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

Wednesday, August 21, 2019 at 11:45 a.m.
Starr Pass Resort, San Pedro Room
3800 West Starr Pass Boulevard
Tucson, Arizona

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 August 21, 2019 at 11:45 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 pursuant to A.R.S. § 38-431.03(A)(3). 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.

REVISED Agenda (8/6/19)

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

Call to Order; Pledge of Allegiance

1. Review and Adoption of Minutes

2. Legislative Policy Update
   a. Expected issues for next session
   b. Municipal impact of recreational marijuana adoption

3. Review and Possible Adoption of League Bylaws

4. Discussion of Executive Director Recruitment and Proposed Employment Contract for New Executive Director
   (The Committee may vote to discuss this matter in executive session pursuant to A.R.S. § 38-431.03(A)(1), (3) and (4).)

5. Action on Executive Session Matters

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

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

Responsible Person: President Christian Price

Attachments: May 10, 2019 Executive Committee Minutes

Action Requested: Approval
MINUTES

LEAGUE OF ARIZONA CITIES AND TOWNS

EXECUTIVE COMMITTEE MEETING

Friday, May 10, 2019 at 10:00 a.m.
League of Arizona Cities and Towns
1820 W. Washington St.
Phoenix, Arizona

MEMBERS

President
Christian Price, Mayor, Maricopa

Vice President
Cathy Carlat, Mayor, Peoria*

Treasurer
Douglas Nicholls, Mayor, Yuma

Tom Brady, Mayor, Bullhead City*
Craig McFarland, Mayor, Casa Grande
Kevin Hartke, Mayor, Chandler
Doug Von Gausig, Mayor, Clarkdale
Robert Uribe, Mayor, Douglas
Coral Evans, Mayor, Flagstaff
Jenn Daniels, Mayor, Gilbert

Jerry Weiers, Mayor, Glendale
Georgia Lord, Mayor, Goodyear

Thomas L. Schoaf, Mayor, Litchfield Park
Ed Honea, Mayor, Marana
John Giles, Mayor, Mesa

Greg Mengarelli, Mayor, Prescott
Gail Barney, Mayor, Queen Creek
W.J. "Jim" Lane, Mayor, Scottsdale

Sandy Moriarty, Mayor, Sedona
Daryl Seymore, Mayor, Show Low
Rick Mueller, Mayor, Sierra Vista

Mark Mitchell, Mayor, Tempe
Bob Rivera, Mayor, Thatcher

Anna Tovar, Mayor, Tolleson*
Jonathan Rothschild, Mayor, Tucson*

*not in attendance
+ attended via phone

President Christian Price called the meeting to order at 10:00 a.m. He then led the Executive Committee in the Pledge of Allegiance.

1. REVIEW AND ADOPTION OF MINUTES

President Christian Price requested a motion on the adoption of the minutes. Mayor Coral Evans moved to approve the minutes of the February 8, 2019 Executive Committee Meeting; Mayor Kevin Hartke seconded the motion and it carried unanimously.

2. LEGISLATIVE POLICY OVERVIEW AND SESSION UPDATE

League President Christian Price welcomed League Legislative Director Nick Ponder to provide a legislative policy update.
Legislative Director Ponder directed the Committee to their meeting packet, which included several documents for review and reference relating to this legislative session.

Mr. Ponder informed the Executive Committee that the League had been very active on social media this legislative session. He said he believed this presence allowed the League to make issues known to groups outside of the Capitol, both informing citizens and directing media attention.

Mr. Ponder noted that session has been largely successful this year. Having a different approach to creating relationships and re-introducing the League to the legislators is one reason for this success.

Mr. Ponder specifically touched on the issue of the implementation of the Supreme Court decision in Wayfair. He thanked the Executive Committee for their responsiveness on this topic. Last year, when the decision about Wayfair from the Supreme Court was first brought up, it was thought that the League would have to conform the local retail tax base to the State’s, which was done by the Municipal Tax Code Commission on February 22. In counting votes, it became clear that this step was not persuasive enough to secure votes for our position. So, since cities had agreed to align the municipal definition of retail with the state definition, a decision was made to allow only the retail section of the Model City Tax Code to be put into State statute and in return for other protections. Specifically, cities would retain control of the 20 other classes within the Model City Tax Code, there would be an intent clause with a six or seven-year moratorium on changes or revisions to the MCTC, and a series of “toggles” or options would be included in statute preserving the ability of cities to tax certain retail items that the state does not tax. This solution was presented to legislative leadership and they have largely accepted, though there is still discussion on the number of years applied to the moratorium. Mr. Ponder said that he will continue to communicate as developments occur.

Mr. Ponder noted there is much support for Wayfair for two reasons: to bring tax equity to local retailers and because money can be used for other state projects.

Mayor Mark Mitchell asked Mr. Ponder if there was an action plan set for the moratorium. Mayor Mitchell mentioned there needs to be a strategic plan set for the protection of the classes beyond the six years.

Mr. Ponder responded that there is messaging being developed for protection of the Model City Tax Code. Mr. Ponder wrote a paper, included in the Executive Committee packet, on it and how much revenue it represents for the cities and towns. Mr. Ponder stated there will be more active communication externally about the Model City Tax Code.

While acknowledging that the intent clause is not binding on future legislatures, Mr. Ponder stated that the intent is to have a majority of legislators recorded as voting “yes” on the budget, knowing the moratorium is part of the bill, and reminding them of their recorded vote in future sessions if there should be attacks on the MCTC. The League will continue to educate legislators on what the League is and about the Model City Tax Code.

League President Christian Price asked Mr. Ponder to inform the Board about strategies that take place and some of the good will gotten from the legislature through the negotiations.
Mr. Ponder informed the Committee that the League has great relationships within the Senate, but cannot rely solely on this, which is why they also have focused on creating relationships in the House.

Mr. Ponder also touched on the Digital Goods bill, which would have created a $65 million dollar hit to the cities and towns. A conservative economist spoke to legislators about the League’s position on Digital Goods and legislators now understand the financial impact of this bill and why cities and towns cannot give up this substantive amount of revenue.

Executive Director Ken Strobeck thanked the Executive Committee for their participation and commended the legislative team for their work.

Mayor Christian Price also welcomed new Executive Committee Members, Prescott Mayor Greg Mengarelli and Douglas Mayor Robert Uribe, who are attending their first Executive Committee Meeting.

3. LEAGUE BUDGET FOR 2019-2020

League President Christian Price welcomed Mayor Thomas Schoaf, Budget Subcommittee Chair, to discuss the league 2019-2020 Budget.

Mayor Thomas Schoaf explained to the Board that the budget is similar to the FY19 budget. The budget for this year proposes revenue over expenditures of $13,000 dollars. The budget and budget narrative is included in the agenda packet.

