

MINUTES

LEAGUE OF ARIZONA CITIES AND TOWNS

EXECUTIVE COMMITTEE MEETING

Friday, November 14, 2014 at 10:00 a.m.
League of Arizona Cities and Towns
1820 W. Washington St.
Phoenix, Arizona

MEMBERS

President

Mark Mitchell, Mayor, Tempe*

Vice President

Jay Tibshraeny, Mayor, Chandler

Treasurer

Mark Nexsen, Mayor, Lake Havasu City

Doug Von Gausig, Mayor, Clarkdale
Gilbert Lopez, Councilmember, Coolidge
Lana Mook, Mayor, El Mirage
Gerald Nabours, Mayor, Flagstaff
Linda Kavanagh, Mayor, Fountain Hills
John Lewis, Mayor, Gilbert

Jerry Weiers, Mayor, Glendale
Thomas L. Schoaf, Mayor, Litchfield Park
Ed Honea, Mayor, Marana
Christian Price, Mayor, Maricopa
John Giles, Mayor, Mesa
Kenny Evans, Mayor, Payson
Bob Barrett, Mayor, Peoria
Greg Stanton, Mayor, Phoenix*
Harvey Skoog, Mayor, Prescott Valley
W.J. "Jim" Lane, Mayor, Scottsdale
Daryl Seymore, Mayor, Show Low
Rick Mueller, Mayor, Sierra Vista
Sharon Wolcott, Mayor, Surprise
Bob Rivera, Mayor, Thatcher
Jonathan Rothschild, Mayor, Tucson
Douglas Nicholls, Mayor, Yuma

**Not in attendance*

League Vice President Jay Tibshraeny called the meeting to order at 10:04 a.m. He also welcomed new members of the Executive Committee – Flagstaff Mayor Jerry Nabours, Fountain Hills Mayor Linda Kavanagh, Maricopa Mayor Christian Price, Pinetop Mayor Daryl Seymore, and Yuma Mayor Douglas Nicholls.

1. RESIGNATION AND APPOINTMENT OF EXECUTIVE COMMITTEE MEMBER FROM CITY OF MESA

League Vice President Jay Tibshraeny recognized Mayor Bob Rivera, Chairman of the Nominating Committee, to discuss the appointment of an Executive Committee Member from the City of Mesa. When the League Nominating Committee met last August in Phoenix, Mayor Finter from Mesa was nominated to the Executive Committee, serving as the Mayor for Mesa. As Mayor John Giles has since been elected Mayor of Mesa, the Nominating Committee recommended appointing Mayor John Giles as the representative from the City of Mesa.

Mayor Doug Von Gausig made a motion to accept the resignation of Mayor Alex Finter and nominate Mesa Mayor John Giles to the League Executive Committee; Mayor John Lewis seconded the motion and it carried unanimously.

CONSENT AGENDA

- 2. *MINUTES**
- 3. *POLICY COMMITTEE CHAIRS AND PROCESS MEMO; BUDGET SUBCOMMITTEE CHAIR**
- 4. *RECENT LEAGUE AMICUS BRIEFS**
- 5. *RESOLUTIONS OF APPRECIATION**

Mayor Kenny Evans moved to approve the consent agenda; Mayor Bob Barrett seconded the motion and it carried unanimously.

6. TPT IMPLEMENTATION UPDATE

Vice President Jay Tibshraeny recognized League Deputy Director Tom Belshe to provide the TPT Implementation Update.

Deputy Director Belshe announced to the Executive Committee that a delay had been secured for implementation of the electronic portal portion and most of the administrative portion of Transaction Privilege Tax. The new date will be January 1, 2016.

Mr. Belshe told the committee that the construction industry is not pleased with some interpretations that the Department of Revenue (ADOR) has made about how they will conduct the issuance of exemption certificates. Some construction groups tried to call for a special session, but were not met with much enthusiasm by the governor's office, and a special session did not occur. The construction industry suggested a new system for construction sales tax that would allow for simplicity of administration; whatever community they do the work in is where they collect retail tax from the customer and remit to the city. There will also be tools in place to help the companies know which city they are in and what the tax rate will be, making it simple for them to add retail tax and remit into the system.

