MINUTES

LEAGUE OF ARIZONA CITIES AND TOWNS

EXECUTIVE COMMITTEE MEETING

Friday, February 12, 2010
League Office Building
1820 W. Washington, Phoenix

MEMBERS

President
Boyd Dunn, Mayor, Chandler

Vice President
Robert Walkup, Mayor, Tucson

Mark Nexsen, Mayor, Lake Havasu City
Thomas L. Schoaf, Mayor, Litchfield Park
Scott Smith, Mayor, Mesa
Paul Loomis, Mayor, Oro Valley*
Kenny Evans, Mayor, Payson
Bob Barrett, Mayor, Peoria
Claude Mattox, Councilmember, Phoenix
Harvey Skoog, Mayor, Prescott Valley
Lynne Skelton, Mayor, Sahuarita
W.J. "Jim" Lane, Mayor, Scottsdale
Rob Adams, Mayor, Sedona
Gerry Whipple, Councilmember, Show Low
Robert Strain, Mayor, Sierra Vista
Mark Mitchell, Councilmember, Tempe
Bob Rivera, Mayor, Thatcher

*Not in attendance

President Dunn called the meeting to order at 10:02 a.m. Executive Committee members recited the Pledge of Allegiance.

1. REVIEW AND ADOPTION OF MINUTES

President Dunn asked if there were any corrections or changes to the minutes as presented. Mayor Rivera moved that the minutes of the November 6, 2009, and December 14, 2009, Executive Committee meetings be approved. Mayor Nexsen seconded the motion and it carried.

2. LAWSUIT UPDATE

Following the Executive Committee’s decision at a special meeting in December, President Dunn and Mayor Smith were tasked with reaching out to the Governor’s office and legislators to determine whether two problematic issues with HB2008 (impact fees and immigration) could be modified through the legislative process rather than further litigation. Accordingly, President Dunn provided the Executive Committee an update on the meetings he, Mayor Smith, and League staff had with the Governor’s Office, Speaker Kirk Adams and Senator Russell Pearce. Recommended amendments to the bill were included in Executive Committee meeting materials.
President Dunn explained that the recommended changes were conservative and did not alter the purpose of the bill; rather, they were drafted to offer clarification for cities and towns. Both he and Mayor Smith said there had been good dialogue and progress between the parties, noting that Speaker Adams understood the suggested changes to impact fees and would recommend that the homebuilder lobby accept the amendments as drafted by legislative counsel. Senator Pearce was also initially receptive to the amendments in regards to immigration, though the Senator later decided he would like to wait to hear the opinion of the Attorney General before taking any further action. President Dunn and Executive Director Ken Strobeck said it is unclear whether the Attorney General will issue an opinion on HB2008.

After the update, President Dunn noted that the Executive Committee had legal counsel, Tim Eckstein of Osborn Maledon Law Firm, present at the meeting and that the members had the option to go into Executive Session to discuss next steps regarding HB2008. Discussion ensued among members on whether to proceed with litigation, given the issues cities and towns may face in the current legislative session. President Dunn also informed members that there is one continuing lawsuit that was filed on the same basis as the League suit, and called on Director Strobeck to explain. Mr. Strobeck said that another group, the Arizona Education Association, had also filed a Superior Court lawsuit challenging the constitutionality of policy items that were included in a budget bill. However, this suit was over HB2011 and not HB2008, meaning that the League could not join that lawsuit, but may consider filing an amicus brief later in support of it. Director Strobeck also said the court did not issue a stay for HB2008 as requested, and accordingly, the bill went into effect in November 2009 as current law.

Mayor Barrett asked if the League could possibly run into the issue of laches if the Committee decided to wait to file a suit. President Dunn and Mr. Eckstein said this would not be an issue given the ongoing negotiations, and the trail President Dunn and the League had been keeping of the meetings with the Legislature and Governor’s Office. Mayor Scruggs clarified for new members that the Executive Committee had run into the issue of laches in its previous lawsuit against the state, explaining why the Committee was addressing it now.

Some members voiced concern over problems that may arise as a result of not continuing with the lawsuit. Mayors Rivera and Lopez Rogers, and other members expressed interest in focusing on the constitutionality of HB2008, which included policy-related items in a Budget Reconciliation Bill. Executive Committee members did not want to set a precedent by not filing, though some were apprehensive about any possible chilling effect the lawsuit could have on future relations with the Legislature. After further discussion, Mayor Cavanaugh made a motion that President Dunn, Mayor Smith and League staff continue dialogue with the Governor’s Office and Legislature regarding HB2008, but not file a lawsuit at this time. Mayor Adams seconded the motion. President Dunn made a note to welcome any other Executive Committee members who wish to join in the negotiations at the Capitol, and said that members’ involvement was critical for moving these talks forward. Mayor Smith also stressed the importance of the relationship between elected officials.