Mayor Jenn Daniels questioned the amount of reserves in the budget, asking whether the Executive Committee has a strategic plan in place for the amount or if there was an obligation for using the reserves.

Executive Director Ken Strobeck let the Board know this is a topic that has been brought up amongst other League Executive Directors and that most state leagues do not have a strategic plan in place for reserves, while some others have a 9 or 12-month reserve policy.

Mayor Price indicated that the Budget Subcommittee might look at the reserve amount in the next budget cycle and develop suggestions.

Mayor Thomas Schoaf motioned to approve the League FY20 Budget; Mayor Jim Lane seconded the motion and it carried unanimously.

4. 2019 LEAGUE ANNUAL CONFERENCE UPDATE

League President Christian Price welcomed League Communication and Education Director Matt Lore to provide an update on the League Annual Conference.

Mr. Lore informed the Committee that the Conference would be held at the JW Marriott Starr Pass in Tucson, August 20 – 23, 2019 and that registration would be opening at the end of May. He reminded the Executive Committee of the registration process, asking them to inform their staff so that they can register and secure hotel rooms for the conference.
Mr. Lore also directed the Executive Committee to their meeting packet to look at the current 2019 League Annual Conference sponsors. He reminded the Executive Committee that the conference is the second highest revenue source of the League’s annual budget and that is due in large part to sponsorships. He asked the Committee members to inform staff if they had any additional sponsors they would like League Staff to reach out to for the upcoming conference sponsorship opportunities.

President Christian Price informed the Executive Committee that an interested sponsor of the League Annual Conference is a medicinal marijuana dispensary and asked the Executive Committee for feedback or a decision. The Executive Committee decided that they did not wish to move forward with that particular sponsorship and discussed potentially creating a future policy regarding sponsors.

5. REPORT ON AMRRP PRODUCTS AND SERVICES FOR CITIES AND TOWNS

League President Christian Price welcomed League Executive Director Ken Strobeck to discuss the Arizona Municipal Risk Retention Pool. He said that AMRRP and the League have been partners for many years, working together to serve municipalities.

Executive Director Strobeck introduced Ed Bantel and Sheri Reintjes, administrators of AMRRP. Mr. Bantel and Ms. Reintjes discussed the history and importance of the relationship between the League and AMRRP. They indicated that League Deputy Director Tom Belshe serves as the Chair on the AMRRP Finance Committee and League Executive Director Ken Strobeck serves as an Advisory Member on the Board.

Mr. Bantel also reviewed some of the services that AMRRP provides, including affordable insurance protection and risk management services designed for Arizona cities and towns. Mr. Bantel pointed out that these are just a few of the many services and programs that AMRRP provides as a benefit to member cities and towns.

League President Price thanked them for the update and their work with the League and the cities and towns in Arizona.

6. REVIEW AND POSSIBLE ADOPTION OF LEAGUE BYLAWS

League President Christian Price introduced the review and possible adoption of the proposed League bylaws. The bylaws were first presented at the February 2019 Executive Committee and it was suggested to move the discussion to the May meeting so that members would have additional time to review.

Mayor Jenn Daniels recommended tabling the agenda item for the August 2019 Executive Committee Meeting. Mayor Rick Mueller seconded the motion and it carried unanimously.
7. LEAGUE PROPERTY CORPORATION MEETING

President Christian Price recessed the League Executive Committee at 11:16 a.m. to move into the League Property Corporation Meeting.

Seeing no further business, President Christian Price adjourned the Property Corporation Meeting at 11:18 a.m.

10. EXECUTIVE SESSION DISCUSSION OF EXECUTIVE DIRECTOR EMPLOYMENT CONTRACT

Mayor Jerry Weiers motioned to move into Executive Session; Mayor Tom Schoaf seconded, and the meeting adjourned into Executive Session at 11:19 a.m.

The Executive Committee reconvened from their Executive Session and Mayor Craig McFarland motioned to approve the League of Arizona Cities and Towns First Amendment to Employment Agreement, Mayor Bob Rivera seconded the motion and it carried unanimously.

11. EXECUTIVE SESSION DISCUSSION OF EXECUTIVE RECRUITMENT

Mayor Douglas Nicholls motioned to authorize League Officers to negotiate a contract or a successor for the League Executive Director, Mayor Bob Rivera seconded the motion and it carried unanimously.

The Executive Committee adjourned at 12:40 p.m.
Agenda Item #2 Legislative Policy Update

Summary: The general effective date for legislation passed in the 2019 session is coming up soon: August 27th. Meanwhile, League staff has toured the state giving regional updates on the results of the session for cities and towns: overall the best session for us in the last 15 years. The final Legislative Update Report is being made at the Conference.

League staff has been engaged in discussions with various stakeholders on interim issues as well as items expected to come up in next year’s session. These issues include: general preemption legislation, PTSD and cancer presumption, impact fees, short term rentals, digital goods, TIF and transportation funding, among other items.

Additionally, League staff has been in communication with the group running the initiative on recreational marijuana and suggestions they have for some of the expected tax revenue from its sale. We want to have a discussion with the full Executive Committee on this proposal at this meeting.

Responsible Person: Ken Strobeck & League Staff

Attachments:
- 2019 Legislative Roadshow
- Recreational marijuana initiative ballot language (if available)
- Best of Capitol award
- Article: They killed our city . . .
LEAGUE OF ARIZONA
CITIES AND TOWNS

LEGISLATIVE ROADSHOW
2019

LEGISLATIVE LANDSCAPE – 2019

- Narrower Republican Control: 17-13 Senate; 31-29 House
- Projected Budget Surplus of $1 Billion
- Drought Contingency Plan
- Ethics Investigation, resignation of Rep. David Stringer (LD 1); Steve Pierce appointed replacement
- Session length 100 days by rule (lasted 135)
- 1,318 (1,215) bills introduced this session; 100 (91) Mem/Res
OVERVIEW FY2019-20
- GF budget at $11.8B; $1.1B surplus-$542M to Rainy Day Fund; $538M to Executive Initiatives. Adds $164M to K-12 teacher pay; $130M for I-17 widening, $10.5M for deferred highway maintenance, salary increases for DPS and corrections officers, additional infrastructure projects—bridges, freeways, interchanges, water projects, airports, port of entry, rural broadband, housing, etc.
- Tax reductions of $320 million due to tax conformity and Wayfair; 2-year phaseout of Public Safety Fee. Disagreements over IRS conformity.