Mr. Belshe informed the Executive Committee that the group had positive meetings with the Department of Administration (ADOA) to create a new plan regarding programmers. ADOR will handle interagency issues and will track what is accomplished and what modules are currently being programmed.

Mr. Belshe also noted that the development of the audit portion of the implementation continues to go well, as all the municipal and ADOR auditors are going through the same training annually.

League Executive Director Ken Strobeck emphasized that Mr. Belshe and representatives from all of the cities and towns were meeting constantly to work on the project. He reminded the Committee that when the bill was passed two years ago, the municipalities were assured that the process would be successful; unfortunately, the programming has caused issues. He noted that when the language for HB 2111 was written, a clause was included that stated that the data must be sufficient to satisfy the municipalities prior to the enactment of the switch.

Mr. Strobeck also told the Committee that the League would be creating a series of newsletters to send to the Legislature so that they understand the process and are aware when benchmarks are achieved moving forward.

7. LEGISLATIVE POLICY DISCUSSION

Vice President Jay Tibshraeny recognized League Executive Director Ken Strobeck for the Legislative update.

Executive Director Strobeck told the group that with the election results, there would be changes coming, including a new governor, new legislature and new committee chairs. He welcomed League Legislative Director René Guillen to give an overview of the new leadership at the legislature.

Makeup of Legislature

Mr. Guillen told the Executive Committee that there were several new faces at the Capitol. He then walked the Committee through the makeup of the legislature, noting that there was similar political breakdown as the group saw in the 2014 session. He also gave an overview of individuals serving in leadership position, noting that many of the individuals had prior relationships with the League and foresaw this providing the League with some positive and communicative relationships heading into the session.

Shared Revenue Issues

Mr. Guillen told the Committee that the budget would be one of the main focuses of the Legislature this session. He said that the JLBC had released a document in October with their brief analysis of the current fiscal year, indicating that there was a shortfall of half a billion dollars. Assuming that this shortfall is paid off in FY 2015, their analysis was that the FY16 shortfall would be just one billion dollars. Mr. Guillen reminded the Committee that the state had been in a similar financial position previously and had taken care of the shortfall without hitting some key economic sources.

He noted that the League's approach for interaction with the legislature regarding the budget will be education. Mr. Guillen advised the Committee that when discussing items with legislators, it is important to provide them with positive messaging and demonstrate how much State Shared Revenue matters, by emphasizing where the money goes within the communities.

Mr. Strobeck informed the Executive Committee that this positive messaging strategy was discussed amongst the League and intergovs. He noted that it would be advisable for the League and municipalities to approach legislators with a shared objective; strong and healthy cities produce a strong state economy.

Mr. Guillen said that another topic of interest this session would be HURF. He indicated that there had been some previous discussion with legislators about an alternative funding policy for DPS, saying that if something were to arise, the League would become a partner in this area. Mr. Guillen also told the group that collaboration would be crucial in regards to HURF, with collaboration happening on both the public and private side.

Resolutions

Mr. Guillen apprised the Executive Committee of changes occurring regarding the League's Resolutions process. He reminded the Committee that many municipal issues were passed in August, with the League's Legislative Associate, Dale Wiebusch, taking a lead to develop model ordinances on these topics. Mr. Guillen suggested that the execution of these resolutions would involve many League partnerships, as there were certain issues passed as resolutions that would be better suited for other organizations to take the lead on, with support from the League. He noted that these partnerships would allow for the League to take the lead on strictly municipal issues.

PSPRS Task Force

Mr. Guillen then welcomed Mr. Scott McCarty, Finance Director for the Town of Paradise Valley and Chair of the League's PSPRS Task Force, to present an update on the Task Force.

Mr. McCarty thanked the Executive Committee for the opportunity to chair the PSPRS Task Force and told the Committee that the group was putting together a work plan and had also developed a list of immediate issues employers could take now to reduce their liability.

