

MINUTES
LEAGUE OF ARIZONA CITIES AND TOWNS
EXECUTIVE COMMITTEE MEETING
Thursday, July 29, 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
Alexis Hermosillo, Mayor, El Mirage*
Paul Deasy, Mayor, Flagstaff
Brigette Peterson, Mayor, Gilbert
Jerry Weiers, Mayor, Glendale
Georgia Lord, Mayor, Goodyear
Cal Sheehy, Mayor, Lake Havasu City
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
Tom Murphy, Mayor, Sahuarita
David Ortega, Mayor, Scottsdale
Sandy Moriarty, Mayor, Sedona
Rick Mueller, Mayor, Sierra Vista
Mila Besich, Mayor, Superior
Corey Woods, Mayor, Tempe*
Regina Romero, Mayor, Tucson*

*Not in attendance

President Cathy Carlat called the meeting to order at 10:05 a.m. She then led the Executive Committee in the Pledge of Allegiance.

1. REVIEW AND ADOPTION OF MINUTES

President Cathy Carlat requested a motion on the adoption of the minutes. Mayor Tom Murphy of Sahuarita moved to approve the minutes of the May 14, 2021, Executive Committee Meeting; Mayor Milla Besich of Superior seconded the motion and the motion carried unanimously.

2. LEGISLATIVE UPDATE

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

League Executive Director Tom Belshe introduced and welcomed Legislative Director Nick Ponder to provide an overview. Mr. Ponder focused on two main issues, including the budget, and 1487 expansion.

Budget- He recounted that on May 14th they were anticipating \$1.5 billion dollars in income tax cuts with no offsets or general appropriations. The League's approach to the tax cut was to support an

increase in the percentage of state shared revenue to create longevity in revenue distributions instead of one-time appropriation dollar amounts. After budget documents were released, on May 18th there was a proposed \$1.9 million dollars in income tax cuts related to flat tax with a hold harmless for 2 years, which added a revenue cap and fiscal cliff, where revenues would decline precipitously over time due to the cuts. The legislature did not adjourn the Budget Session until June 30th, to which Mr. Ponder noted that without the work of two legislators, Senator Paul Boyer, and Rep. David Cook, we would not have been able to negotiate a more favorable outcome for cities and towns. Mr. Ponder stated that the final negotiations led to an increase from 15 percent to 18 percent in state shared revenue that is allocated to cities. The tax cuts will go into effect one year after the increase in state shared revenues for cities, with a series of triggers in cuts over time. The League recommends that all cities set aside any excess into a reserve before the tax cuts begin.

Mayor Sandy Moriarty requested that Mr. Ponder help to explain the income tax cut triggers passed by the legislature. Mr. Ponder stated that if revenues come in above \$12.9 billion dollars by September 2022, the Department of Revenue (DOR) would decide to initiate the initial flat tax of (higher bracket) 2.98% and 2.55% (lower bracket; then as the triggers take effect, the 2.98 goes to 2.7, and 2.55 goes to 2.53, then final trigger, in September 2023, then DOR would bring all rates down to a flat rate of 2.55 with a 4.5% cap for individuals making over \$250,000.00 per year or families making over \$500,000.00 a year. Mr. Ponder clarified that it is a flat rate, not a flat tax, since the deductions will not be removed.

1487 Expansion - Mr. Ponder explained that the language for the 1487 Expansion was not in any of the original criminal justice budget reconciliation legislation. There were amendments that had not been heard by the legislature since the legislature adjourned until June 10th. The day before voting on budget was to take place, the League received a copy of the criminal justice amendment and noticed the language in the amendment for the 1487 Expansion. Had the League been aware of this amendment earlier, they would have had it removed early in the process. Mr. Ponder noted that attorneys were concerned with language in the amendment around qualified immunity for police officers. Mr. Ponder explained that prior to the expansion, an action of the council was required to receive a 1487 complaint. The new language broadened this to include any policy or procedure of the city or town that is subject to a 1487 complaint. Mr. Ponder explains that the League argued that it is not always clear whether there is a violation, and that partisan officials would be ruled on without due process. The League secured an amendment to the language so that the legislature must notify the city/town they believe is violating a law or the constitution, and the city/town would have 30 days (about 4 and a half weeks) to repeal a policy and procedure. Still, there is no due process – if the city does not take action to repeal a policy, the case goes to the Attorney General’s Office for review.

Mayor Gallego expressed concern with the observed single subject focused policymaking being exercised by the legislature and noted that it seems that a single legislator can substitute their judgement over an elected city official’s or police officer. Mayor Kate Gallego noted that they would be interested in taking a legal stance for fear that this sets a precedent for poor policymaking. Tom Belshe noted that this question will be covered in the legal update.

