

MINUTES

LEAGUE OF ARIZONA CITIES AND TOWNS

EXECUTIVE COMMITTEE MEETING

Wednesday, August 19, 2015 at 11:45 a.m.
Starr Pass Resort, San Pedro Room
3800 West Starr Pass Boulevard
Tucson, Arizona

MEMBERS

President

Mark Mitchell, Mayor, Tempe

Vice President

Jay Tibshraeny, Mayor, Chandler

Treasurer

Mark Nexsen, Mayor, Lake Havasu City

Doug Von Gausig, Mayor, Clarkdale
Gilbert Lopez, Councilmember, Coolidge
Lana Mook, Mayor, El Mirage
Gerald Nabours, Mayor, Flagstaff
Linda Kavanagh, Mayor, Fountain Hills
John Lewis, Mayor, Gilbert
Jerry Weiers, Mayor, Glendale*

Thomas L. Schoaf, Mayor, Litchfield Park
Ed Honea, Mayor, Marana
Christian Price, Mayor, Maricopa
John Giles, Mayor, Mesa
Kenny Evans, Mayor, Payson*
Daniel Valenzuela, Vice Mayor, Phoenix
Harvey Skoog, Mayor, Prescott Valley
W.J. "Jim" Lane, Mayor, Scottsdale
Daryl Seymore, Mayor, Show Low
Rick Mueller, Mayor, Sierra Vista
Sharon Wolcott, Mayor, Surprise
Bob Rivera, Mayor, Thatcher
Jonathan Rothschild, Mayor, Tucson
Douglas Nicholls, Mayor, Yuma

**Not in attendance*

League President Mark Mitchell called the meeting to order at 12:00 p.m. He led the committee members in the Pledge of Allegiance.

1. REVIEW AND ADOPTION OF MINUTES

Mayor Christian Price requested an amendment be made to the minutes of the May 15, 2015 Executive Committee Meeting, adding additional language to Item # 7, Census Discussion Update. The proposed language would read: "Discussion was held by the Executive Committee about fast-tracking legislation that would allow cities and towns to use the state estimate population numbers and work with the state demographer's office to improve the quality of the state data. The question was raised as to the impacts of the growth of the state shared revenues to jurisdictions under both statewide and census city population update. Mayor Lewis and Mayor Price noted their support of the League resolution last year and willingness to work toward a statewide legislative solution, but stated that voting to do so before a compromise is reached on the issue of reimbursement would not be equitable to the census cities and recommended tabling this item until after the negotiations by the four managers. Mayor John Giles moved to seek fast-track legislation to allow cities and towns to develop a new model for state-estimated population numbers; Mayor Harvey Skoog seconded the motion and it carried with two objections from Mayor Lewis and Mayor Price."

Mayor Christian Price moved to approve the May 15, 2015 minutes as amended; Mayor John Lewis seconded the motion and it carried unanimously.

2. LEAGUE POLICY COMMITTEES PROCESS REVIEW; WORKGROUP/TASK FORCE REQUESTS; LEGISLATIVE UPDATE

League President Mark Mitchell introduced League Executive Director Ken Strobeck to discuss the League Policy Committees and review the workgroup/taskforce requests from those committees.

Executive Director Strobeck said this item was to discuss activities of the four new policy committees, created to review resolutions. He indicated that from previously received feedback, the new committees were appreciated, as they provided careful review of resolutions prior to the full Resolutions Committee meeting. He remarked that he anticipated many individuals to continue their participation.

Mr. Strobeck thanked the four Executive Committee members who had served as chairs for the policy committees, as well as Mayor Doug Von Gausig for chairing the Resolutions Committee this year. He then welcomed any feedback on the new process.

Mayor Sharon Wolcott remarked on the positive reviews of the process, informing the Executive Committee that the Minnesota League operates their system similarly. She also expressed hope for future collaboration between these groups and the Arizona State Legislature.

Resolutions Committee Chair Mayor Von Gausig said he felt the new process was a great tool for engaging more individuals, creating an added benefit. President Mitchell agreed, noting that it helps members obtain ownership in the League.

