represented the organization and the City of Mesa in meetings with President Obama and other federal political leaders and frequently appeared in national print and broadcast media; and

NOW, THEREFORE BE IT RESOLVED, that the grateful appreciation of the League of Arizona Cities and Towns be extended to SCOTT SMITH for his service to city government in Arizona and to the League.
Property Corporation Meeting
Friday, May 9, 2014 at 10:00 a.m.

Agenda Item #11  Review and Adoption of Minutes of League Property Corporation

Summary:  Minutes of the previous meeting are enclosed for your review and approval.

Responsible Person:  Vice President Mark Mitchell

Attachment:  May 10, 2013 Minutes

Action Requested:  Approval
1. REVIEW AND ADOPTION OF MINUTES

President Von Gausig called the meeting to order at 12:20 p.m. and asked the Executive Committee to review the minutes of the last Property Corporation meeting. Mayor Evans moved for approval of the minutes of the May 13, 2011, Property Corporation meeting. Mayor Rivera seconded the motion and it carried.

2. PROPERTY CORPORATION BUDGET FOR 2012-2013

President Von Gausig recognized Mayor Nexsen to report on the Property Corporation budget. Mayor Nexsen presented the Property Corporation budget for 2012-2013 as presented in their packets that was tentatively adopted by the Executive Committee in February 2013. Mayor Schoaf motioned for approval of the property corporation budget for 2012-2013; Mayor Mitchell seconded the motion and it carried unanimously.
3. **ANNUAL ELECTION OF OFFICERS**

Mayor Rivera moved to nominate the current officers for their respective positions for the upcoming year. Mayor Krieger seconded the motion and it carried unanimously.

4. **ADJOURNMENT**

President Von Gausig asked if there were any other business. Seeing none, he adjourned the meeting at 12:29 p.m.

___________________________
PRESIDENT

_______________________________
EXECUTIVE DIRECTOR
Agenda Item #12  Property Corporation Budget for 2014-2015

Summary: The proposed budget for the Property Corporation for the upcoming fiscal year, as recommended by the Budget Subcommittee, is presented for your review and approval. It is identical to the tentative budget presented at the February meeting.

Responsible Person: Mayor Mark Nexsen, Budget Subcommittee Chairman

Attachment: FY 2014-2015 Recommended Budget and Budget Narrative

Action Requested: Approval
# PROPOSED 2014-2015 Property Corporation Budget

## REVENUES

<table>
<thead>
<tr>
<th></th>
<th>Budget FY 2014</th>
<th>Expected FY 2014</th>
<th>Over / (Under)</th>
<th>PROPOSED FY 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental Income</td>
<td>127,800</td>
<td>121,005</td>
<td>(6,795)</td>
<td>119,400</td>
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<tr>
<td>Interest</td>
<td>75</td>
<td>62</td>
<td>(13)</td>
<td>50</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>2,700</td>
<td>3,603</td>
<td>903</td>
<td>3,100</td>
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<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>130,575</td>
<td>124,670</td>
<td>(5,905)</td>
<td>122,550</td>
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</table>

## EXPENDITURES

<table>
<thead>
<tr>
<th></th>
<th>Budget FY 2014</th>
<th>Expected FY 2014</th>
<th>Over / (Under)</th>
<th>PROPOSED FY 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting and Auditing</td>
<td>6,550</td>
<td>6,200</td>
<td>(350)</td>
<td>6,450</td>
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<tr>
<td>Capital Outlay</td>
<td>28,000</td>
<td>25,200</td>
<td>(2,800)</td>
<td>25,000</td>
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<tr>
<td>Contingency</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Insurance</td>
<td>4,900</td>
<td>4,890</td>
<td>(10)</td>
<td>4,900</td>
</tr>
<tr>
<td>Maintenance Services/Agreements</td>
<td>31,000</td>
<td>32,184</td>
<td>1,184</td>
<td>32,000</td>
</tr>
<tr>
<td>Management Services</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>7,500</td>
<td>4,935</td>
<td>(2,565)</td>
<td>5,000</td>
</tr>
<tr>
<td>Repairs and Maintenance</td>
<td>14,000</td>
<td>8,135</td>
<td>(5,865)</td>
<td>12,000</td>
</tr>
<tr>
<td>Utilities</td>
<td>36,000</td>
<td>35,020</td>
<td>(980)</td>
<td>36,000</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES</strong></td>
<td>127,950</td>
<td>116,564</td>
<td>(11,386)</td>
<td>121,350</td>
</tr>
</tbody>
</table>

