

MINUTES

LEAGUE OF ARIZONA CITIES AND TOWNS

EXECUTIVE COMMITTEE MEETING

Friday, November 4, 2011
League Office Building
1820 West Washington, Phoenix

MEMBERS

President

Robert Walkup, Mayor, Tucson

Vice President

Doug Von Gausig, Mayor, Clarkdale*

Treasurer

Mark Mitchell, Councilmember, Tempe

Douglas Coleman, Councilmember, Apache Junction

Marie Lopez Rogers, Mayor, Avondale

Jay Tibshraeny, Mayor, Chandler

Gilbert Lopez, Vice Mayor, Coolidge

Lana Mook, Mayor, El Mirage

Byron Jackson, Mayor, Eloy*

Elaine M. Scruggs, Mayor, Glendale*

Fernando Shipley, Mayor, Globe

John Salem, Mayor, Kingman

Mark Nexsen, Mayor, Lake Havasu City

Thomas L. Schoaf, Mayor, Litchfield Park

Scott Smith, Mayor, Mesa*

Kenny Evans, Mayor, Payson

Bob Barrett, Mayor, Peoria*

Claude Mattox, Councilmember, Phoenix*

Harvey Skoog, Mayor, Prescott Valley

Lynne Skelton, Vice Mayor, Sahuarita*

W.J. "Jim" Lane, Mayor, Scottsdale

Rob Adams, Mayor, Sedona

Gerry Whipple, Councilmember, Show Low

Rick Mueller, Mayor, Sierra Vista

Bob Rivera, Mayor, Thatcher

Alan Krieger, Mayor, Yuma

**Not in attendance*

President Robert Walkup called the meeting to order at 10:05 a.m. He then recognized the new Executive Committee members and led the committee in the Pledge of Allegiance.

1. REVIEW AND ADOPTION OF MINUTES

President Walkup requested a review and approval of the minutes as presented. Mayor Nexsen moved that the minutes of the August 31, 2011 Executive Committee meeting be approved. Councilmember Mitchell seconded the motion and it carried unanimously.

2. LEGISLATIVE UPDATE

President Walkup recognized League Executive Director Ken Strobeck to provide a legislative report. Mr. Strobeck began by updating the committee on legislation previously passed including SB 1612 and SB 1598. Mr. Strobeck further explained the Arizona Department of Water Resources assessment fee that was brought on municipalities from passed legislation. Mr. Strobeck then recognized Deputy Director Tom Belshe to give a presentation on the Highway User Revenue Fund (HURF) sweeps and their impact on municipalities. Mr. Belshe's presentation included data that the League collected from municipalities on their backlogs for construction, repair, and maintenance of municipal street projects that have been unaddressed to due to the lack of HURF funds. Additionally, the presentation included charts on the HURF sweeps within the past 10 years and future impacts. Tom concluded the presentation by explaining that HURF sweeps not only have an impact on municipal maintenance but jobs as well.

Mr. Strobeck then called upon Legislative Associate René Guillen to discuss SB 1598, a regulatory reform bill. René described the bill and the complexity involved in complying with the legislation. He indicated that the League is putting together a workgroup to follow a process similar to SB 1525 in order to craft implementation guidance and possible model ordinances. René also indicated that similar regulatory legislation is likely for the coming session as a method of job creation. Mayor Bob Rivera asked about the current status of the redistricting process in Arizona. René provided an update on the effort to remove Colleen Mathis as the head of the Independent Redistricting Commission (IRC). He also provided a timeline for future IRC meetings and public hearings.

Ken announced that the final model ordinance for SB 1525, the impact fee bill, was released. He also brought up a possible bill for next session by Rep. Rick Gray that would have tax payments be made online. It could present possible issues in the upcoming session, but is not expected to directly threaten the Model City Tax Code. Ken then proceeded to highlight the 2012 Municipal Policy Statement and acknowledged Legislative Director Jim Ogsbury to provide an update on the upcoming legislative session.

