

MINUTES

LEAGUE OF ARIZONA CITIES AND TOWNS

EXECUTIVE COMMITTEE MEETING

Wednesday, August 20, 2014 at 11:45 a.m.
Sheraton Phoenix Downtown Hotel, Ahwatukee Room
340 North 3rd Street
Phoenix, Arizona

MEMBERS

President

Doug Von Gausig, Mayor, Clarkdale

Mark Nexsen, Mayor, Lake Havasu City
Thomas L. Schoaf, Mayor, Litchfield Park
Ed Honea, Mayor, Marana

Vice President

Mark Mitchell, Mayor, Tempe

Kenny Evans, Mayor, Payson
Bob Barrett, Mayor, Peoria*

Treasurer

Jay Tibshraeny, Mayor, Chandler

Greg Stanton, Mayor, Phoenix
Harvey Skoog, Mayor, Prescott Valley*
Lynne Skelton, Councilmember, Sahuarita

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

W.J. "Jim" Lane, Mayor, Scottsdale
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 12:05 p.m.

1. REVIEW AND ADOPTION OF MINUTES

Mayor Jonathan Rothschild moved to approve minutes of May 9, 2014 Executive Committee meeting; Mayor Bob Rivera seconded the motion and it carried unanimously.

2. REPORT ON LEGISLATIVE ISSUES/LEAGUE OUTREACH & LEGISLATIVE TOUR

President Doug Von Gausig recognized League Executive Director Ken Strobeck to give a Legislative update.

Executive Director Strobeck told the group that League Staff went on its annual tour of cities and towns for the Legislative Roadshow, an overview presentation of the 2014 legislative session. He noted that the League's legislative team had covered a large portion of the state with the roadshow, giving 12 total presentations.

Mr. Strobeck then talked to the group about the upcoming legislative session, highlighting specifically the concerns the League has with K-12 Education Funding. He reminded the committee that, in September 2013, the Arizona Supreme Court had ruled that the Legislature was required to increase K-12 education funding by an annual inflationary factor. The Legislature suspended the inflation factor for four years, citing the recession, but resumed funding in the 2014 budget. Because the Legislature did not retroactively fund the inflation factor, the court determined that the Legislature would need to incorporate the \$317 million a year from retroactive funding to the education budget.

Mr. Strobeck also told the committee that funding for other programs may suffer as a result, which could potentially cause the greatest threat to shared revenue in the history of the shared revenue program. He noted that shared revenue is protected by Proposition 208, with any shift in allocation of tax funds between state and cities/counties requiring a 2/3 vote in both chambers. While this has historically never occurred, it is possible cities and towns could lose support if a situation called for legislators to choose education over municipalities. Mr. Strobeck told the group that they needed to be prepared to confront this challenge, noting that League Vice President Mark Mitchell has already started building a coalition of support with local businesses through the creation of the business roundtable.

Vice President Mark Mitchell then urged members of the Executive Committee to reach out to businesses in their communities.

Executive Director Strobeck also told the group that SB1525 had gone into full effect as of August 1. He noted that the current moratorium on impact fee legislation would expire when Governor Brewer left office. The League thinks it is possible the homebuilders may ask for more changes to impact fees during the next legislative session and told the Executive Committee that an interested workgroup was created to develop suggestions from municipalities on this issue.

3. TPT IMPLEMENTATION UPDATE

League President Doug Von Gausig introduced League Deputy Director Tom Belshe to give an update on TPT Implementation.

Deputy Director Belshe told the Executive Committee that the ongoing process of TPT implementation had garnered some success, but there were also several concerns with the timeline. He also recognized the City of Phoenix staff for having gone out of their way to make a good transition for self-collecting cities.

He told the Executive Committee that the process of determining the handling of the audit process has gone well. City and town auditors have been representing cities at the state, ensuring that they are capable of working closely with Arizona Department of Revenue (ADOR). He said that an audit manual has been prepared and is nearly ready to go, with the League being comfortable with how this process is going. Mr. Belshe also noted that the standardizing process for tax licensing implementation has been going well, with inspection continuing to be handled by city staff. Program cities will benefit with improved reporting that will come directly from ADOR.

Mr. Belshe then told the committee that the main issue was with the current timeline of the portal. He noted that the group is continuing work on AZTaxes.Gov, which will be the interface that businesses will use to enter their tax. This interface, however, is not currently working cohesively with the database that collects information and distributes it to the cities and towns. Mr. Belshe told the group that because cities and towns have thousands of taxpayers that the state doesn't have, it is a difficult process to identify those particular taxpayers and place them into the system. He said that the group may need to hold discussion with the Governor's office if they don't meet the current deadline.

4. REPORT ON PSPRS TASK FORCE

President Doug Von Gausig welcomed League Legislative Director René Guillen to brief the Executive Committee on actions of League Staff regarding pension reform.

Legislative Director Guillen told the committee that the League had formed a workgroup in partnership with the Arizona City/County Management Association (ACMA) and the Government Finance Officers of Arizona (GFOAz). The group was a 15-member panel with five delegates from each organization. Mr. Guillen informed the group that Scott McCarty, finance director from the town of Paradise Valley, was serving as the chair of the committee, with Mike Townsend, deputy county manager of Coconino County, serving as co-chair.

This taskforce was formed with the assignment of looking at the PSPRS retirement system and reviewing it for potential long-term stability and long-term viability. The group would also make recommendations for support from the League, so the Executive Committee will be briefed regarding future discussions on potential legislative action.

Mr. Guillen said the taskforce had held a few meetings, with the most recent being a day-long educational meeting with presentations from PSPRS administrative staff. He noted that the next meeting will bring in national groups that represent public pension administrators and public pensions to present their research on what national trends are and what structures are being used in other states.

5. RECOGNITION OF OUTGOING COMMITTEE MEMBER

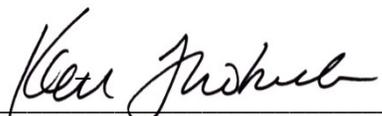
President Doug Von Gausig read the Resolution of Appreciation to Marie Lopez Rogers, former Mayor of Avondale. He recognized her for her work as a mayor and member of the Executive Committee, as well as her work serving as president of the National League of Cities. Mayor Bob Rivera moved to pass the Resolution of Appreciation; Mayor Rick Mueller seconded the motion and it carried unanimously.

President Doug Von Gausig also gave words of appreciation to Mayor Rob Adams of Sedona and Councilmember Lynne Skelton of Sahuarita, for serving as members of the Executive Committee.

6. EXECUTIVE SESSION: ANNUAL EVALUATION OF LEAGUE EXECUTIVE DIRECTOR

The committee moved to convene in executive session to conduct the annual evaluation of Executive Director Ken Strobeck.

Seeing no further business, President Von Gausig adjourned the meeting at 1:35 p.m.



EXECUTIVE DIRECTOR



PRESIDENT