

MINUTES
LEAGUE OF ARIZONA CITIES AND TOWNS
EXECUTIVE COMMITTEE MEETING

Friday, February 5, 2021

Zoom

MEMBERS

President

Cathy Carlat, Mayor, Peoria

Vice President

Douglas Nicholls, Mayor, Yuma

Treasurer

Greg Mengarelli, Mayor, Prescott *

Tom Brady, Mayor, Bullhead City

Craig McFarland, Mayor, Casa Grande

Kevin Hartke, Mayor, Chandler

Jerry Weiers, Mayor, Glendale*

Georgia Lord, Mayor, Goodyear

Thomas L. Schoaf, Mayor, Litchfield Park

Ed Honea, Mayor, Marana

Christian Price, Mayor, Maricopa

John Giles, Mayor, Mesa

Kate Gallego, Mayor, Phoenix

Gail Barney, Mayor, Queen Creek

Sandy Moriarty, Mayor, Sedona

Rick Mueller, Mayor, Sierra Vista

Regina Romero, Mayor, Tucson*

*not in attendance

President Cathy Carlat called the meeting to order at 10:03 a.m. She then led the Executive Committee in the Pledge of Allegiance.

2. NOMINATING COMMITTEE RECOMMENDATIONS FOR NEW EXECUTIVE COMMITTEE MEMBERS

League President Cathy Carlat welcomed Mayor Georgia Lord, President of the Nominating Committee, to present the new Executive Committee members.

Mayor Georgia Lord informed the Executive Committee that there were 20 applications for eight seats. After careful considerations, the Nominating Committee recommends the following names for approval to fill the vacancies on the Executive Committee: El Mirage Mayor Alexis Hermosillo, Flagstaff Mayor Paul Deasy, Gilbert Mayor Bridgette Peterson, Lake Havasu City Mayor Cal Sheey, Sahuarita Mayor Tom Murphy, Scottsdale Mayor David Ortega, Superior Mayor Mila Besich and Tempe Mayor Corey Woods.

League Executive Director Tom Belshe let the Executive Committee know first, that the terms were chosen randomly based off the vacancies and secondly, it is required of the League charter to ask the Executive Committee if they have anyone they would like to nominate. If there is a nomination, it would mean that person would take the seat of someone who was selected by the Nominating Committee.

League President Cathy Carlat asked for a motion for the slate presented by the Nominating Committee. Mayor Tom Brady moved to approve the slate presented by the Nominating Committee; Mayor Ed Honea seconded the motion and it carried unanimously.

1. REVIEW AND ADOPTION OF MINUTES

President Cathy Carlat requested a motion on the adoption of the minutes. Mayor Kevin Hartke moved to approve the minutes of the November 20, 2020 Executive Committee Meeting; Mayor Craig McFarland seconded the motion and it carried unanimously.

3. LEGISLATIVE POLICY OVERVIEW AND SESSION UPDATE

President Cathy Carlat called upon League Legislative Director Nick Ponder for the legislative policy overview and session update.

League Legislative Director Nick Ponder let the Executive Committee know 1621 bills have been dropped to this date. The first item to review is the Governor's budget. There is an unspecified tax cut of 200 million dollars over three years for a total of 600 million dollars. Cities and towns receive 15 percent of those funds. It has been asked that if any tax cuts are pursued, if they would do it in a way after the municipalities get their distribution. In addition to the proposed income tax cuts, 10 million dollars in grants were allocated for rural broadband expansion, 64 million dollars allocated to the widening of I-17 north of Phoenix and 33 million dollars for a broadband corridor from Flagstaff to the Arizona/California border off I-40. A document was sent out showing how it would impact all cities and towns. Cities and towns also received a survey on how cutting income tax could affect them directly.

Legislative Director Ponder also discussed the firefighter presumptive cancer bill. The League signed in support of the bill. It is being asked that the 15 million dollars that cities and towns are currently contributing to the department of revenue be able to be contributed to a firefighter cancer fund for cities and towns, increasing workers compensation and reinsurance dues. This was presented to the intergovernmental community and officers last week. This is being perceived well at the legislature.

There are two Short Term Rental bills being focused on SB1379, which is an industry bill that redefines certain penalty structures. The way the statute is written preempts the cities and towns' occupancy ordinances. The League testified in opposition of this bill, which passed through the committee. The League will continue to push the opposition of the bill and showing how this negatively affects city and town occupancy ordinances. The current Short Term Rental Bill HB 2481 is the same as SB1154 from last year. It protects industries saying cities and towns cannot ban short-term rentals. This bill specifies that short-term and long-term rentals are different which allows cities and towns to institute reasonable zoning ordinances. It makes occupancy consistent with municipal ordinances and allows cities and towns to require licensing allowing the cities and towns to know how many short-term rentals they have as well as not permitting licensing if zoning deems property as not to qualify.