Mr. Strobeck told everyone that they were welcome to forward any comments or suggestions on the new process to League Staff. He also noted that the expectation for these committees is to continue as year-round committees, discussing suggestions or ideas in informal meetings throughout the year. As issues come up, they will continue to be assigned to these groups.

Mr. Strobeck also informed the committee that there were two particular non-resolution items that arose from the policy committees, requiring League Staff to research. He noted that the Executive Committee would need to take action to authorize the work of League Staff to do research and analysis for these particular topics.

Mayor Jim Lane presented the first item up for approval, which was originally a part of the Budget, Finance, and Economic Development Committee. The resolution language was to “seek a study by the League Staff to examine the structure of the state shared sales tax distribution formula and make recommendations on possible improvements.” Mayor Lane informed the group that Scottsdale is currently contributing a larger percentage to State Shared Revenue than it is receiving and is requesting a study to review the possibility of alternatives to the exclusive use of population when determining the distribution formula for State Shared Revenue. He noted that tourism has grown substantially in proportion to overall population in Scottsdale. He noted that Scottsdale continues to support tourism and increases their costs to support the course of tourism and would like to find other cities that may be in a similar situation. His request is for League Staff to take a look at the dependence of State Shared Revenue on components such as tourism and other alternatives to solely relying on population.

After discussion by the Executive Committee, Mayor Von Gausig commented that he believed there were several cities and towns concerned about opening up this issue and did not think we should devote League resources to studying it. Mayor Von Gausig motioned to have League Staff abstain from moving forward with the study; Mayor Rick Mueller seconded the motion and it carried unanimously.

The second non-resolution item was brought forward by the City of Prescott to the Budget, Finance and Economic Development Committee. The language was to “seek legislation to provide for additional revenue generation authority to address the changing landscape of the Arizona economy, and address the shift in growth that directly impacts the current statewide revenue models.”

As Mayor Evans, Chair of the Budget, Finance and Economic Development Committee and other representation from the City of Prescott were unable to attend this meeting, President Mitchell asked to table discussion and a decision for the November Executive Committee meeting, when Mayor Evans would be able to present fully on this particular item.

President Mitchell welcomed Mayor John Lewis to discuss the status of the census working group and related legislative proposals.

Mayor Lewis reminded the Executive Committee that following the previous committee meeting, there were some municipalities, including Gilbert and Maricopa, who acknowledged the vote regarding the fast-track legislation decision, but still supported the effort to move forward with four city managers meeting to discuss a reimbursement solution. This is reflected in the amended minutes from the May meeting. He reported that the four managers had since met and agreed that the seven cities would move forward with spending the \$16 million on the decennial census. Mayor Lewis said that because all of the cities impacted are within the greater Phoenix area and members of the Maricopa Association of Governments (MAG), they were continuing to work with MAG to develop ways to receive compensation. By working with MAG, the compensation would not have to affect any of those cities outside of the greater Phoenix area.

Mr. Strobeck added that the League was already in the process of drafting legislation, noting that they are contracting with the University of Arizona to work with statistical analysts, as directed by the Executive Committee at the May meeting. They will complete a comprehensive analysis of the numbers done by the state demographer as well as the US Census Bureau estimates.

3. TPT IMPLEMENTATION UPDATE

League President Mark Mitchell welcomed League Deputy Director Tom Belshe to present an update on the TPT implementation.

Deputy Director Belshe informed the group that since the last Executive Committee meeting in May, everything has been going well with the project with the exception of the implementation of the computer program that will take over collection for self-collecting cities. He told the committee that the League had been sent a Memorandum of Understanding that was part of the budget process the League negotiated with the Governor's office for the assessment on cities and towns for DOR operations. The document lays out target goals and measurements for the Department of Revenue (DOR) for the services they provide to cities and towns.

Mr. Belshe reminded the committee that DOR originally had a September 1, 2015 deadline as part of an Intergovernmental Agreement signed by members of the Executive Committee. Per the IGA, it was supposed to be determined by Sept. 1 if DOR would be able to provide collection services to the self-collecting cities, including location data. He informed the committee that DOR is having trouble reaching that goal, noting that the current system being used by DOR will be replaced in a few years. Because of this, the feasibility of acquiring an off-the-shelf system that would enable this location data functionality is being explored. He told the committee that Mayor Lane met with Governor Ducey's office to discuss TPT. President Mitchell thanked Mayor Lane for his leadership and the length that he went to in meeting with the Governor's office and welcomed him to discuss their meeting.