HURF
- No sweeps due to Public Safety Fee funding of Highway Patrol

DOR
- $20.7M assessment: cities, towns, counties, MAG & PAG
STATE BUDGET; INFRASTRUCTURE PROJECTS

- $271,000 for Sierra Vista public safety communications
- $10M $15M appropriation for Housing Trust Fund
- $761,700 for Border Strike Force local law enforcement
- $3M for Rural Broadband
- $2,569,300 for Nogales International Wastewater project
- $1M each year for FY2020-2029 plus an additional $1M in FY2020 for eradication of non-native vegetation (salt cedar)
- $900,000 for Benson and $600,000 for Willcox (managed by DHS) for critical access hospitals
- $700,000 for community based primary care for Colorado City
- Prescott PSPRS allocation of $1M per year for FY2020-2026
- $15M to Water Quality Assurance Revolving Fund (WQARF)

STATE BUDGET; INFRASTRUCTURE PROJECTS

- $2,810,000 for Jesse Hayes Road bridge in Globe
- $130M over three years for I-17 widening between Anthem and Black Canyon City
- $6,500,000 for State Route 24 bridge near Mesa Gateway
- $10M for I-10 widening study from Phoenix to Casa Grande
- $10M allocation to State Aviation Fund
- $20M for construction of two traffic interchanges in Kingman
- $28M for expansion of US Route 95 near Yuma
- Provide additional infrastructure funds to small cities and counties for a total of $18M; $8M is for cities/towns with a population of less than 7,500 all $18M for cities and towns, $197,802 per city
- Directs ADOA to establish an expenditure plan for 911 communications
• Requires city, town, or county that passed a higher minimum wage than the state to reimburse the state for the difference to cover additional funding for minimum wage contract employees such as developmentally disabled aides or risk having that amount deducted from shared revenue

### Wayfair Implementation
- Extensive negotiations since June 2018
- Coalition of cities, counties, retailers, shopping centers
- HB 2702 (Toma) was coalition bill to implement Wayfair
- ATRA: must eliminate MCTC; become part of SST, requested delay and study committee
- Wide range of revenue estimates: $50M to $300M
- MTCC aligns Retail category with State and agrees to conform going forward, but we oppose putting it in statute, slippery slope.
Wayfair Implementation
- Proposal drafted that includes Retail in statute and declares it “matter of statewide concern”
- Compromise:
  - Agree to put Retail in statute (we will conform anyway)
  - Hands off agreement on MCTC for 5 years
  - Continuation of food tax, feed/fertilizer tax (partial), auto sales tiered rates and sales to out-of-state residents, college text books.
  - Eliminate “statewide concern”
TAX POLICY PRINCIPLES

- League: Similar products should be taxed similarly regardless of delivery method
- SB 1305/HB2559: Peer-to-peer car rental. Turo and other platforms taxed different from conventional rental car companies.
- SB 1460: digital goods. Created exemptions for SaaS, cloud storage, prewritten software accessed remotely. Similar physical products are taxed. DOR estimate impact minimum of $33 million first year, but said would probably be the same as last year’s bill--$160 million
PREEMPTIONS

- HB 2026: Public resources; influencing elections. Citizen can initiate legal action; recover damages. Failed
- SB 1154: Primary date; first August Tuesday. Changes filing dates; conflicts with some charters. Signed
- HB 2158/HB 2638: Food for home consumption tax. Phoenix only. Both failed
- SB 1231: Public safety; residency requirements. Exception for executives and small municipalities. Signed

- SB 1147: Municipal economic development. Publish property appraisal; economic development a matter of statewide concern. S/E-Tobacco, Vape age to 21, preempt local regulations. Both Failed
- HB 2043: Municipal judges; retention election. Failed
- HB 2201: Partisan office; cities and towns. Failed
- HB 2115: Landlord tenant preemption. No local ordinances after 12/18. Statewide concern. Failed
HANDS FREE
- SB 1165: Hands-free. No talking or texting while holding device. Statewide and voids local ordinances. Amended to secondary violation. Failed
- SB 1141: Distracted driving. Prohibits any activity that distracts drivers, operating vehicle in unsafe manner. Passed and vetoed
- HB 2318: Language from SB 1165.
  - Can’t hold device and text, talk or watch movies. Exceptions at stoplights, RR crossings, emergencies
  - Penalties begin January 1, 2021
  - Local ordinances grandfathered
FINANCE
- SB 1115/HB 2320 Public Safety Fee Elimination/Reduction. $32 not $18 as expected. Incorporated into budget in two-year phaseout
- HB 2319 Repeals HURF sweep authorization. Failed
- HB 2536: Gas tax increase. Failed
- HB 2047: HURF distribution. Shifts $18 million from urban to rural areas; Amended with $60 million appropriation in new funds. Incorporated into budget.

LEAGUE RESOLUTIONS
- HB 2672: Short term rentals. Party houses, nuisances. Signed
- HB 2027: Online lodging marketplace; local taxation. Signed
- HB 2473: Liquor board designated seat. One seat for cities/towns. Vetoed
- HB 2365: Affordable housing tax credits. Failed but $15M to Housing Trust Fund in budget ($3.5 million for seriously mentally ill)
- HB 2318: Texting and driving. Signed
CITY & TOWN BILLS

- MISCELLANEOUS
  - HB 2134: Municipal elections; write-in candidates. Signed
  - HB 2587: Photo radar; speed studies. Failed
  - HB 2428: No-water urinals in public buildings. Failed
  - HB 2357: Reconstruction contracting; local tax. Failed, fixed by MTCC. s/e Vape definition. Failed
  - HB 2108: Real estate signs. Failed
  - HB 2005: Moving violations; defensive driving school. Signed
  - HB 2113: Diaper changing stations. Signed
  - SB 1241: Reestablishes Heritage Fund, eligible for lottery proceeds
  - Reminder: Disease presumption and PTSD counseling
LEAGUE OUTREACH

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1820 W. Washington Street
Phoenix, AZ 85007

602.258.5786
Publisher’s Note: Congratulations to the Capitol’s Best!

There’s something brutally honest about recognition by one’s peers.

The same concept animates peer reviews of academic work. An academician makes his or her case to men and women whose experiences are not a lot different than his or her own. They, in theory, know what’s good and acceptable, and what’s deficient in form or substance.

And that’s why it’s my honor to congratulate all of the nominees and the winners of this year’s Best of the Capitol. The nominations came from our readers, who then picked the winners.

This means the nominees and awardees’ peers – our readers – have publicly concluded the honorees have done a remarkable job!

All the best,

Luige del Puerto

P.S. The Arizona Capitol Times newsroom played no role in selecting the nominees.