Mayor Sandy Moriarty asked what the prospects are for the cities and towns being able to license. Mr. Ponder answered at this point the industry was only okay with a statewide license but a concern with this is there may not be enough funding or adequate investigations.

Next, Mr. Ponder went over the two construction sales tax bills. HB2211 is a bill by Representative Regina Cobb pushing an effort to move all contracting to point of purchase. In the last two years, alteration tax would take any project expanding square footing, would be prime contracting and anything not expanding square foot is point of purchase. The issue with that is many projects would not fall under prime contracting resulting in significant revenue loss for cities and towns. It did not get enough votes to push through last year, but Representative Cobb has brought it forward again this year. It has not yet been reviewed in committees.

There are three bills in law enforcement budget, related to a movement to defund the police. These bills directly target municipalities budget. SB1333 does not allow cities and towns to reduce the budget, but if

the budget is reduced it would be required to notify the state treasurer who would then withhold state shared revenue. SB2310 says cities and towns may not reassign police positions. The third bill is HB3410 which says you cannot disproportionately reduce law enforcement budgets or the municipality would lose shared revenue. The League will be opposing this bill due to local control. It will be made clear that cities and towns value law enforcement.

Mr. Ponder also reviewed State of Emergency Bills. There are several bills that would result in an end to the Governor's State of Emergency as a result of COVID. The challenge with this is if it goes away, so do funds from FEMA. The League believes this is not the right approach.

Mr. Ponder let the Executive Committee know there is a telecommunications provider is trying to create an anti-competitor language to the city and town right of way, trying to get their infrastructure set up for free. The League is working on amendments to resolve this issue.

Mayor Craig McFarland asked Legislative Director Ponder if the League would support SB1461, the widening of Interstate 10.

Mr. Ponder said that they typically road projects an individual city it is not weighed in on but since this bill affects the entire state, the League is inclined to support the bill.

President Cathy Carlat highlighted that this issue needs to be brought back to the Board for discussion on how the League supports roadway bills for clarification moving forward.

Mayor Craig McFarland pulled his request for the League to support SB1461.

4. REPORT FROM LEAGUE BUDGET SUBCOMMITTEE

President Cathy Carlat invited League Executive Director Tom Belshe to provide a review of the league budget.

League Executive Director Tom Belshe let the Executive Committee know that the subcommittee met to go over what is needed next year to provide all services. Since Mayor Mengarelli could not be here today, he has asked member of the subcommittee Mayor Price to deliver the report.

Mayor Christian Price reminded the Executive Committee that dues were cut by 15 percent last year due to COVID-19. Additionally, the Annual Conference was cancelled and held virtually without any registration fees. This year it is proposed to go back to the normal dues amount proposed last year before the 15 percent reduction. Mayor Price highlighted a few additional increases in costs to a variety of areas: a 3 percent salary increase for cost of living for League employees, which was not given last year and increased benefit costs; additionally the use of Rounds Consulting will now be on an annual contract instead of an as-needed basis. Because of impacts of COVID-19 the League had to tap into the reserves in order to cover the shortfalls from the budget decreases. This year, a hybrid conference will be held for the annual conference, which will help offset costs and maintain a break even to prevent dipping into reserves. The Property Corporation budget has no changes.

Mayor Sandy Moriarty would like to raise an issue regarding the dues amount for the extremely small cities, with a population of under 2,000. Additionally, she noted that Tempe is paying more than some of the larger cities.

President Cathy Carlat said that this would be brought forward to the budget subcommittee to review.

League President Cathy Carlat asked for a motion for the FY21-22 dues presented by the Budget Subcommittee. Mayor Tom Brady moved to approve the FY21-22 dues presented by the Budget Subcommittee; Mayor Ed Honea seconded the motion and it carried unanimously.

5. REVIEW OF 2020-2021 WORK PLAN

President Cathy Carlat welcomed League Executive Director Tom Belshe to go over the 2020-2021 work plan.

Executive Director Tom Belshe reminded the Executive Committee a work plan was created to ensure goals are being met. Tom Belshe invited the Executive Committee for any suggestions and feedback. Mr. Belshe went over some examples from the work plan.

League President Cathy Carlat asked for a motion for the FY20-21 work plan. Mayor Tom Murphy moved to approve the FY20-21 work plan; Mayor Ed Honea seconded the motion and it carried unanimously.

Mayor John Giles brought up the bill SB1334 being passed through the committee regarding firework expansion. He would like to raise awareness regarding this. League Legislative Director Nick Ponder agreed that this bill has been discussed and is set to testify in opposition. The League also spoke to those in the fire community, who are also going to testify in opposition.

President Cathy Carlat adjourned the Executive Committee Meeting at 11:40am.


EXECUTIVE DIRECTOR


PRESIDENT