

MINUTES

LEAGUE OF ARIZONA CITIES AND TOWNS

EXECUTIVE COMMITTEE MEETING

Wednesday, August 21, 2019 at 11:45 a.m.
Starr Pass Resort, San Pedro Room
3800 W. Starr Pass Boulevard
Tucson, Arizona

MEMBERS

President

Christian Price, Mayor, Maricopa

Vice President

Cathy Carlat, Mayor, Peoria

Treasurer

Douglas Nicholls, Mayor, Yuma

Tom Brady, Mayor, Bullhead City
Craig McFarland, Mayor, Casa Grande
Kevin Hartke, Mayor, Chandler
Doug Von Gausig, Mayor, Clarkdale
Robert Uribe, Mayor, Douglas
Coral Evans, Mayor, Flagstaff
Jenn Daniels, Mayor, Gilbert
Jerry Weiers, Mayor, Glendale
Georgia Lord, Mayor, Goodyear
Thomas L. Schoaf, Mayor, Litchfield Park
Ed Honea, Mayor, Marana

John Giles, Mayor, Mesa
Greg Mengarelli, Mayor, Prescott
Gail Barney, Mayor, Queen Creek
W.J. "Jim" Lane, Mayor, Scottsdale
Sandy Moriarty, Mayor, Sedona
Daryl Seymore, Mayor, Show Low
Rick Mueller, Mayor, Sierra Vista
Mark Mitchell, Mayor, Tempe
Bob Rivera, Mayor, Thatcher
Anna Tovar, Mayor, Tolleson
Jonathan Rothschild, Mayor, Tucson

*not in attendance

President Christian Price called the meeting to order at 11:56 a.m. He then led the Executive Committee in the Pledge of Allegiance.

1. REVIEW AND ADOPTION OF MINUTES

President Christian Price requested a motion on the adoption of the minutes. Mayor Jenn Daniels moved to approve the minutes of the May 10, 2019 Executive Committee Meeting; Mayor Jonathan Rothschild seconded the motion and it carried unanimously.

2. LEGISLATIVE POLICY UPDATE

League President Christian Price welcomed League Executive Director Ken Strobeck to provide the legislative policy update.

Executive Director Ken Strobeck directed the Committee to their meeting packets, which included a copy of the legislative roadshow, a summary of all the legislation passed during the legislative session. This presentation was given in several different cities and towns across the state.

The League of Arizona Cities and Towns won, for the second year in a row, the Arizona Capitol Times' Best of The Capitol award for the Best Industry, Trade and Professional association.

Mr. Strobeck let the Committee know that League Staff has been spending a lot of time with the marijuana initiative, analyzing what it means for cities and towns.

Mr. Strobeck invited League Legislative Director Nick Ponder to update the Committee on expected issues for next session.

Legislative Director Nick Ponder informed the Committee that there are several projects being worked on. The League has an outside contract with an economist, who will assist in the area of tax increment financing.

Mr. Ponder noted the issues of PTSD and cancer, relating to police and firefighters, being in the news lately. The League is trying to figure out how to best manage these issues. Firefighters are expected to pursue legislation next year, trying to make more types of cancer a strict presumption. This means there will be no rebuttal to the cause of cancers that have incurred. It has been heard that legislators are willing to hold out on voting for the budget in exchange for strict presumption and state-wide funding for the cancer issues. The League will continue to have conversations with organizations and individuals to find the best way to move forward.

Mr. Ponder also touched on the municipal impact of the recreational marijuana initiative. The League sees it as our responsibility to investigate the possibilities of what could happen if recreational marijuana is passed and mitigate any negative situations. Two months ago, the League met with the marijuana initiative drafters and explained what the League wants to see as it relates to local control.

Some of the key points to bring up is the way the initiative is currently drafted. The League believes the language for violations are very ambiguous. The League will try to meet with the drafters within the upcoming weeks to articulate some issues. In other states, such as Colorado, a black market started where the backyard growers were selling to people in other states where recreational marijuana is not legal. It was expressed that organizations on the left have other issues with the initiative, as it issues the licenses to facilities that are currently medical dispensaries. The drafters did not want to do anything with zoning, so that will be kept the same as what cities and towns have had with medical marijuana. If a municipality wants to ban recreational marijuana in the initiative, they can do so provided there is no medical marijuana

facility in their community. This means that the medical marijuana facility can become recreational, but no new facilities would be allowed.

Mr. Ponder additionally spoke about local Transaction Privilege Tax. The League wanted to ensure that municipalities could collect local TPT on recreational marijuana. When the initiative was drafted, they left in local tax, but did not leave in state tax. The League believes this was an oversight and it will be incorporated into the initiative, as well as issues regarding licensing. The Town of Snowflake has a contractual agreement with their marijuana facility, regarding their licensing fee. The current draft of the initiative would preempt the fee. The growers lobby wants to maintain the relationship with Snowflake and does not mind paying the higher licensing fee, so they are trying to get the language modified. Another issue addressed was that a municipality can prohibit smoking marijuana in public places.