2019 Awardees
Best Elected Official – Republican: Sen. Kate Brophy McGee
Best Debater – Republican: Sen. Eddie Farnsworth
Best Debater – Democrat: Sen. Martin Quezada
Best Bill Sponsor: Rep. Jeff Weninger
Toughest Bill/Hardest Sell: Equal Rights Amendment
Best Committee Chair: Sen. Heather Carter
Best Activist: Sandy Bahr
Best Lobbyist: Don Isaacson
Best Lobbyist Under 40: Jessie Armendt
Best Government Lobbyist: Amy Love
Toughest Lobbyist To Go Against: Don Isaacson
Best Lobbying Firm: Creosote Partners
Best Dressed: Russell Smoldon
Best Capitol/Political Lawyer: Roopali Desai
Best Capitol Staffer: Cynthia Aragon
Best Political Rising Star: Rep. Jennifer Longdon
Most Likely To Run for Congress: Rep. TJ Shope
Most Quotable Politico: Rep. Charlene Fernandez
Best Power Broker: Michael Crow
Best PR Person: Matthew Benson
Best PR Firm: Veridus
Best Twitterer: Garrett Archer (@Garrett_Archer)
Best Tweet: “We didn’t kill Rep. Cook’s HB2604 (meat; poultry misrepresentation). We took it to live on a farm two towns over where it can run and play with all the other bills.” -Rep. Kirsten Engel, March 2019
Best Industry, Trade & Professional Association: League of Arizona Cities & Towns
Best Charity: Valley of the Sun United Way
Best Grassroots Effort: Save Our Schools
Best Capitol Lawn Event: SRP Day at the Capitol
Best Protest Event: #38 Miles for the ERA
Best Political Action Committee: Ducey Victory Fund Committee
Best Candidate Campaign: Kyrsten Sinema for U.S. Senate
Best Campaign Manager: Arizonans for Affordable Electricity
Best Pollster: George Khalaf, Paul Bentz
Julieanna Bottorff has lived in her quiet Sedona neighborhood for 20 years. A deer path that runs behind her house and across the street is regularly trafficked by wildlife.

Then a developer moved in across the street and ripped up the path, she says.

The developer plans to build as many as five 6,000-square-foot homes to be used as short-term rentals, neighbors say. The once quiet street is now punctuated with the steady noise of construction.

The move comes as residents of the tourist hotspot grapple with the consequences of a two-year-old state law that restricts how cities and towns can regulate short-term home rentals advertised on websites such as Airbnb or VRBO.

On Wednesday, more than 150 people attended a city meeting. The Sedona residents grilled state Rep. Bob Thorpe, R-Flagstaff, about how the state plans to address the law's consequences.

Among them: investors moving into neighborhoods to buy up multiple homes and vacation renters driving up housing costs and the changing neighborhood dynamics.

Several homeowners supported the recent law that allowed vacation rentals to flourish in Arizona. They spoke about how the short-term rentals made it possible for them to pay their mortgages.

But most residents insisted that local control must be returned to the city so that it can manage the number of investors buying up homes to turn into short-term rentals.

"We have a great city council, and the state of Arizona has emasculated them in this area," resident Avrum Cohen said.

He called Thorpe a hypocrite, comparing the law to the federal government handing down unwanted mandates to the state.

"It's the only state in the union that has done this to its cities, and it's a state that doesn't like the federal government."

Others said they appreciated the lawmaker listening to their concerns. Thorpe said he is committed to proposing legislation to address concerns when the legislative session begins in January.

"Property is the pursuit of happiness. That's why I'm here today," said Thorpe, whose legislative district includes Sedona. "I believe this is not a political issue, it's a quality of life issue."

But overriding the law could prove to be an uphill battle if this year's legislative session was any indicator.
More than 150 residents attended a city meeting Wednesday, July 24 to press Rep. Bob Thorpe about short-term rentals that they say have taken over the city. (Photo: Lorraine Longhi/The Republic)

A sea of red dots on city map shows vacation rentals

The law, dubbed "the Airbnb bill," was sponsored by now-Congresswoman Debbie Lesko, a Peoria Republican, in 2016 and enthusiastically signed by Gov. Doug Ducey.

Thorpe said that the bill was described to lawmakers as a way for homeowners to make extra money renting spare bedrooms in their homes.

"We never anticipated that somebody would go into a neighborhood, purchase a home and turn it into a mini-hotel," Thorpe said.

City leaders say that's exactly what's happening in Sedona.

Assistant City Manager Karen Osburn said the city faces a housing shortage, which has been exacerbated by the law.

The city does not have comprehensive data on the current rental market, but of the 6,500 housing units in the city, only 29 were available for long-term rentals on Zillow, Osburn said.

In January, City Manager Justin Clifton told The Arizona Republic there were more than 1,000 vacation rentals in the city, or about 20% of Sedona's total housing inventory.

Housing costs continue to rise at a level outpacing the rest of the country, Osburn said.
Debra Donovan, who has rented in Sedona for 19 years, said that she fears the owner of her current rental will turn it into a short-term rental when her one-year lease is up.

Donovan says loyal, long-term renters in Sedona are passed over as homeowners seek to capitalize on the short-term rental market.

"I've lived here 20 years," she said. "That's a commitment."

The crowd erupted in anger as Osburn displayed a map flooded with red dots indicating the short-term rentals operating in west Sedona.

"I'm certainly a person that believes in the free market," Thorpe told The Republic after the meeting. "That map though is kind of disturbing."

A map of short-term rentals currently operating in West Sedona. (Photo: City of Sedona)

Will Ducey go for it?

Residents across Arizona have raised complaints about increased noise, trash and traffic in their neighborhoods from the growing number of vacation rentals.

The Legislature passed House Bill 2672, sponsored by Rep. John Kavanagh, R-Fountain Hills, this spring to address "party houses" and the use of short-term rentals for special events that bring in crowds.

To get it through the Senate, Kavanagh's bill was stripped of restrictions on investor-owned vacation rentals and limits on the number of guests.

Gov. Doug Ducey, in a statement accompanying his signing of the bill, said he would take corrective action if the new restrictions were applied too broadly.

"In Arizona, we respect the right to do what we want with our property without undue government interference," Ducey wrote.
Thorpe told Sedona residents that he would reach out to the governor’s staff and suggest Ducey visit the city himself to talk with residents.

“Getting things accomplished down at the Capitol, if you have the governor on your side, it certainly helps,” Thorpe said.

Sedona residents are pushing back against a state law that has brought an influx of short-term rentals into the city. (Photo: Lorraine Longhi/The Republic)

HOAs have the power … for now

One group that has managed to retain its regulatory power over short-term rentals is homeowners associations.

The 2016 law only curbs cities and towns from regulating short-term rentals, but says nothing about HOAs and individual neighbors taking action.

As a result, several HOAs have managed to ban short-term rentals from operating in their neighborhoods through their Covenants, Conditions and Restrictions, or CC&Rs, the rules that govern homeowners in HOA communities.

But Sedona resident Jennifer Tanner says she is locked in a dispute with realtors who are selling homes in her neighborhood.

Tanner says the brokers instructed buyers to ignore the CC&Rs in place restricting short-term rentals, saying the new law supersedes those rules.
Tanner told Thorpe she plans to sue, but recognizes that most people would not have the resources to bring a lawsuit against misinformation like this.

The experience has forced Tanner to reflect on the changing dynamics of her neighborhood.