Mr. Ogsbury told members of the committee that one of his main priorities over the past year had been to build relationships with members of the Legislature. He described his efforts as largely successful and expressed optimism at the potential benefits that may be seen in the upcoming session. Jim explained how the legislative division has divided the members of the Legislature to meet with and disseminate the Municipal Policy Statement. He has also noted that the legislative team had been expressing the general message of "leave us alone" as the mantra for members when thinking about their potential involvement in municipal affairs.

Additionally, the League has been working to operationalize the League resolutions from the Annual Conference. Mr. Ogsbury noted that Legislative Associate Dale Wiebusch has been involved in discussions on graffiti legislation. The League has also been involved in a stakeholder process on onerous public records requests. Jim updated the Committee on the resolution to repeal the 3 percent withholding at the federal level, noting that both houses of Congress unanimously voted to repeal the 3 percent tax. Jim mentioned that the upcoming legislative session would be focused on jobs and economic development. Aside from HURF and the water fee, there had not been a lot of discussion about possible budget issues to date. He noted that the League fully expects there will be another managed competition bill. There have supposedly been meetings on the matter, but the League was not invited to participate. In anticipation of such a bill, the League has been collecting materials that demonstrate the problems with such a mandate. Additionally, a bill to consolidate elections to the fall of even years was reported as likely. Jim concluded by saying that the upcoming session promises to be very busy as members look for "take-home" bills. Based on a question about Heritage funds, Dale

Wiebusch spoke about AZ Forward. He noted that AZ forward is aimed at the State Parks Fund and keeping those funds with the parks. Ken noted that he and Jim had an excellent meeting with Speaker of the House Andy Tobin.

3. WE BUILD ARIZONA PRESENTATION

Executive Director Ken Strobeck recognized David Martin, President of the Arizona Chapter of Association of General Contractors (AGC), to present on their coalition known as “We Build Arizona.” David Martin first provided a background of the organization and its mission to protect state and local infrastructure funding. Mr. Martin informed the committee of the current HURF rates and the impact it has had on the economy.

Mr. Martin said that they need to continue to articulate the loss of revenue from the gas tax. He relayed that this loss is due to the lack of buying power and the efficiency of vehicles. According to We Build Arizona, the gas tax has created a \$1.456 billion deficit, and the group believes that this money could have gone to creating jobs.

Mr. Martin asked for an endorsement in support of their coalition. President Walkup asked for a motion to support We Build Arizona. Mayor Schoaf relayed to the committee that they all need to understand the motion before supporting the coalition. Additionally, Mayor Nexsen said they need to know the specific goals of the coalition on paper so they may see what they are going to support before voting. After discussion, the committee requested more research and a report from League staff to state what they would be supporting if they endorsed We Build Arizona. President Walkup requested a motion for League staff to provide a document that outlines what support the Executive Committee would give to the coalition. Mayor Nexsen motioned for approval. Vice Mayor Lopez seconded the motion and it carried unanimously.

4. TAX CODE UPDATE

President Walkup recognized Executive Director Ken Strobeck to provide an update on the Model City Tax Code (MCTC). Ken reminded the committee of the bill to eliminate the Model City Tax Code (MCTC) that was brought forth by the Legislature earlier in the year. Ken reported that the League has been working with the Arizona Tax Research Association (ATRA) to streamline the MCTC particularly relating to the green sheet pages. He continued to say that the League and ATRA have been working accurately on providing consistency throughout the tax code’s green pages.

Mr. Strobeck then called on Deputy Director Tom Belshe to report on his work with ATRA. Mr. Belshe first updated the committee on the issue of the model code along with the various pages and unique options that municipalities select. Tom reported that he has had discussions with Finance Directors from cities about their green sheet exceptions and the importance to unify their pages. Tom noted that these efforts have been successful and ATRA has been pleased with the progress. Tom added that the second phase of the tax code changes is taking a look at the options that include exemptions and taxes on certain items. He reported that he is talking to communities and finding out if options are really necessary. Lastly, Tom said that the fewer options and less unique language will bring uniformity among municipalities and the state.