- **Revenues Over (Under) Expenditures**: $2,625, $8,106, $5,481, $1,200
- **Beginning Fund Balance**: $74,381, $87,006, $95,112
- **Ending Fund Balance**: $77,006, $95,112, $96,312
REVENUES

PROPERTY CORPORATION

FISCAL YEAR 2015

**Rental Income:** Revenue from rental of space in the League Building by the League and other tenants is expected to be:

- League of Arizona Cities and Towns ($19/sq ft/yr) $105,000
- Rural Transportation Liaison (Room 104) 2,400
- The Arizona Republic (Room 105B) 6,000
- Associated Press (2 desks @ $100 ea/mo) 2,400
- Arizona News Radio (2 desks @ $100 ea/mo) 2,400
- Capitol Media Services (1 desk @ $100 ea/mo) 1,200

Total $119,400

**Interest:** The Property Corporation’s funds are invested in a high balance savings account. A total of $50 is budgeted for interest earnings for next year.

**Miscellaneous:** This category includes fees from Associated General Contractors for our shared refuse container and other miscellaneous revenues for a total of $3,100.

**Total Revenues** $122,550
EXPENDITURES

PROPERTY CORPORATION

FISCAL YEAR 2015

ACCOUNTING AND AUDITING: A total of $6,450 is budgeted for the CPA audit of Property Corporation accounts and for monthly accounting services and preparation of audit work papers.

CAPITAL OUTLAY: We will continue to make necessary repairs and improvements to the building. A total of $25,000 is budgeted for this year.

INSURANCE: This item includes building, flood and liability insurance. The total amount budgeted is $4,900.

MAINTENANCE SERVICES/AGREEMENTS: This category includes janitorial services, lawn service and refuse collection plus maintenance agreements for the elevator, air conditioning, parking lot sweeping and pest control for a total of $32,000.

MANAGEMENT SERVICES: The Property Corporation has historically reimbursed the League for the staff time spent in administration and operation of the building. With the lean times of the Property Corporation in the early 2000’s, that transfer of $40,000 annually was discontinued. The management services fee was reinstated in 2003 for a total of $5,000, increasing to $20,000 in 2004 and to $30,000 in 2005. However, the Property Corporation is again faced with lean times and therefore this fee will again be discontinued.

OPERATING EXPENSES: Items in this account include paper goods, soap, light bulbs, air conditioning filters and cleaning supplies not furnished by the janitor. It also includes corporation fees, business license fees and other annual operating costs. The total amount budgeted is $5,000.

REPAIRS AND MAINTENANCE: This budget item provides for the repair and maintenance of the heating and air conditioning system not covered by the maintenance agreement, appliances, plumbing fixtures, the roof, the sprinkler system and other miscellaneous repairs. A total of $12,000 is budgeted.

UTILITIES: The budgeted amount for all utilities is $36,000.

TOTAL EXPENDITURES $121,350
Agenda Item #13  Annual Election of Officers

Summary:  The election of officers and the board of directors for the Property Corporation is required annually according to the bylaws.

Responsible Person:  Vice President Mark Mitchell

Action Requested:  Approval
Additional Informational Materials
Not Part of the Agenda
## League of Arizona Cities & Towns
### FY 2013-2014 Budget vs. Actual
#### July 2013 through March 2014