Mayor Thomas L. Schoaf asked if the League can amend what has already been filed.

Mr. Ponder answered yes, because signatures have not been collected yet; they have just filed it with the Legislative Council. Because all of this language was not shown to the League beforehand, the League was not able to identify to them the errors that we believe had been made, particularly with local TPT and ambiguity as it relates to violations.

Mr. Ponder told the Committee the economic impact, based on the analysis the state revenue generation would be \$300 million, they did not break this down by locality. An allocation in breakdown on how this money would be distributed would be 31.4% going to public safety, 31.4% going to community colleges, 30% going to HURF, with the remainder going to other areas. The breakdown for the public safety portion is that they would look at each municipality, county, and fire district identifying how many employees are in the public safety plan of each to allocate the money proportionally.

Mayor Ed Honea asked if it is assumed this is going to pass and, because the League is working with them, does that mean League is in support of recreational marijuana.

Mr. Ponder noted that the League is not assuming recreational marijuana will pass, and we are not taking a position of support. But, the job of the League is to make sure the proper parameters are in place to protect municipalities if it does get passed.

Mayor Doug Von Gausig questioned where the information on what cities and towns would want versus not want came from, since many assumptions were made.

Mr. Ponder answered that the position is that cities and towns have the opportunity to control recreational marijuana locally.

Mayor Jenn Daniels asked the constitutionality of cities and towns being able to prohibit illegal business from operating in communities and if it's a concern in the future that it will be challenged, making it difficult to enforce that provision.

League General Counsel Christina Estes-Werther explained that there is always a possibility of it getting challenged, and noted marijuana is still illegal federally.

Mayor Jenn Daniels also mentioned her concern for allocating every dollar to specific organizations or groups. We don't know unintended consequences and if every tax dollar of the revenue is spoken for in statute this may create an issue for being able to use some of the revenue for the other purposes.

Mr. Ponder noted that the League believes the language needs to be changed because "personnel" is not defined, making it questionable on how the money is allocated.

Mayor Kevin Hartke asked if there is any other legislative action being considered.

Mr. Ponder answered that there are many parties that are trying to encourage the legislature to take this on their own and draft a counter-initiative. But, the likelihood of that happening is slim.

Mr. Strobeck reminded the Committee that the League is not writing or controlling the initiative but will take the feedback to those who are, to share what is in the best interest for cities and towns.

3. REVIEW AND POSSIBLE ADOPTION OF LEAGUE BYLAWS

League President Christian Price introduced the review and possible adoption of the proposed League Bylaws. The Bylaws were tabled during the May 2019 Executive Committee Meeting for additional time to review.

League President Christian Price welcomed Mayor Jenn Daniels to explain an amendment offered.

Mayor Jenn Daniels explained this amendment reviews the concept that under Article 3, a policy proposal should not move forward for consideration by the Resolutions Committee unless the policy committee has found the proposal is directly tied to either the preservation of local control or the protection of state revenue or both.

Mayor Ed Honea made a motion to approve the bylaws with the amendment. Mayor Jenn Daniels seconded this motion.

Mayor Douglas Nicholls brought up the concern of different topics that affect cities and towns locally but are not necessarily in their control such as HURF. Mayor Nicholls votes to table the amendment for time to review.

Mayor Jerry Weiers made a substitute motion to table this amendment for further discussion; Mayor Jonathan Rothschild seconded the motion and it carried unanimously.

Mayor Jenn Daniels made a motion to pass the proposed bylaws; League Vice President Cathy Carlat seconded the motion and it carried unanimously.

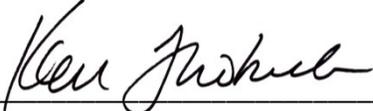
4. DISCUSSION OF EXECUTIVE DIRECTOR RECRUITMENT AND PROPOSED EMPLOYMENT CONTRACT FOR NEW EXECUTIVE DIRECTOR

League President Christian Price made a motion to move into Executive Session at 12:41 p.m. Mayor Douglas Nicholls seconded the motion and it carried unanimously.

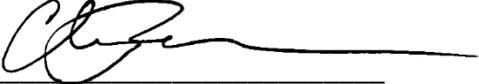
5. ACTION ON EXECUTIVE SESSION MATTERS

Mayor Rick Mueller made a motion to approve a three-year contract with Tom Belshe as the next League Executive Director; Mayor Anna Tovar seconded the motion and it carried unanimously.

Mayor Mark Mitchell made a motion to adjourn the Executive Committee at 1:00 p.m. Mayor Jonathan Rothschild seconded the motion and it carried unanimously.



EXECUTIVE DIRECTOR



PRESIDENT