Councilmember Mattox made a substitute motion to Mayor Cavanaugh’s motion to simply table the action of the lawsuit, rather than remove the possibility of a lawsuit altogether in the future. Specifics of the motion were discussed among Executive Committee members, with the final outcome being Mayor Cavanaugh re-stating and further clarifying his motion, to say that members of the League continue their dialogue with the Governor’s Office and the Legislature regarding concerns over HB2008, but at this time not file a lawsuit on behalf of the League of Arizona Cities and Towns. Mayor Adam’s seconded the motion. Councilmember Mattox’s substitute motion was withdrawn.
Mayor Scruggs and other members emphasized the importance of keeping a record of any dialogue moving forward. Councilmember Mattox suggested a report be made before the next Executive Committee meeting to update the members on any progress. President Dunn recommended a review of the status in 30 days. Members of the Executive Committee supported the proposed timeline and discussed sending a letter to request the Attorney General to issue an opinion on the suit. Mayor Evans called for the question of the motion as amended. President Dunn took the vote and the motion passed unanimously.

3. LEGISLATIVE REPORT/BUDGET UPDATE

President Dunn then called for the Legislative Report. League Legislative Director Jeff Kros noted that the Governor issued a Call for the Sixth Special Session to occur concurrently with the 49th Second Regular Session. Following the Call, the Senate took bi-partisan action on the entire budget bill package, which included:

- SB 1001 statewide special election
- SB 1002 budget reconciliation, appropriations, education
- SB 1003 revenue bonds, lease-purchase finance
- SB 1004 state lottery, authorization
- SB 1005 standard deduction, nonresidents, prorate
- SCR 1001 temporary sales tax, repeal

Mr. Kros also noted that the House has opted to take incremental steps on this budget package, approving SCR 1001, SB 1001, SB 1003, SB 1004, and SB 1005. Mr. Kros said the temporary sales tax referral for the May ballot was the most noteworthy item to come out of this Special Session. He also mentioned that publicity pamphlet statements are due by February 25, 2010, if members of the Executive Committee would like to opine on that issue. He said the Legislature also enacted the new Lottery in the Sixth Special Session, which extends the Arizona Lottery for 25 years. Mr. Kros mentioned that in the session, the House amended and approved SB 1002. The amendment linked language from HB 2250, the Arizona Jobs Recovery Act sponsored by Speaker Kirk Adams, to SB 1002 regarding state budget reductions and education rollovers. The Senate did not vote on the amended version SB 1002. Instead both chambers adjourned sine die.

Additionally, Mr. Kros updated the Executive Committee on a series of public records and transparency bills being introduced during the 49th Second Regular Session. The bills seek to require all local governments, (including municipalities, counties, school districts, etc.), to upload every financial transaction into a searchable database, no matter the technical logistics of the project. He noted that the League is working with Representative Steve Montenegro and other bill sponsors to vet administrative feasibility and other implications of this concept. On the issue of photo radar, there are a series of bills this session that seek to change the administration of the state’s photo radar program or eliminate it altogether. While the intent of the Legislature is the state contract, bill language may impact local contracts as well.

Mr. Kros said the League is also working on the issue of impact fees. HB 2249 municipal development fees; refunds, requires cities to issue refunds to the home builder if a project that levied impact fees is not built within seven years of the initial imposition of the impact fee. HB 2259 development fees; proportional share, requires that the fee be proportionate to distributing the share of infrastructure costs between new development and existing residents.
Mr. Kros also updated the Executive Committee on Senate Bill 1070, which deals with immigration and is sponsored by Senator Russell Pearce. It is considered another attempt to get local law enforcement to enforce federal immigration law. It also contains a private right of action against any city that a person believes is operating as a “sanctuary city.” It passed its initial committee. Mr. Kros said that the League will continue to try and work with the sponsor to see if we can amend this bill. There is a companion bill in the House.

He continued onto the set of issues regarding tax collection. House Bill 2512 municipal taxes; auditors and collectors, sponsored by Representative Rick Murphy prohibits cities and towns from using private, third-party entities from performing certain tax administration, auditing and collection functions. Another bill of concern is HB 2407, which is a measure to make cities and towns raise all sales taxes across the board, versus a classification at a time. The League opposes these measures.