<table>
<thead>
<tr>
<th>Ordinary Income/Expense</th>
<th>Jul '13 - Mar 14</th>
<th>Budget</th>
<th>$ Over Budget</th>
<th>% of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4057 · Valley Schools Health Pool</td>
<td>25,000.00</td>
<td>25,000.00</td>
<td>0.00</td>
<td>100.0%</td>
</tr>
<tr>
<td>4000 · Affiliate Group Contribution</td>
<td>90,799.96</td>
<td>131,200.00</td>
<td>-40,400.04</td>
<td>69.2%</td>
</tr>
<tr>
<td>4005 · Annual Conference</td>
<td>385,064.78</td>
<td>350,000.00</td>
<td>35,064.78</td>
<td>110.0%</td>
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<tr>
<td>4010 · Dues</td>
<td>1,818,690.00</td>
<td>1,818,423.00</td>
<td>267.00</td>
<td>100.0%</td>
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<tr>
<td>4012 · Executive Recruitment Income</td>
<td>7,500.00</td>
<td>3,000.00</td>
<td>4,500.00</td>
<td>250.0%</td>
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<tr>
<td>4020 · Miscellaneous</td>
<td>10,817.16</td>
<td>13,500.00</td>
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<td>4030 · Risk Pool</td>
<td>104,174.22</td>
<td>135,400.00</td>
<td>-31,225.78</td>
<td>76.9%</td>
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<tr>
<td>4035 · Seminars &amp; Meetings</td>
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<td>50,000.00</td>
<td>-35,340.00</td>
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<tr>
<td>4040 · Interest Income</td>
<td>2,531.77</td>
<td>5,000.00</td>
<td>-2,468.23</td>
<td>50.6%</td>
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<tr>
<td>4055 · US Communities Purchasing Prog</td>
<td>6,545.30</td>
<td>13,000.00</td>
<td>-6,454.70</td>
<td>50.3%</td>
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<tr>
<td><strong>Total Income</strong></td>
<td>2,465,903.19</td>
<td>2,544,523.00</td>
<td>-78,619.81</td>
<td>96.9%</td>
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</table>

<table>
<thead>
<tr>
<th>Expense</th>
<th>Jul '13 - Mar 14</th>
<th>Budget</th>
<th>$ Over Budget</th>
<th>% of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>5005 · Annual Conference (Expense)</td>
<td>205,587.95</td>
<td>220,000.00</td>
<td>-14,412.05</td>
<td>93.4%</td>
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<td>5010 · Benefits</td>
<td>367,536.93</td>
<td>510,000.00</td>
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<td>5015 · Capital Outlay</td>
<td>2,492.32</td>
<td>20,000.00</td>
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<tr>
<td>5025 · Contingency</td>
<td>0.00</td>
<td>10,000.00</td>
<td>-10,000.00</td>
<td>0.0%</td>
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<tr>
<td>5030 · Equipment Rental &amp; Maintenance</td>
<td>17,704.76</td>
<td>25,000.00</td>
<td>-7,295.24</td>
<td>70.8%</td>
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<td>5035 · Executive Committee</td>
<td>7,753.93</td>
<td>12,000.00</td>
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<td>5043 · Executive Recruitment</td>
<td>2,802.89</td>
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<td>802.89</td>
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<tr>
<td>5050 · Insurance</td>
<td>6,357.51</td>
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<td>83.7%</td>
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<tr>
<td>5055 · Postage &amp; Shipping</td>
<td>3,244.90</td>
<td>4,000.00</td>
<td>-755.10</td>
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<td>5057 · PR &amp; Communications</td>
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<tr>
<td>5060 · Printing</td>
<td>12,135.30</td>
<td>12,000.00</td>
<td>135.30</td>
<td>101.1%</td>
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<tr>
<td>5065 · Professional Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>5065-1 · Accounting Services</td>
<td>31,482.55</td>
<td>42,000.00</td>
<td>-10,517.45</td>
<td>75.0%</td>
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<td>5065-3 · Legal Services</td>
<td>813.95</td>
<td>80,000.00</td>
<td>-79,186.05</td>
<td>1.0%</td>
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<td>5065-2 · Contract Lobbying &amp; Consu...</td>
<td>41,399.94</td>
<td>40,000.00</td>
<td>1,399.94</td>
<td>103.5%</td>
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<tr>
<td><strong>Total 5065 · Professional Services</strong></td>
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<td>162,000.00</td>
<td>-88,303.56</td>
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<tr>
<td>5070 · Rent</td>
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<td>105,000.00</td>
<td>-26,250.00</td>
<td>75.0%</td>
</tr>
<tr>
<td>5071 · Salaries</td>
<td>868,889.65</td>
<td>1,190,000.00</td>
<td>-321,110.35</td>
<td>73.0%</td>
</tr>
<tr>
<td>5075 · Seminars and Meetings</td>
<td>16,380.83</td>
<td>50,000.00</td>
<td>-33,619.17</td>
<td>32.8%</td>
</tr>
<tr>
<td>5085 · Subscriptions &amp; Dues</td>
<td>49,546.24</td>
<td>52,000.00</td>
<td>-2,453.76</td>
<td>95.3%</td>
</tr>
<tr>
<td>5090 · Supplies</td>
<td>23,355.08</td>
<td>35,000.00</td>
<td>-11,644.92</td>
<td>66.7%</td>
</tr>
<tr>
<td>5095 · Telecommunications</td>
<td>19,768.02</td>
<td>32,000.00</td>
<td>-12,231.98</td>
<td>61.8%</td>
</tr>
<tr>
<td>5100 · Travel</td>
<td>14,389.02</td>
<td>25,000.00</td>
<td>-10,610.98</td>
<td>57.6%</td>
</tr>
<tr>
<td><strong>Total Expense</strong></td>
<td>1,823,754.42</td>
<td>2,583,600.00</td>
<td>-759,845.58</td>
<td>70.6%</td>
</tr>
</tbody>
</table>

