

MINUTES
LEAGUE OF ARIZONA CITIES AND TOWNS
EXECUTIVE COMMITTEE MEETING

Friday, August 5 at 10:00 a.m.
League of Arizona Cities and Towns
1820 W. Washington St.
Phoenix, Arizona

MEMBERS

President

Cathy Carlat, Mayor, Peoria

Vice President

Douglas Nicholls, Mayor, Yuma

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*
Cal Sheehy, Mayor, Lake Havasu City+
Thomas L. Schoaf, Mayor, Litchfield Park+
Ed Honea, Mayor, Marana
John Giles, Mayor, Mesa

Kate Gallego, Mayor, Phoenix*
Stephanie Irwin, Mayor, Pinetop-Lakeside*
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
+ Attended via Zoom

President Cathy Carlat called the meeting to order at 10:00 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 Kevin Hartke of Chandler moved to approve the minutes of the May 13, 2022, Executive Committee Meeting; Mayor Tom Murphy of Sahuarita seconded the motion and the motion carried unanimously.

2. LEGISLATIVE UPDATE

President Cathy Carlat of Peoria introduced and welcomed Legislative Staff to provide a legislative policy overview.

Executive Director Tom Belshe reflected on the legislative session, thanked League staff for their hard work this session, and reminded members that there was a New Laws Report which summarizes new legislation for the year that was sent to cities and towns.

Legislative Director Tom Savage shared that the Legislative session concluded July 25th after 166 days. The session was mostly successful except for the veto of the measure to extend Proposition 400 and its impact on cities and towns. Many of the issues that came through the Legislative session this year are anticipated to reappear next year. League Staff have scheduled “road show” presentations to talk about high priority new laws at four different locations: Sierra Vista, Oro Valley, Taylor, and Flagstaff.

Short Term Rentals

Legislative Director Tom Savage overviewed the outcome of Short-Term Rental legislation. There was a compromise reached with the industry that resulted in the passage of legislation allowing cities to establish neighborhood notifications requirements, local licenses, increased penalties, and insurance requirements. The issue of proliferation was a complicated one to address this session but remains a priority for the League. We hope the reforms from the legislation (SB 1168) will be helpful to cities and towns in regulating short term rentals in their communities.

Affordable Housing

Legislative Director Tom Savage explained that in the interim, League staff will be prioritizing affordable housing and the Housing Supply study committee created by the Legislature. Two seats on the committee have been designated to cities and towns and are seated by Mayor Corey Woods of Tempe and Jean Moreno of Glendale. The committee will meet biweekly, and in September will meet weekly to travel across the state and discuss housing challenges in Arizona. A subgroup created by the League will also meet twice a month to help Mayor Woods and Jean Moreno prepare for future study committee discussions. A reoccurring concern by industry and other housing stakeholders is how much local regulation is affecting the cost of building homes. The League will be conducting surveys to help collect information needed to combat the stated concerns. The League is also working with Rounds Consulting Group to conduct a study on the true factors that impact housing development.

Elections

Legislative Director Tom Savage provided an overview of the primary election results. The results of the Republican primary will mean that a number of League champions will not be returning to the Legislature next year including Rep. Pace, Rep. Bowers, Rep. Osborn. On the Democratic side, Rep. Abraham, Rep. Chavez, and Rep. Sierra did not win their primary. In total 14 incumbent lawmakers lost their elections seeking seats again or switching chamber. There are a few competitive districts to monitor including LD9.

Legislative Awards

Executive Director Tom Belshe discussed The League’s Friends and Champions Awards program. Historically this program helped win votes for issues affecting cities and towns at the Legislature, but the program is no longer producing this result and it is has become difficult to decide criteria for who receives the award each year.

League staff proposed to the committee moving the awards out to the cities and towns to decide champions for their own cities. Executive Director Tom Belshe asked for feedback and discussion from the Executive Committee on this idea. Committee members agreed that they would not want to do a city and towns level awards program and agreed the League should hold the award program one more year. A legacy awards program was proposed to honor legislators in the future.

The League will be proposing at the next meeting other programs that might be effective to get more consistent relationships at the legislature and suggested the award program should not be the primary incentive to help gain support on League priorities.

3. FEDERAL POLICY UPDATE

Deputy Director René Guillen briefly gave an update on the American Rescue Plan Act. Originally the Treasury offered a one-time only 10-million-dollar standard allowance for lost revenue to cities. This has been updated recently in the Treasury's database to allow cities that did not accept that one-time allowance to take advantage of this. The second deposit of ARPA funding has been distributed to most Arizona Cities and Towns.

Deputy Director René Guillen next gave an update on the Infrastructure and Investment in Jobs Act (IIJA) by the federal government. Much of the funding available from this act is formula driven, but some of it is grant driven so cities and towns will be competing for some funds.

At the state level, the governor has assembled an internal task force focusing on the infrastructure bill and what it means for the state, county, cities and towns. The task force will be helping to oversee that funds will be used most effectively throughout the state. Cities can reach out to the taskforce for assistance ensuring that their applications comply with state transportation plans or broadband plans. Cities and towns with the highest chance of getting grant applications approved will also be able to prove that their application proposal benefits other cities, the region, and different industries and initiatives larger than just their own community.

As a reminder, \$76 million dollars will be distributed to ADOT directly over 5 years to add charging stations to the interstate system. The funding is not allowed to be used on state routes. The first draft plan submission is due in August, and RFPs will be assembled to identify who will be installing charging stations.