"People buy into a community to live there and be a part of a community, but now it's an investment," Tanner told The Republic. "They killed our city. What right do they have to just do that?"

'Most of us can't come home'

Danielle Donovan said she is one of only a handful of students from her graduating class who was able to move back to Sedona after college. She attributes that to the high cost of housing.

The median cost of a home in Sedona was $518,000 at the beginning of 2018, according to Osburn. That number climbed to $562,000 in 2019.

The median wage in Sedona is approximately $13 an hour, and the median income for a family of four is $56,000, which makes purchasing a home "simply not attainable," Osburn said.

Now 32, Donovan mourns for the community that she grew up in, one that she says has been lost with the influx of vacation renters descending on the city.

"Most of us can't come home," Donovan said. "It's not a place that I can make a home."

The city closed one of its two elementary schools last year after enrollment in the district dropped from 1,300 students in 2009 to 766 students in 2019.

Osburn said the city didn't have enough children to field peewee football or little league teams this year.

It all comes down to the unsustainable housing situation, she said.

"When you have this kind of saturation, homes are converted to short-term rentals, when you leave your home and you go for a walk in your neighborhood, you don't recognize people anymore," Osburn said. "You don't have community."

Randy Hawley, president of the Sedona-Oak Creek Unified School District governing board, said young families don't move to Sedona anymore because of the high home prices.

Hawley said that 20% of the new teachers the district hired for the 2019-2020 school year ultimately resigned after being unable to find housing in the area.

The district's new superintendent also bid on four houses, but was outbid each time by someone who paid $30,000 to $40,000 more in cash, Hawley said.

Hawley, like most residents at the meeting, asked state lawmakers to give cities back the control to regulate vacation rentals.

He referred to an old saying that no matter how far one goes down the wrong road, they should turn around and go back.

"It's time to turn around and go back," he said.
### Agenda Item #3  
**Review and Possible Adoption of League Bylaws**

**Summary:**
The League Charter, Article VIII, Section 2 (C), allows for the adoption of bylaws to codify certain procedures. The draft bylaws presented at the last meeting are submitted for the committee’s consideration and adoption.

**Responsible Person:** President Christian Price

**Attachment:** Proposed League Bylaws

**Action Requested:** Approval
BYLAWS

of the

League of Arizona Cities and Towns

ARTICLE I

GENERAL

Section 1. CORPORATION NAME. This organization shall be known as the League of Arizona Cities and Towns (“League”).

Section 2. PRINCIPAL OFFICE. The principal office of the League shall be 1820 West Washington, Phoenix, Arizona 85007, and additional offices may be maintained at such other places within the State of Arizona as the Executive Committee designates.

Section 3. PURPOSE AND INITIAL BUSINESS. These bylaws are adopted by the League to govern and facilitate its business as an association in accordance with, and subject to, the provisions of the League Charter.

Section 4. COMPLIANCE WITH GOVERNING LAW. In all matters not specified in these bylaws, or in the event these bylaws conflict with applicable law, the League will comply with state and federal law.

Section 5. FISCAL YEAR. The League shall operate on a July 1 through June 30 year.

ARTICLE II

MEMBERSHIP

Section 1. MEMBERS AND ENDORSED PROGRAMS DEFINED.

A. Members. Any city or town incorporated under the Constitution and laws of the state of Arizona shall be eligible for membership in the League upon passage of a council ordinance or resolution and payment of the current membership fee. Such membership shall be in the name of the city or town. Newly incorporated cities and towns shall be deemed League members upon their incorporation date, with their first dues payment payable on the first July 1 following incorporation. Each city or town holding membership shall be equally privileged with every other city holding membership with regards to its vote, the conduct of organizational business, and the distribution of assets upon dissolution of the League as provided in the League Charter.

B. Endorsed Organizations. The League Executive Committee may endorse organizations that offer unique, essential and reliable services to the benefit of League members. The League will exclusively endorse the services these organizations offer and provide on-
going oversight to ensure quality service to League members in exchange for royalties or fees. These endorsed programs are not members, shall not vote and shall not be entitled to distribution of League assets upon dissolution.

Section 2. SUSPENSION, TERMINATION OR WITHDRAWAL OF MEMBERSHIP.

A. Suspension/Termination: The League shall give notice in writing to any member that is at least three months in arrears in the payment of annual dues that membership shall be suspended within thirty days unless payment is made in full and membership shall be terminated if the full amount of annual dues is not paid five months following the deadline. The Executive Director shall promptly notify the member and the Officers of the membership status and notify the Executive Committee at the next regular meeting. If a member is terminated, the member may request re-instatement upon payment of the annual dues in full for the current fiscal year of the League. A resolution or ordinance seeking membership to the League is not required if reinstatement occurs within one year of the termination.

B. Withdrawal: Pursuant to Article II Section 3 of the League Charter, a member may voluntarily withdraw its membership by passing a council resolution or ordinance stating its intent to discontinue League membership after ninety days from the date of the resolution or ordinance. Failure by the withdrawing member to notify the League President and Executive Director of its withdrawal as required in the League Charter, does not maintain their active membership status. Any member who withdraws may not receive a refund of any portion of its dues upon such notice of withdrawal.

C. Effect of Termination or Withdrawal. A member that is terminated or voluntarily withdraws from the League is no longer a member and shall not be eligible to vote, serve on any committees, or receive any benefits from the League. If a member is terminated or withdraws and has a position on the Executive Committee, the seat is deemed vacant.

ARTICLE III
LEAGUE COMMITTEES

Section 1. STANDING COMMITTEES.

Pursuant to Article VIII of the League Charter, the Budget Committee, Nominating Committee, Policy Committees, Resolutions Committee and Amicus Committee are established. The duties and procedures of said committees shall be determined by the Officers and Executive Director. Questions of parliamentary practice shall be made in accordance with Arizona law and the latest edition of Robert’s Rules of Order or other parliamentary procedures adopted by the Executive Committee.
A. Nominating Committee

1. Appointment of Committee. The President of the League shall appoint a Nominating Committee consisting of a Chairman and at least three members at least 30 days prior to the beginning of the League Conference. Committee members shall be chosen from the Executive Committee roster of members whose terms do not expire in the current year.

2. Qualifications for Nomination to Executive Committee; Persons considered for nomination to the Executive Committee or as an officer of the League shall be an elected official from a city or town holding membership in the League. An elected official from a suspended member is ineligible to be nominated to the Executive Committee.

3. Notification of Seats to be Filled. At least six weeks before each Annual Conference, the Chairman of the Nominating Committee shall mail to the mayor of each city and town not represented on the Executive Committee, and to each Executive Committee member whose term expires at the Conference, a letter indicating the following:
   a. The number of seats to be filled;
   b. The deadline for letters of interest to be sent to the Chairman;
   c. The suggested information to be included in a letter of interest such as government experience, League involvement, professional training or skills, etc.
   Note: If there are no actual vacancies the letter does not need to be sent.