Mr. Kros concluded his update, saying that at this time in the session, there have not been any bills to threaten revenue sharing. President Dunn then called on Executive Director Ken Strobeck for any additional items he may have for the legislative update. Mr. Strobeck thanked members for reaching out to their delegations to encourage them to oppose problematic bills when the League sends out alerts, as it did for HB2407. Mr. Strobeck also updated the Executive Committee on additional bills regarding eminent domain. Senate Bill 1362 eminent domain, attorney fees, interest, outlines conditions in which the court may award reasonable costs and attorney fees, with interest, to the defendant in eminent domain cases. Also, Senate Bill 1365 eminent domain, disclosure, violation, expands the timeline in which a government entity must notify a property owner the property is subject to condemnation from 20 days to 120 days. The bill also prohibits benefit from an improvement on the property from being deducted from the amount compensated.

In closing, Mr. Strobeck briefed Executive Committee members on a possible alternative budget proposal that is floating around and is a more bi-partisan effort to deal with the state budget crisis. Representative Bill Konopnicki has been a voice of support for this measure. It is unknown if the proposal will go anywhere.

4. ADOPTION OF FY10-11 DUES

President Dunn called on Mr. Strobeck for an update on the proposed FY10-11 League dues. He said that the League is recommending a 5 percent reduction in dues, in light of the current economic situation cities and towns are facing. Mayor Rivera made a motion to accept the League dues as presented at a 5 percent decrease; Mayor Smith seconded the motion and it carried.

5. SITE SELECTION FOR FUTURE ANNUAL CONFERENCES

President Dunn recognized Matt Lore, Communication and Education Director, for a report on future site selections for the League Annual Conference. Mr. Lore shared with the Committee the League’s recommendations for the 2012 and 2013 conferences, which are the Hyatt Gainey Ranch in Scottsdale and the Hilton El Conquistador Resort in Oro Valley, respectively. Pending the approval of the Executive Committee, Mr. Lore said that League staff would finalize contracts with these hotels for the 2012 and 2013 conferences. Mayor Lane said that he welcomed the recommendation of Scottsdale as the host city for the conference in 2012, if the Hyatt Gainey Ranch were to be selected. Mr. Lore mentioned that Mayor Loomis had called the League and said he also supports the recommendation of the 2013 conference in Oro Valley.
Mayor Barrett motioned to approve the conference site selections as presented; Councilmember Mattox seconded the motion and it carried.

After the motion passed, Mr. Lore provided Executive Committee members with the Annual Conference sponsorship brochure, in the event that they knew of any businesses or partners that are interested in participating. In conclusion, Mr. Lore mentioned that the League would be hosting a planning committee meeting in April to prepare for the upcoming 2010 conference.

6. RESOLUTION OF APPRECIATION

President Dunn then presented the Committee a Resolution of Appreciation for League Treasurer and Mayor Nelson of Yuma for his years of service on the Executive Committee. Mayor Evans motioned to approve the resolution; Mayor Nexsen seconded the motion and it carried.

7. OTHER BUSINESS FROM LEAGUE EXECUTIVE DIRECTOR

Executive Director Ken Strobeck then mentioned that he had included some recent news articles that may be of interest to the Executive Committee, including a large article from The Capitol Times on shared revenue and an article in The Arizona Republic, where he and Darcy Olsen of the Goldwater Institute did a back-and-forth Q&A. Mr. Strobeck also updated the members on the upcoming events at the NLC Congressional City Conference including the reception planned for Arizona delegates, meetings with Senators McCain and Kyl and the reception hosted by Congressman Harry Mitchell.

Finally, President Dunn mentioned that the League received a request from the Colorado City Mayor to make a presentation to the Executive Committee regarding some issues their community is facing. Colorado City Manager David Darger was on hand to provide a brief overview of these items, including possible disincorporation of the community. Mr. Darger thanked the Committee for their time.

President Dunn then asked if there was any other business. Mayor Von Gausig said he would like to take the opportunity to say he was pleased and impressed with Mr. Strobeck’s article in the Republic. He said that while we can’t always control what is written about us, he does appreciate Mr. Strobeck’s and League staff’s efforts in clearly communicating our messages through editorials and other media.

President Dunn asked if there was any other business. Seeing none, he adjourned the meeting at 11:33 a.m.