

**MINUTES**

**LEAGUE OF ARIZONA CITIES AND TOWNS**

**EXECUTIVE COMMITTEE MEETING**

Friday, May 15, 2015 at 10:00 a.m.  
League Office Building  
1820 West Washington, Phoenix

**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  
Daniel Valenzuela, Vice 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*  
*+Participated via phone*

League President Mark Mitchell called the meeting to order at 10:05 a.m. He led the committee members in the Pledge of Allegiance.

President Mitchell informed the Executive Committee that member and Phoenix Mayor Greg Stanton had resigned from the Executive Committee. Mayor Bob Rivera motioned to approve the appointment of Phoenix Vice Mayor Danny Valenzuela to sit in place of Mayor Greg Stanton; Mayor Gilbert Lopez seconded the motion and it carried unanimously.

The meeting began with **Agenda Item 7: CENSUS DISCUSSION UPDATE**

League President Mark Mitchell introduced League Executive Director Ken Strobeck to present an update on the ongoing census discussion.

Executive Director Strobeck reminded the Executive Committee that a League Resolution to allow the use of state populations for shared revenue distribution in 2015 and beyond was introduced last year by Prescott Valley. The resolution was defeated. It was stated that the resolution would not be favorable to the majority of the cities, and municipalities wishing to obtain an updated number have the option to go out for a special census.

Because of this decision, several cities indicated interest in going out for a special census. There are now seven cities committed to going forward with a special census from the bureau. Now, several cities are asking for the resolution to be revisited due to the impact on shared revenue distribution.

Mr. Strobeck informed the Executive Committee that the League had hosted a series of meetings to try to come to an equitable solution to the issue. There was general agreement to seek fast-track legislation to allow cities and towns a choice of their population numbers beginning in 2015. While this option was primarily supported, it would lessen the amount received by those who elected to conduct the special census.

Within these meetings, the seven cities inquired about some compensation for what was paid to the bureau for conducting their census. A smaller group of managers is set to meet to negotiate and discuss options.

Discussion was held by the Executive Committee about fast-tracking legislation that would allow the cities and towns to use the state estimate population numbers and to work with the State Demographer's office to improve the quality of the state data. The question was raised as to the impacts of the growth of state shared revenues to jurisdictions under both a statewide and census city population update.

Mayor Lewis and Mayor Price noted their support of the League resolution last year and willingness to work towards a statewide legislative solution, but stated that voting to do so before a compromise is reached on the issue of reimbursement would not be equitable to the census cities and recommended tabling this item until after the negotiations by the four managers.

Mayor John Giles moved to seek fast-track legislation to allow cities and towns to develop a new model for state-estimated population numbers; Mayor Harvey Skoog seconded the motion and it carried with two objections from Mayor Lewis and Mayor Price.

President Mitchell commented that he hoped the group of managers would continue to meet to discuss the options regarding compensation to those seven census cities.

## **1. REVIEW AND ADOPTION OF MINUTES**

Mayor Harvey Skoog moved to approve minutes of the February 13, 2015 Executive Committee meeting; Councilmember Gilbert Lopez seconded the motion and it carried unanimously.

## **2. LEGISLATIVE REPORT AND NEW LAWS UPDATE**

League President Mark Mitchell introduced League Executive Director Ken Strobeck and League Legislative Associate Dale Wiebusch to give a legislative update.

Executive Director Strobeck noted that there had been a large number of preemptions proposed during this particular legislative session, including residential rentals, photo radar, firearms and others. While there were several potentially devastating items proposed this session, there was not anything especially harmful that was passed.

Mr. Strobeck recognized League Legislative Associates Dale Wiebusch and Ryan Peters for their accomplishments throughout the session, particularly in the absence of a legislative director during the session. He also thanked Greg Karidas, who served as a temporary legislative associate and had recently accepted a position with the Secretary of State's Office. In addition, Mr. Strobeck recognized Deputy Director Tom Belshe and Tax Policy Analyst Lee Grafstrom for specific work on finance and tax issues.

Mr. Strobeck then called on Legislative Associate Wiebusch to give an update on the League Policy Committees.

Mr. Wiebusch reminded the Executive Committee that last year, a new Policy Committee process was created for the annual resolutions, and that five separate committees had been formed. He informed the Committee that 21 resolution ideas had been submitted, covering a wide variety of issues, including HURF, economic development, local control, Heritage Fund, parks and others. Based on this new process, President Mitchell will assign each idea to a relevant committee and that committee will vet those issues, with League Staff drafting a full resolution. Following the committee process, the full Resolutions Committee will meet at the Annual Conference to review and vote on the proposed resolutions.