4. Deadline for Letters of Interest; One Recommendation per City/Town. City and town elected officials interested in serving on the Executive Committee shall transmit to the Chairman a letter indicating that interest no later than 14 days prior to the beginning of the Conference. The deadline shall be specified in the letter sent from the Chairman. Unless, in the opinion of the Chairman, extraordinary circumstances exist, letters received after the deadline shall not be considered. Only one letter of interest shall be mailed to the Chairman from a city or town. If the Chairman receives more than one letter of interest from a member, the Chairman will promptly notify the member that the City/Town Council must decide by the deadline which official will be recommended by the city or town.

5. Selection Criteria. The Nominating Committee shall meet during the Annual Conference and prepare a slate of recommend nominees. In its deliberations, the Committee shall seek diversity and balance so that all areas of the State, large and small cities and towns, and urban and rural areas are represented. In seeking geographic representation, major population centers must also be considered. The Nominating Committee shall also make a confidential list of the other candidate(s) they believe should be appointed in the event there are additional vacancies.
   The report of the Nominating Committee shall be made available to the conference delegates as soon as possible following the Committee's meeting. The chairman or his designee shall also report on the recommendations at the Annual Business Meeting.

6. Non-Conference Appointments. If requested by the President, the Nominating Committee Chairman shall make the additional names known at the February or May meeting of the
Executive Committee. Pursuant to the League Charter, Article VI., Section 2, the Executive Committee may fill vacancies with those nominees for the remainder of the term until the next Annual Conference.

B. Policy Committees

1. Purpose. The Policy Committees are created to discuss legislative proposals brought forward by member cities and towns for consideration by the Resolutions Committee and inclusion in the League’s legislative agenda. A policy proposal must go through one of the Policy Committees in order to be considered by the full Resolutions Committee unless a waiver is granted by the Resolutions Committee Chair. The Executive Director may submit a League Staff policy proposal with permission of the Resolutions Committee Chair.

2. Membership. Policy Committee Chairs shall be members of the Executive Committee and are appointed to their position by the League President. Members of the committee may include elected and appointed staff of members with no more than three members from any one city or town. Only elected officials may vote on policy recommendations.

C. Budget Committee

1. Purpose. The Budget Committee is created to work with League staff to develop the organization’s annual budget and recommended dues schedule. The committee’s proposed budget is presented to the Executive Committee at its February meeting and dues for the upcoming fiscal year are adopted at that meeting. The budget is adopted at the May meeting.

2. Membership. The President appoints the Budget Committee Chairman and three standing members from the Executive Committee. Any other Executive Committee member may attend and participate in committee meetings.

D. Resolutions Committee.

1. Purpose. The Resolutions Committee shall meet once per year at the Annual Conference and take action on the Policy Committee recommendations to form the basis of the League’s legislative agenda for the upcoming legislative session.

2. Chairman. The Resolutions Committee Chairman is selected by the President and notified of appointment at least two months prior to the Annual Conference.

3. Review Process. Resolutions submitted by the Policy Committee Chairs may be discussed at the Annual Conference and action may be taken on the proposals.

4. Voting. In every question which may require a vote of the entire membership, each member has 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. Municipal staff are ineligible to serve as delegates for voting purposes.

5. Parliamentary Procedure. The League General Counsel shall serve as parliamentarian. Questions of parliamentary practice shall be decided according to applicable law and the latest edition of Robert’s Rules of Order or other parliamentary procedures adopted by the Executive Committee.

E. Amicus Committee

1. Purpose. The Amicus Committee provides recommendations as to whether the League should file an amicus curiae brief to support issues impacting cities and towns statewide. The League may only file a brief in appellate cases in state and federal court pursuant to court rules.

2. Designation of the Amicus Committee. The Amicus Committee is comprised of seven designated municipal attorneys, who will be voting members of the committee. The League's General Counsel will serve as Chairman. One of the members of the Amicus Committee will be the current President of the Arizona City Attorneys Association (“ACAA”) and other committee members will serve two-year terms and may be appointed or reappointed, at the discretion of the ACAA President. Should a vacancy occur on the committee, League General Counsel will recommend a replacement to the ACAA President. Any person appointed to fill such a vacancy shall serve out the remainder of the term and may then be reappointed. For purposes of this section, “designated municipal attorney” means the appointed city or town attorney or the attorney contracted to provide primary legal services to the city or town.

3. Procedure for requesting participation as amicus curiae. A request for amicus curiae participation must be directed to the General Counsel. The request must be from a League member governing body, or from the attorney for the governing body, acting on behalf of the jurisdiction or entity requesting the League’s participation as amicus curiae. The request must describe:

   a. The nature of the case and the issues presented,
   b. Why this appeal is of particular importance to Arizona municipalities statewide,
   c. The procedural status of the appeal, including the briefing schedule, if known,
   d. The name, title and contact information for the person or persons representing the municipality in appeal.

4. The request should be accompanied by whatever attachments the applicant believes the Amicus Committee would find useful in making its decision including a copy of the court order or decision appealed from, briefs to the lower court(s) on relevant issues, notices of appeal, cert petitions, orders setting briefing schedules and so forth.
5. Procedure for review of request.

   a. The General Counsel, after notification to the Executive Director, may make a recommendation to the Amicus Committee as a starting point for committee discussion. The League General Counsel and the Amicus Committee shall review the amicus request and attached materials. The General Counsel and the committee may solicit advice from attorneys with expertise in the particular area or areas of law addressed in the appeal, as necessary or useful to assist in their analysis.

   b. The committee shall make a recommendation regarding participation in the appeal. A member of the committee whose client is requesting amicus participation may not vote on the committee’s recommendation. The League is not bound by the committee’s recommendation.

   c. A recommendation from the Amicus Committee shall be submitted to the League Executive Director who may authorize the preparation and filing of an amicus brief on behalf of the League. If, in the opinion of the Executive Director, the proposed position on the matter under consideration is not widely supported by all cities and towns, he or she may decide not to authorize the filing of an amicus brief. At any time, the Executive Director may refer the question to the Officers’ Council.

   d. The League Executive Committee will receive periodic reports on the filings and outcomes of cases in which League amicus briefs have been filed.

ARTICLE IV

LEGAL ACTION

Section 1. LITIGATION.

In the event the League seeks to pursue litigation in state or federal court, the Executive Committee shall approve the expenditure of League funds to hire legal representation, and if necessary, levy any special assessments to pay for the expenditure pursuant to Article III, Section 2 of the Charter. The Executive Director and League General Counsel shall facilitate the hiring of outside counsel, subject to approval by the League Officers.