Mr. McCarty reminded the Committee that the Task Force was a collaboration between the League, ACMA and GFOAz and that it was comprised of 15 members from organizations throughout the state. In the early stages of the process, the Task Force focused on education, learning through a variety of presentations about the PSPRS system. He indicated that the group held discussions with PSPRS administration, actuaries, legal teams and labor associations. Mr. McCarty told the Committee that a goal of the Task Force was to develop a better relationship with those organizations.

Mr. McCarty informed the Executive Committee that the PSPRS Task Force had focused on immediate opportunities to present to cities and towns that will enable them to benefit financially, even prior to possible legislation taking place in the long run. He recommended that municipalities learn the details of their organizations' contributions, focusing on the costs of their particular plan. He told the Executive Committee that their cities and towns should look at the frequency they were making payments to PSPRS. Mr. McCarty indicated that these suggestions would be included on a document that the Task Force was compiling.

8. LEAGUE ANNUAL SURVEY RESULTS

Vice President Jay Tibshraeny recognized League Communication and Education Director Matt Lore for the League Annual Survey Results.

Mr. Lore reminded the Executive Committee that the annual survey is sent to elected officials and staff from the 91 cities and towns each October. He noted that this year's survey had also been sent to the additional associations the League works closely with, including the Arizona City/County Management Association, Government Finance Officers Association of Arizona, the Arizona Municipal Clerks Association and the Arizona City Attorneys Association.

Mr. Lore invited League Member Services Assistant Amy Price to present the specifics of the Annual Survey.

Ms. Price told the Executive Committee that the questions from the survey had remained the same since the online survey was initiated in 2004, allowing for comparison across the years. She noted that the survey results include demographics, overall performance and the services which the League provides. Ms. Price announced that 1,700 surveys were sent out and there were 147 respondents. She then gave a general overview of the survey to members, noting that the results were included in the Executive Committee packet.

9. REPORT ON AZ CITIES@WORK CAMPAIGN

Vice President Jay Tibshraeny recognized League Communication and Education Director Matt Lore for the report on the Arizona Cities@Work campaign.

Mr. Lore explained to the Executive Committee that the AZ Cities@Work campaign is an ongoing collaborative education and PR program that began in 2013 at the request of the Executive Committee. The campaign is designed to create positive messaging regarding Arizona's municipalities with materials that are appropriate for use in all 91 cities and towns.

Mr. Lore asked League Communication and Education Assistant Samantha Womer to give an update on the continuation of the campaign.

Ms. Womer told the Executive Committee that since the last update was given to the Executive Committee, the League had produced three seasonal projects to enhance the existing components of the Arizona Cities@Work campaign. These included an educational video and materials related to the municipal budget process, a multi-platform print and digital magazine that showcased summer tourism in Arizona's cities and towns, and the annual Arizona Cities and Towns Week, held in October. She said that the campaign components continue to be utilized by the municipalities and noted that the campaign is focusing more efforts on social media and citizen interaction.

10. RECAP OF 2014 ANNUAL CONFERENCE

Vice President Jay Tibshraeny recognized League Communication and Education Director Matt Lore to present a recap of the 2014 Annual Conference.

Mr. Lore referred the Executive Committee to the full financial report, included in the Executive Committee packet, noting that 83 of the 91 cities and towns were represented at the conference, with 1,187 attendees' total.

Mr. Lore also told the Committee that planning was already underway for the 2015 Annual Conference and invited interested Committee members to participate in the planning meeting to be held in the Spring. He also reminded the Committee that the 2015 Annual Conference would be held in August at the Starr Pass Resort in Tucson.

11. 2012-2013 AUDIT REPORT

Vice President Jay Tibshraeny recognized League Executive Director Ken Strobeck for the Audit Report.

Executive Director Strobeck informed the Executive Committee that it was a clean audit and there were no deficiencies to report.

Councilmember Bob Rivera moved to approve the 2012-2013 Audit Report; Mayor Douglas Nicholls seconded the motion and it carried unanimously.

Seeing no further business, Vice President Jay Tibshraeny adjourned the meeting at 11:57 a.m.



EXECUTIVE DIRECTOR



PRESIDENT