Resolutions – Mr. Ponder noted that the municipal ID card Resolution brought forth by Flagstaff passed. The Public Posting Resolution brought forth by Goodyear passed. The newspaper notice resolution brought forth by Buckeye passed. The low-income housing tax credit resolutions brought forth by Tucson and Chandler passed through the budget, albeit at a lower proposed amount. However, the Copper Corridor lighting resolution was not heard by the committee it was assigned, so it did not make it through the session. The other resolution was short term rental legislation, and the League was unable to get its version through. Four of the six resolutions went through.

3. 2021 LEAGUE ANNUAL CONFERENCE UPDATE

Matt Lore stated that registration and sponsorship for the conference is on track. In terms of sponsorship and conference registrations, numbers are positive. Mr. Lore stated that the League will monitor the COVID-19 variant over the next month for any potential impact on the conference. The conference will take place in one month. Mr. Lore stated they will keep everyone informed as the conference comes closer. The agenda for the League Annual Conference is now available and can be found online.

4. FEDERAL FUNDING AND DATA INITIATIVES UPDATE AND PRESENTATION FROM CAPITAL PIPELINE

Rene Guillen gave a brief update on the American Rescue Plan Act (ARPA). This federal act is to help cities recover from the effects of COVID-19. Rene reminded the Executive Committee that eligible uses include public health expenditures, negative economic impact, replacement of lost revenue, premium pay for essential workers, and investing in water, sewer, and broadband. ARPA funds may not be used for pension obligations outside of funded personnel and normal FTE, cannot be used to pay debt, and time may be a restriction on when funding can be spent. This funding is for Arizona Cities and Towns, both metropolitan cities (50,000 population or over) and non-entitlement units (NEU) or cities that have population under 50,000 and will receive their funds from the state. The twenty-four cities defined as metropolitan cities in Arizona will receive a combined allotment of \$1 billion dollars. The state will disburse a combined lump sum of \$227 million dollars to the remaining sixty-one cities and towns Rene mentioned the individuals Jason Mistlebaure and Sarah Sanchez in Governor's Office of Strategic Planning & Budgeting (OSPB) were instrumental in helping to make sure all cities and towns were aware of federal and state deadlines for funding.

Rene also discussed the Bipartisan Infrastructure Framework which is a bipartisan coalition of Senators working with the White House on a major infrastructure package to be passed. More information about this package will be released. Currently, the total package is estimated to be \$550 billion dollars in new investments. It is expected that \$110 billion dollars will be earmarked for transportation, \$55 billion dollars will be set aside for water, \$46 billion on resiliency and energy, at least \$65 billion on broadband, \$1 billion on cyber security, and \$100 billion for workforce.

Rene discussed updates on data initiatives. He shared that there is significant interest in data sharing among different organizations and interest housing this data with the League of Arizona Cities and Towns. Many organizations have expressed interest in a centralized data hub for Arizona government-based data. A new project will be called Access to Infrastructure, which will collect, combine, and map out statewide data on broadband, healthcare, and utilities to help drive economic development, smart planning, and identify where funds like ARPA can be used. Capital Pipeline is a partner of the League of Arizona Cities and Towns that will be helping to coordinate data on behalf of projects like these.

Capital Pipeline's Stephanie Nelson and Joe Yuhas were asked to talk about their organization, what they can do with their software, and how they are working with the League. Mr. Yuhas explained the importance of having coordinated development among different municipalities when it comes to construction on shared roads and taking advantage of future opportunities. Ms. Nelson discussed that Capital Pipeline is a tool which functions to share capital improvement plans and projects from different municipalities so that they may all be listed in one location. The audience would be business owners and developers who do not have general contractors and other resources to read individual plans of each city.

At the League's Annual Conference, each city and town will be given their own free user licenses to use data. The League of Arizona Cities and Towns and Capital Pipeline will be building a Capital Improvement Plan Builder together so that small cities and towns can easily develop a clear and professional plan for their organization. Ms. Nelson shared functions of the Capital Pipeline software including a map of all projects in Arizona and a database that looks at data associated with each project. Mr. Yuhas explained that this software will give legislators a tool to answer questions on infrastructure needs and projects statewide. Mr. Yuhas encouraged all municipal staff to attend their session at the League's Annual Conference to learn more about this tool and how it is beneficial for all local government organizations.

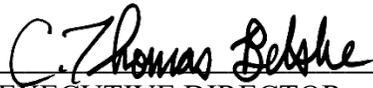
President Cathy Carlat asked for any final discussion. President Carlat thanked Capital Pipeline for bringing this asset to the League of Cities and Towns and thanked Rene for his work securing federal funding for each city and town.

President Cathy Carlat called for a motion to hold an Executive Session. Mayor Kevin Hartke motioned to move into Executive Session; Mayor Douglass Nichols seconded, and it carried unanimously.

5. LEGAL UPDATE

The Executive Committee moved into Executive Session at 11:10 a.m. The Executive Committee adjourned Executive Session at 12:04 p.m.

The Executive Committee adjourned the Executive Committee meeting at 12:05 p.m.


EXECUTIVE DIRECTOR


PRESIDENT