ARTICLE V

LEGISLATIVE ISSUES

Section 1. LEGISLATIVE POSITIONS. Pursuant to Article VIII, Section 2 of the League Charter, the position of the League on proposed state or federal legislative matters, including resolutions, shall be determined by the members through official actions at the Annual Conference, authorization by the Executive Committee, or the Officers’ Council. The Executive
Director may authorize League staff to advocate on the League’s behalf on other legislative issues that arise when the Executive Committee or Officers are unavailable to respond to other issues as long as the League’s actions are consistent with the League’s core principles: preserve local control and maintain the shared revenue system.

ARTICLE VI
LIABILITY AND INDEMNIFICATION

Section 1. INDEMNIFICATION. The power of indemnification under the Arizona Revised Statutes shall not be denied or limited by the Charter or bylaws.

ARTICLE VII
BOOKS AND RECORDS

Section 1. BOOKS AND RECORDS OF THE LEAGUE. All books, records, receipts, returns, minutes, and other data of the League, including the minutes of committee meetings, shall remain the permanent property of the League.

ARTICLE VIII
EXECUTIVE COMMITTEE EXPENSES

Section 1. TRAVEL REIMBURSEMENT. Members of the Executive Committee are entitled to receive mileage reimbursement when attending the quarterly meetings of the Committee or if requested by the President of League Staff to attend other meetings or events on behalf of the League. Reimbursement is at the current League rate,

Section 2. NLC CONFERENCES. Travel, lodging and registration expenses will be covered for the League President to attend the National League of Cities annual meetings in the spring in Washington D.C. and the City Summit in the fall.

ARTICLE IX
ARIZONA OPEN MEETINGS LAW

Section 1. LEAGUE COMPLIANCE. The League will comply with the principles of the state Open Meetings Law including proper meeting notices, conducting its business in open sessions, reporting of legal action and posting of minutes.
ARTICLE X

AMENDMENTS TO THE BYLAWS

Section 1. AMENDMENTS. These Bylaws may be amended at an Executive Committee meeting by a majority vote of the members present and voting.
Agenda Item #4  Discussion of Executive Director Recruitment and Proposed Employment Contract for New Executive Director

Summary:  The Committee may vote to discuss this matter in executive session pursuant to A.R.S. § 38-431.03(A)(1), (3) and (4).

Responsible Person:  President Christian Price

Attachment:  Materials will be distributed in executive session.

Action Requested:  Discussion

Please return all materials distributed during the executive session.
Agenda Item #5  Action on Executive Session Matters

Responsible Person:  President Christian Price

Action Requested:  Possible Action
Additional Informational Materials
Not Part of the Agenda

League Budget Report
Property Corporation Budget Report

ARTICLE: Booming economy brings jobs, a vibrant lifestyle, to Arizona
<table>
<thead>
<tr>
<th>Ordinary Income/Expense</th>
<th>Jul '18 - Jun 19</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>4000 · Affiliate Group Contribution</td>
<td>125,537.50</td>
<td>136,950.00</td>
<td>-11,412.50</td>
<td>91.7%</td>
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<tr>
<td>4005 · Annual Conference</td>
<td>535,420.55</td>
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<td>133.9%</td>
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<tr>
<td>4010 · Dues</td>
<td>1,912,145.00</td>
<td>2,057,441.00</td>
<td>-145,296.00</td>
<td>92.9%</td>
</tr>
<tr>
<td>4020 · Miscellaneous</td>
<td>18,280.36</td>
<td>11,000.00</td>
<td>7,280.36</td>
<td>166.2%</td>
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<tr>
<td>4016 · Partnership Programs</td>
<td>56,165.54</td>
<td>67,500.00</td>
<td>-11,334.46</td>
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<tr>
<td>4030 · Risk Pool</td>
<td>155,768.56</td>
<td>151,000.00</td>
<td>4,768.56</td>
<td>103.2%</td>
</tr>
<tr>
<td>4035 · Seminars &amp; Meetings</td>
<td>54,842.00</td>
<td>30,000.00</td>
<td>24,842.00</td>
<td>182.8%</td>
</tr>
<tr>
<td>4040 · Interest Income</td>
<td>63,065.52</td>
<td>25,000.00</td>
<td>38,065.52</td>
<td>252.3%</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>2,921,225.03</td>
<td>2,878,891.00</td>
<td>42,334.03</td>
<td>101.5%</td>
</tr>
<tr>
<td><strong>Expense</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5005 · Annual Conference (Expense)</td>
<td>330,711.86</td>
<td>230,000.00</td>
<td>100,711.86</td>
<td>143.8%</td>
</tr>
<tr>
<td>5010 · Benefits</td>
<td>507,001.51</td>
<td>550,000.00</td>
<td>-42,998.49</td>
<td>92.2%</td>
</tr>
<tr>
<td>5015 · Capital Outlay</td>
<td>11,218.71</td>
<td>20,000.00</td>
<td>-8,781.29</td>
<td>56.1%</td>
</tr>
<tr>
<td>5030 · Equipment Rental &amp; Maintenance</td>
<td>16,021.94</td>
<td>14,000.00</td>
<td>2,021.94</td>
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</tr>
<tr>
<td>5035 · Executive Committee</td>
<td>7,089.52</td>
<td>8,000.00</td>
<td>-910.48</td>
<td>88.6%</td>
</tr>
<tr>
<td>5050 · Insurance</td>
<td>8,161.25</td>
<td>8,000.00</td>
<td>161.25</td>
<td>102.0%</td>
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<tr>
<td>5055 · Postage &amp; Shipping</td>
<td>5,146.85</td>
<td>6,000.00</td>
<td>-853.15</td>
<td>85.8%</td>
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<tr>
<td>5057 · PR &amp; Communications</td>
<td>60,781.00</td>
<td>74,000.00</td>
<td>-13,219.00</td>
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</tr>
<tr>
<td>5060 · Printing</td>
<td>9,457.18</td>
<td>10,000.00</td>
<td>-542.82</td>
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</tr>
<tr>
<td>5065 · Professional Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5065-1 · Accounting Services</td>
<td>47,150.46</td>
<td>48,000.00</td>
<td>-849.54</td>
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<tr>
<td>5065-3 · Legal Services</td>
<td>4,750.00</td>
<td>35,000.00</td>
<td>-30,250.00</td>
<td>13.6%</td>
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<tr>
<td>5065-2 · Contract Lobbying &amp; Consulting</td>
<td>133,850.00</td>
<td>100,000.00</td>
<td>33,850.00</td>
<td>133.9%</td>
</tr>
<tr>
<td><strong>Total 5065 · Professional Services</strong></td>
<td>185,750.46</td>
<td>183,000.00</td>
<td>2,750.46</td>
<td>101.5%</td>
</tr>
<tr>
<td>5070 · Rent</td>
<td>105,000.00</td>
<td>105,000.00</td>
<td>0.00</td>
<td>100.0%</td>
</tr>
<tr>
<td>5071 · Salaries</td>
<td>1,423,874.92</td>
<td>1,450,000.00</td>
<td>-26,125.08</td>
<td>98.2%</td>
</tr>
<tr>
<td>5075 · Seminars and Meetings</td>
<td>77,694.27</td>
<td>48,000.00</td>
<td>29,694.27</td>
<td>161.9%</td>
</tr>
<tr>
<td>5085 · Subscriptions &amp; Dues</td>
<td>59,391.27</td>
<td>62,000.00</td>
<td>-2,608.73</td>
<td>95.8%</td>
</tr>
<tr>
<td>5090 · Supplies</td>
<td>48,067.94</td>
<td>38,000.00</td>
<td>10,067.94</td>
<td>126.5%</td>
</tr>
<tr>
<td>5095 · Telecommunications</td>
<td>23,044.70</td>
<td>30,000.00</td>
<td>-6,955.30</td>
<td>76.8%</td>
</tr>
<tr>
<td>5100 · Travel</td>
<td>17,662.99</td>
<td>25,000.00</td>
<td>-7,337.01</td>
<td>70.7%</td>
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<tr>
<td>5115 · Prop Corp-Bldg Improvement ...</td>
<td>10,000.00</td>
<td>10,000.00</td>
<td>0.00</td>
<td>100.0%</td>
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<tr>
<td>5120 · Reserve Fund Expenditure</td>
<td>184,527.98</td>
<td>180,000.00</td>
<td>4,527.98</td>
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<td><strong>Total Expense</strong></td>
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<td><strong>Net Ordinary Income</strong></td>
<td>-169,379.32</td>
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<td>2,729.68</td>
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<tr>
<td><strong>Net Income</strong></td>
<td>-169,379.32</td>
<td>-172,109.00</td>
<td>2,729.68</td>
<td>98.4%</td>
</tr>
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</table>
## FY 2018-2019 Budget vs. Actual
### July 2018 through June 2019