5. LEAGUE ANNUAL SURVEY RESULTS

President Walkup recognized Matt Lore, Communication and Education Director, to provide an update on the results of the 2011 League Annual Survey. Mr. Lore gave a background on the online survey. He reported that this year's survey brought in 125 total responses and touched on three general areas: demographics of respondents, overall performance of the League and services the League provides to members. He reported that this year's survey was very positive with 96% of the respondents indicating that the League was providing excellent or good services to the cities and towns in Arizona. Matt concluded his presentation by highlighting other important points included in the survey.

6. RECAP OF 2011 ANNUAL CONFERENCE

President Walkup again recognized Matt Lore to provide a recap of the 2011 Annual Conference. Mr. Lore began by discussing the financial report and the increase of net revenue. He added that the increase of revenue was due to an increase in conference sponsorships, which were reported as the highest on record. He reported that there were 84 cities and towns represented at the conference and a total of 988 attendees. Matt said that he received good suggestions on how to improve future conferences through the attendee survey. He added that next year's conference in August 2012 will be held at the Hyatt Gainey Ranch in Scottsdale.

Matt then addressed concerns of having the annual conference during the week of the fall primary election. The dates for 2012 and 2013 have already been set and do fall on the primary election week. Matt said that other conference dates can be looked at later as they plan for future conferences. President Walkup followed by thanking everyone for traveling to Tucson for the conference. Ken Strobeck also acknowledged Mr. Lore and Communication and Education Associate Mary Vinzant for their work on the annual conference.

7. 2010-2011 AUDIT REPORT: LEAGUE AND PROPERTY CORPORATION

League Executive Director Ken Strobeck gave an update on the League's Annual Audit and Property Corporation. Mr. Strobeck mentioned that the auditors were on-site for one week and that the League had received a clean report. Seeing no discussion, Mayor Walkup asked for a motion to approve the Annual Audit Report. Mayor Rivera moved that the audit report be approved. Vice Mayor Lopez seconded the motion and it carried unanimously.

8. NLC CONFERENCE UPDATE

League Executive Director Ken Strobeck gave an update on the National League of Cities Congress of Cities and Exposition that will be held in Phoenix, November 9-12. Mayor Lopez-Rogers reported that there were currently 3,085 registrants and over 240 Arizona delegates registered. Ken Strobeck recognized Mayor Lopez-Rogers as the upcoming First Vice President. Mayor Lopez-Rogers provided an update on the conference and acknowledged that she was looking forward to the conference as it will bring a positive impact to Arizona. Finally, Ken asked the committee to review the document on the briefing for municipal city leaders that was held at the White House. Ken reported that there were about 150 delegates in attendance along with himself, Mayor Lopez-Rogers and Vice Mayor Lopez from Arizona.

9. ANNOUNCEMENTS

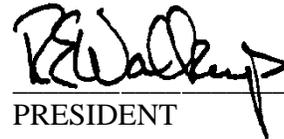
President Walkup called on Executive Director Ken Strobeck to provide any further announcements. Ken told the committee that the League had produced two new publications that were included in the Executive Committee packets: *Anatomy of a Council Meeting* and *Council Manager Government in Arizona*. Ken also mentioned that League staff is in the process of updating several other League publications, which will be available for download online.

Mr. Strobeck also reminded members of the Executive Retreat scheduled for January 5-6. He noted that any topics are open for discussion and to please send any suggestions to Mayor Von Gausig. Ken noted that the retreat would include a business meeting to appointment new members on the Executive Committee. Lastly, Ken thanked Mayor Walkup for his service as president of the organization and for his work on the Executive Committee.

President Walkup asked for a motion to adjourn. Mayor Rivera moved that the meeting be adjourned and Mayor Tibshraeny seconded the motion. The motion carried and the meeting adjourned at 11:56 a.m.



EXECUTIVE DIRECTOR



PRESIDENT

PRESIDENT

EXECUTIVE DIRECTOR