Mayor Lane said that, along with Scottsdale staff and the League Tax Policy Analyst Lee Grafstrom, he met with some senior policy advisors from the Governor's office to explain the importance of this particular element for tax collection within the entire state. He noted that their recommendation was to make this system results-oriented instead of based upon a specific deadline date, or suggested moving TPT to the front of the line when acquiring this new system. He told the Executive Committee that he believes that meeting with them was a good experience and it's moving forward in a positive way.

League Tax Policy Analyst Lee Grafstrom then updated the committee on a previous meeting with the TPT steering committee, which involves members of the Governor's office, members from DOR and members from

Arizona Department of Administration (DOA). Mr. Grafstrom told the Committee that DOR proposed moving the deadline from September 1 to September 15, 2015. He indicated that the Governor's office was firm on waiting until this date to make a go or no-go decision and the cities in attendance were agreeable with this. He also indicated the DOR program manager made a number of claims that the project would be completed by the deadline, but no deliverables have been received on time thus far. Mr. Grafstrom said that he would be meeting with individuals involved to work on a brief recap of what happened at that particular meeting and lay out specific expectations for September 15. This document will be sent to DOR as well as the Governor's office and others involved to maintain open discussion and hold DOR accountable.

Mr. Grafstrom also answered questions regarding the new system DOR will be purchasing. He emphasized that an off-the-shelf option with components necessary for obtaining location data would be beneficial. A particular asset to that option would be that the system would be put online, allowing for trained professionals to work on the application.

Mr. Belshe then reiterated that the Governor's office is much more involved in the process at the current juncture and suspects that by the September 15 date, some sort of decision will be made.

4. PSPRS TASK FORCE UPDATE

League President Mark Mitchell welcomed Mr. Scott McCarty, Finance Director for the Town of Queen Creek and Chair of the League's PSPRS Task Force to present an update on the Task Force.

Mr. McCarty thanked the members of the Executive Committee for their leadership and informed them that the task force had completed the final version of the yardstick. He noted that the task force had presented the yardstick to groups across the state and that an immediate impact of the task force was that 27 member entities were saving money by advancing their payments into PSPRS by July 1. In addition, conversations have been held over the past few months with Senator Debbie Lesko's PSPRS working group, as well as with fire and police groups.

League Executive Director Ken Strobeck directed the Executive Committee to the finalized version of the yardstick, which included some changed language since the last meeting. He noted that this version was a result of a meeting with Brian Jeffries of the firefighter's association. Mr. Jeffries had previously sent out a letter highlighting concerns about the initial yardstick. Following those concerns having been addressed by the updated version of the yardstick, Mr. Jeffries sent a follow-up letter, indicating that they understood the concept moving forward.

Mr. Strobeck also indicated that the League task force hoped to continue working with the association to create something that could be brought to the legislature that both groups could be in support of.

Mayor Lane and Mayor Schoaf expressed concern over unfunded liability. Mr. Strobeck reiterated that the yardstick was a result of the task force analyzing their results of the best principles of a pension system, but does not propose a bill to develop a specific system. The document is essentially research as to what is best from a structural point-of-view and will be used to weigh various proposals during negotiations. He also reminded the committee that they had tentatively approved the yardstick at the previous Executive Committee meeting and said a motion needed to be made to adopt the final yardstick.

Mayor Lana Mook moved to adopt the yardstick from the League PSPRS Task Force as guiding principles for pension reform; Mayor Harvey Skoog seconded the motion and it carried with Phoenix Mayor Daniel Valenzuela not voting.

5. EXECUTIVE SESSION: ANNUAL EVALUATION OF LEAGUE EXECUTIVE DIRECTOR

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

The committee moved back to open session at 1:37 p.m., and having no further business, President Mitchell adjourned the meeting at 1:38 p.m.



EXECUTIVE DIRECTOR



PRESIDENT