<table>
<thead>
<tr>
<th>Ordinary Income/Expense</th>
<th>Jul '18 - Jun 19</th>
<th>Budget</th>
<th>$ Over Budget</th>
<th>% of Budget</th>
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<tbody>
<tr>
<td>Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4000 · Rental Income</td>
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<td>8,649.60</td>
<td>107.2%</td>
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<td>4003 · Building Improvement Fund</td>
<td>10,000.00</td>
<td>10,000.00</td>
<td>0.00</td>
<td>100.0%</td>
</tr>
<tr>
<td>4010 · Interest</td>
<td>36.52</td>
<td>50.00</td>
<td>-13.48</td>
<td>73.0%</td>
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<tr>
<td>4005 · Miscellaneous</td>
<td>-1,974.02</td>
<td>1,500.00</td>
<td>-3,474.02</td>
<td>-131.6%</td>
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<td>Total Income</td>
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<td>130,950.00</td>
<td>5,162.10</td>
<td>103.9%</td>
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<tr>
<td>Expense</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5000 · Maintenance Services/Agreements</td>
<td>35,612.12</td>
<td>35,000.00</td>
<td>612.12</td>
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<td>5015 · Utilities</td>
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<td>5040 · Capital Outlay</td>
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<td>105.9%</td>
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<tr>
<td>5020 · Repairs and Maintenance</td>
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<td>5030 · Accounting and Auditing</td>
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<td>-30.00</td>
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</tr>
<tr>
<td>5035 · Insurance</td>
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<td>5,500.00</td>
<td>414.00</td>
<td>107.5%</td>
</tr>
<tr>
<td>5025 · Operating Expenses</td>
<td>4,952.58</td>
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<td>-47.42</td>
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<td>Total Expense</td>
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<td>Net Ordinary Income</td>
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<td>148.8%</td>
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<tr>
<td>Net Income</td>
<td>16,442.27</td>
<td>11,050.00</td>
<td>5,392.27</td>
<td>148.8%</td>
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</tbody>
</table>
Booming economy brings jobs, a vibrant lifestyle, to Arizona

By: Guest Opinion  July 12, 2019

Arizona's economy is on a roll. Recent announcements from the East Valley communities of Chandler, Gilbert and Mesa, from downtown Phoenix, from the West Valley city of Goodyear and the southern Arizona city of Tucson have heralded companies making major new investments in the state. Even some rural communities such as Coolidge and Casa Grande along the I-10 corridor are attracting new manufacturing plants. These installations bring high-wage jobs, economic prosperity and more opportunity for all our citizens. Working with state and regional economic development agencies, cities and towns in Arizona are at the forefront of attracting this new investment.

In addition to the overall favorable tax and regulatory policies of the state championed by Gov. Doug Ducey, cities and towns have had foresight to install the proper infrastructure that attracts business to the state. In addition to the traditional services – streets, water and safe communities – there are other important factors that include public transportation, cultural activities and attractions, educational institutions and great places to eat and socialize. Today's workforce is seeking more than just a 9-5 job – they want an active, vibrant lifestyle and their paycheck.

This key combination of elements is evident in each of these regions, and particularly in downtown Phoenix. In just a few years, new business and higher education centers have emerged downtown along with many more housing and entertainment options and a soon-to-be-completed new grocery outlet in the center of the city. In cities across the state, the downtown area no longer goes dark after 5 p.m., but is a place where people live, work and socialize throughout the day.

It takes a great partnership of state and local government along with the private sector to make all these projects come together and raise the profile of Arizona on the national stage. The visionary leadership of cities and towns, and the cooperation they have developed in regional economic development, have helped raise the profile of Arizona nationally as a great place to locate or expand a business.

But, our job is not finished. We still face major challenges across the state in our highway system. While freeways in the Valley are above average thanks to the taxpayers of Maricopa County and the Prop. 400 funds, freeways in many other areas of the state have suffered for years from declining maintenance and failure to keep up adequate capacity. It's even more distressing in rural parts of the state.

Fortunately, that situation is starting to turn around with the end of sweeps from the Highway User Revenue Fund (HURF) and an additional investment in highways by the 2019 Legislature, but we have a major backlog to work on.

We also must be above average when it comes to air and rail access. Arizona does not have oceanfront property and is somewhat isolated when it comes to the biggest consumer markets in the country. We depend on our West Coast customers, particularly California, and our largest trading
partner, Mexico, for economic vitality. And, we also have a very high reliance on defense industries, both in terms of manufacturing and active duty personnel.

The good news is that our economy is strong and appears to be on a consistent upward path. But, we have strong competition elsewhere.

Other states have greater incentives and broader economic development tools to entice employers. We need to freshen and upgrade our portfolio while being consistent with our state constitutional values. That includes reforms to our tax and education systems, completing the full package of lifestyle benefits for businesses and their employees.

Arizona is a great and growing state and the future is bright. Cities and towns are crucial to the economic success of our state, and we look forward to working with all our partners to achieve even greater goals.

— Ken Strobeck is executive director of the League of Arizona Cities and Towns.