| Net Ordinary Income | 642,148.77 | -39,077.00 | 681,225.77 | -1,643.3% |
| Net Income | 642,148.77 | -39,077.00 | 681,225.77 | -1,643.3% |
## FY 2013-2014 Budget vs. Actual

**July 2013 through March 2014**

### Ordinary Income/Expense

<table>
<thead>
<tr>
<th>Description</th>
<th>Jul '13 - Mar 14</th>
<th>Budget</th>
<th>$ Over Budget</th>
<th>% of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4000 · Rental Income</td>
<td>95,986.80</td>
<td>127,800.00</td>
<td>-31,813.20</td>
<td>75.1%</td>
</tr>
<tr>
<td>4005 · Miscellaneous</td>
<td>469.76</td>
<td>2,700.00</td>
<td>-2,230.24</td>
<td>17.4%</td>
</tr>
<tr>
<td>4010 · Interest</td>
<td>52.98</td>
<td>75.00</td>
<td>-22.02</td>
<td>70.6%</td>
</tr>
<tr>
<td>Total Income</td>
<td>96,509.54</td>
<td>130,575.00</td>
<td>-34,065.46</td>
<td>73.9%</td>
</tr>
<tr>
<td>Expense</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5000 · Maintenance Services/Agreements</td>
<td>28,024.47</td>
<td>31,000.00</td>
<td>-2,975.53</td>
<td>90.4%</td>
</tr>
<tr>
<td>5015 · Utilities</td>
<td>24,591.67</td>
<td>36,000.00</td>
<td>-11,408.33</td>
<td>68.3%</td>
</tr>
<tr>
<td>5020 · Repairs and Maintenance</td>
<td>6,678.37</td>
<td>14,000.00</td>
<td>-7,321.63</td>
<td>47.7%</td>
</tr>
<tr>
<td>5025 · Operating Expenses</td>
<td>3,044.69</td>
<td>7,500.00</td>
<td>-4,455.31</td>
<td>40.6%</td>
</tr>
<tr>
<td>5030 · Accounting and Auditing</td>
<td>4,800.00</td>
<td>6,550.00</td>
<td>-1,750.00</td>
<td>73.3%</td>
</tr>
<tr>
<td>5035 · Insurance</td>
<td>2,497.62</td>
<td>4,900.00</td>
<td>-2,402.38</td>
<td>51.0%</td>
</tr>
<tr>
<td>5040 · Capital Outlay</td>
<td>20,121.74</td>
<td>28,000.00</td>
<td>-7,878.26</td>
<td>71.9%</td>
</tr>
<tr>
<td>Total Expense</td>
<td>89,758.56</td>
<td>127,950.00</td>
<td>-38,191.44</td>
<td>70.2%</td>
</tr>
<tr>
<td>Net Ordinary Income</td>
<td>6,750.98</td>
<td>2,625.00</td>
<td>4,125.98</td>
<td>257.2%</td>
</tr>
<tr>
<td>Net Income</td>
<td>6,750.98</td>
<td>2,625.00</td>
<td>4,125.98</td>
<td>257.2%</td>
</tr>
</tbody>
</table>