Regarding IIJA act funding for wildfire, two types of grants will be offered to update Community Wildfire Protection Plan or to use the funding to implement your plan if its already up to date.

Regarding IIJA act funding for broadband, nothing has been announced, but a grant will be released very soon for cities and towns to apply for funds, and a third party will be used to engage and offer assistance to cities and towns on how to apply for the grants.

4. LEGAL UPDATE

General Counsel Nancy Davidson provided a legal update.

There is a working group of city attorneys from throughout the state working on the short-term rental ordinance.

The League is updating their publications based on the new state laws and recent cases.

An email was distributed to city and town attorneys regarding the DROP bill (SB 1268) about the intent and meaning of the bill. Cities should discuss this bill with their city attorneys. The bill allows employers to offer to extend DROP benefits to Tier 1 members currently enrolled in DROP for up to 24

months. Due to the Contract Clause and considerations, the bill was specifically written to provide that employers are not required to offer this extension. Additionally, employers who choose to offer this option are not required to offer it to all applicable employees; employers have discretion to offer the extension to certain job classifications, but cities will need to be careful in exercising this discretion to ensure they are complying with the law and local requirements, if any. Employers who choose to offer this extension to employees are also not required to offer the extension for the full 24 months.

General Counsel Nancy Davidson provided an update on the amicus briefs filed by the League in cases involving matters of statewide concern for Arizona cities and towns. In one such case involving the City of Flagstaff (*Mountainside v. City of Flagstaff*), the Arizona Court of Appeals ruled in favor of the City and held that a city's authority to charge utility capacity fees pursuant to A.R.S. Sections 9-511 and 9-511.01 is separate from a city's statutory authority to assess impact fees pursuant to A.R.S. Section 9-463.05. This decision will likely be appealed to the Arizona Supreme Court. In *James v. City of Peoria*, the Arizona Supreme Court was asked to decide whether a notice of claim (NOC) is invalid, under § 12-821.01, if it provides that the claimant's settlement offer will terminate less than 60 days after the NOC is served. The League filed an amicus brief in this case as well in support of Peoria. The Arizona Supreme Court held that a NOC that otherwise complies with § 12-821.01(A) is not invalid simply because it purports to set a deadline for settlement prior to the 60-day period in § 12-821.01(E).

General Counsel Nancy Davidson indicated that the packet includes a detailed list of legal developments and summaries – and she was only highlighting a few for this meeting. For example, the Attorney General recently filed a lawsuit against the Scottsdale Unified School District (SUSD) and a Governing Board member for allegedly violating open meeting law on three occasions. The lawsuit alleges SUSD's meeting agenda was purposefully structured to avoid public comment regarding the district's mask mandate. The lawsuit also claims a Board member ran afoul of open meeting law when he allegedly interrupted a parent who claimed a district employee left neo-Nazi comic books around for students to find. On August 2, 2022, the AG issued a legal opinion about “calls to the public” under open meeting law, which is possibly related to this lawsuit against SUSD.

In another case, an appointed member (and former vice chair) of the Arizona School Facilities Board was sentenced to two concurrent terms of probation and ordered to pay a fine in a conflicts-of-interest case. The former chair failed to disclose conflicts in three instances that benefited his son's construction business.

General Counsel Nancy Davidson provided an overview of recent U.S. Supreme Court decisions, including *Kennedy v. Bremerton School District* case where a public employee (football coach) was suspended for kneeling on the field after a football game while he was still “on duty.” This case will change how municipal attorneys assess issues related to Establishment Clause and the speech rights of public employees. The U.S. Supreme Court also issued a major Second Amendment case, *New York State Rifle & Pistol Ass'n, v. Buren*. The Court held 6-3 that state and local governments cannot require “proper cause” to obtain a license to carry a handgun outside the home. However, it is important to note that this decision does not impact any legal authority to prohibit weapons in “sensitive places” where weapons have historically been prohibited, such as city hall, polling places, and courthouses.

5. 2022 LEAGUE ANNUAL CONFERENCE UPDATE

Deputy Director Matt Lore gave an update on the 2022 League Annual Conference to take place August 30-September 2nd at the Renaissance in Glendale, Arizona.

There will be over 40 sessions, many related to IJJA, as well as several mobile workshops, a Cardinal stadium tour, and Luke Airforce Base tour.

Deputy Director Matt Lore thanked City of Glendale and Mayor Weirs for their assistance in planning the conference, and their role in gathering significant sponsorship for the League.

Executive committee members were reminded that they will have a room reserved at the hotel.

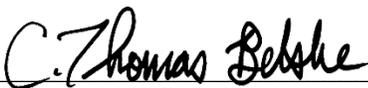
6. RESOLUTION OF APPRECIATION

President Cathy Carlat of Peoria asked for a motion to approve a resolution of appreciation for Mayor Christian Price of Maricopa for his dedicated service to local government. Vice President Douglas Nichols of Yuma moved to approve the resolution of appreciation; Mayor Brigitte Peterson of Gilbert seconded the motion and it carried unanimously.

7. LIFE MEMBER NOMINATION

Past presidents of the League are traditionally granted Life Membership by the Executive Committee. President Cathy Carlat of Peoria asked for a motion to approve the nomination of Past President Christian Price as a Life Member. Mayor Kevin Hartke of Chandler moved to approve the Life Member Nomination; Mayor Brigitte Peterson of Gilbert seconded the motion and it carried unanimously.

President Cathy Carlat adjourned the Executive Committee Meeting at 10:24 a.m.



EXECUTIVE DIRECTOR



PRESIDENT