### **3. TPT IMPLEMENTATION UPDATE**

League President Mark Mitchell recognized League Deputy Director Tom Belshe to present on the progress of the TPT implementation project.

Deputy Director Belshe informed the Executive Committee that the Arizona Department of Revenue (DOR) had created online training materials for cities and towns and others in the contracting industry. He reminded the Committee of an original concern regarding single audit status; however, he indicated that the single audit process had gone better than originally expected. He said that there had been a number of audit requests, all of which were approved, and many that were also completed by city auditors with DOR involvement.

Mr. Belshe also informed the Executive Committee that an IGA was developed to ensure that there would be no requirement for self-collecting cities to turn operations over to DOR if the department is not prepared with the supplemental software systems. He also noted that the IGA indicated that there would be a review on September 1, 2015. At this time, the cities will be ready for licensing. However, if the department is not ready on this date, cities will continue to hold onto their system until a later date.

Mr. Belshe informed the Executive Committee that the Auditor General had released a report finding performances hindered by the ineffective information technology equipment systems and leadership at the DOR. In addition, he revealed the formation of an Executive Steering Committee, comprised of the Governor's Office, Department of Administration (DOA), DOR and municipalities, who meet monthly for progress reports. Within this committee, it was announced that DOA would be procuring a replacement to their current tax system in 2016. The League has informed the Auditor General and the Governor's Office of their dissatisfaction with this approach.

League President Mark Mitchell apprised the Executive Committee of a meeting that he and several other committee members had held with the governor. In this meeting, they outlined the challenges that had been occurring with DOR and expressed the displeasure with the system.

### **4. LEAGUE BUDGET FOR 2015-2016**

League President Mark Mitchell recognized Mayor Thomas Schoaf, Chairman of the League Budget Subcommittee, to present the suggested League Budget for 2015-2016.

Mayor Schoaf pointed out that the proposed budget being suggested for adoption has a projection of \$100,000 shortfall between revenues and expenditures. This is similar to the projected budget of 2014-2015, which included a projected shortfall of \$110,000. He noted that depending on the revenue received from the annual conference, there would be a change in this shortfall amount.

Mayor Schoaf moved to approve the FY16 budget as recommended by the subcommittee; Mayor Linda Kavanagh seconded the motion and it passed unanimously.

### **5. PSPRS TASK FORCE UPDATE**

League President Mark Mitchell welcomed Mr. Scott McCarty, Finance Director for the Town of Queen Creek and Chair of the League's PSPRS Task Force to present an update on the Task Force.

Mr. McCarty introduced each of the Task Force members who were in attendance. He gave a brief overview of the accumulation of work of the Task Force and presented the preliminary recommendations, which were placed into the “Yardstick,” a creation of the Task Force that will define standards for evaluating the effectiveness of various PSPRS reform proposals.

He noted that there were five components of the Yardstick and outlined each one briefly.

Mr. McCarty informed the Executive Committee that the Task Force recommendation was for a defined benefit plan, which is the basic design of the current plan. He also reported that the Yardstick calls for any plan to be free from legal challenge, specifying that the recommendation should not affect the benefits of current employees or retirees; instead, the new system should be applicable to public safety employees hired after a certain effective date. In addition, the new system should have a statewide structure rather than 256 separate local boards, should be funded at the 100% level and include pooled assets and liabilities, should require equal cost sharing, and specify that any pension increases are tied to cost of living indexes rather than investment results.

The fifth component of the yardstick recommends a unified governance structure to manage the plan elements including funding and investment policies and administration. The recommendation would also be for independent, qualified experts to make up the board of trustees.

Over the next three months, the Task Force will present the elements of the Yardstick to city and town councils, to employee and labor groups, to legislative leadership, the Governor’s office and other interested parties.

League President Mark Mitchell thanked Mr. McCarty for his leadership and the other Task Force Committee Members for their work and recommendations.

## **6. 2015 LEAGUE CONFERENCE UPDATE**

League President Mark Mitchell recognized League Communication and Education Director Matt Lore to update the Executive Committee on the preparations for the upcoming 2015 League Annual Conference.

Mr. Lore briefed the members on a meeting held in March with members of the League Conference Planning Committee. He described the sessions that will be included at the upcoming conference and informed the Committee that registration information would be sent the following week.

Mr. Lore also told the Executive Committee that the League would send out an e-mail to all Executive Committee Members with information on the sponsorship program, along with a list of current sponsors. He reminded the Committee that they were welcome to share contacts for potential sponsors who were not already included within the League’s outreach.

The committee moved to adjourn the Executive Committee meeting and reconvene into the League Property Corporation.

President Mark Mitchell adjourned the meeting at 12:04 p.m.

  
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EXECUTIVE DIRECTOR

  
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PRESIDENT