

MINUTES

LEAGUE OF ARIZONA CITIES AND TOWNS

EXECUTIVE COMMITTEE MEETING

Friday, February 13, 2009
League Office Building
1820 W. Washington, Phoenix

MEMBERS

President

Boyd Dunn, Mayor, Chandler

Vice President

Robert Walkup, Mayor, Tucson

Treasurer

Larry Nelson, Mayor, Yuma

Marie Lopez Rogers, Mayor, Avondale
Doug Von Gausig, Mayor, Clarkdale
Gilbert Lopez, Councilmember, Coolidge
Byron Jackson, Mayor, Eloy
Steve Berman, Mayor, Gilbert

Elaine M. Scruggs, Mayor, Glendale *
Fernando Shipley, Mayor, Globe
Jim Cavanaugh, Mayor, Goodyear
Monica Badillo, Mayor, Hayden
Mark Nexsen, Mayor, Lake Havasu City
Scott Smith, Mayor, Mesa
Paul Loomis, Mayor, Oro Valley
Kenny Evans, Mayor, Payson
Bob Barrett, Mayor, Peoria
Greg Stanton, Councilmember, Phoenix
Harvey Skoog, Mayor, Prescott Valley
Lynne Skelton, Mayor, Sahuarita
Gerry Whipple, Councilmember, Show Low
Robert Strain, Mayor, Sierra Vista *
Mark Mitchell, Councilmember, Tempe
Bob Rivera, Mayor, Thatcher

*Not in attendance

President Dunn called the meeting to order at 10:03 a.m. Executive Committee members recited the Pledge of Allegiance.

1. RESOLUTION OF APPRECIATION

President Dunn asked for a resolution of appreciation for former Scottsdale Mayor Mary Manross and Councilmember Greg Stanton of Phoenix. Councilmember Stanton will be leaving the Phoenix City Council to work for Attorney General Terry Goddard, who was in attendance. Councilmember Stanton said that Phoenix Councilmember Maria Baier, who was also present, was selected to take his place on the Executive Board. Mayor Loomis moved to approve the resolutions for Mayor Manross and Councilmember Stanton. Mayor Rivera seconded the motion and it carried.

2. REVIEW AND ADOPTION OF MINUTES

President Dunn asked if there were any corrections or changes to the minutes as presented. Mayor Nelson moved that the minutes of the November 7, 2008, Executive Committee meeting be approved. Mayor Shipley seconded the motion and it carried.

3. SPECIAL ACTION UPDATE

Paul Eckstein, partner at Perkins Cole, provided the League Executive Committee an update on the League's Special Action in the Supreme Court to challenge section 47 of the General Appropriations Bill, which stated that cities, towns and counties must deposit \$29.7 million back into the general fund. After several meetings with the Governor's office, the League filed a Special Action in the Arizona Supreme Court with oral arguments heard on January 21. The Governor's Office argued that the Special Action was not timely filed, as it was filed four and a half months after the bill had passed. The League argued the bill was unconstitutional under Prop. 108, which requires that net increases in state revenue through tax assessments or fees be passed by a two-thirds vote in the Legislature. The League also argued the provision was improperly included in an appropriations bill.

In the end, the Supreme Court sided in the League's favor on February 3, 2009, citing that in fact, the \$29.7 million "contribution" did not meet the qualifications of an appropriation. The Prop. 108 issue was not addressed. It was a narrow decision by the Arizona Supreme Court, which Paul Eckstein said is common for the judicially conservative court. He noted that the case was argued at an exceptionally high level by lead attorney Chuck Blanchard, and that the League's argument had received positive feedback from Supreme Court Justices. He suggested that under similar circumstances in the future, cities and towns engage in negotiations with the state no longer than one month without filing suit.

Questions ensued about whether this case set precedent for the Legislature's ability to pull from cities and towns' funds in the future. Paul and Ken explained that because the case did not address Prop 108, it did not set precedent in that regard, but that any change in allocations for the Urban Revenue Sharing Fund (URSF) percentages would be subject to a two-thirds majority vote.

The Executive Committee discussed other items that may violate Prop. 108, including the initiation of DPS Crime Lab fees, though Ken noted that the Executive Committee must consider which specific issues are worth taking to court.

President Dunn and Ken shared that the legal fees assessment for the Special Action Lawsuit will be capped at \$150,000. The amount will be split among cities and towns based on a similar model to League dues. Cities and towns are asked to pay their portion of the fees as soon as they are able. Mayor Rivera motioned to approve the assessment as presented. Mayor Loomis seconded the motion and it carried.

4. LEGISLATIVE REPORT/ BUDGET UPDATE

Jeffrey Kros began the update with a report on how different this session is, as the Senate is not hearing bills until the budgets are done. Dale Wiebusch then spoke about the FY2009 budget fix, first stating that there was no direct attack on revenue sharing. However, he stated that there were budget adjustments, HURF, SLIF, etc., that add up to approximately \$180 million that cities and towns will now not receive. Dale also talked about how the budget negotiations went back and forth, and the resulting package was about a \$1.7 billion reduction. The legislature did put in about \$100 million as a cushion, to account for such things as the League winning our suit.

Work now turns to the FY2010 budget and the federal stimulus. Approximate figures in the federal package for Arizona include \$590 million for highways, \$39 million for water and environmental areas, and somewhere between \$80 and 100 million for airport work, and also some tax cuts and social security adjustments. Mayor Nelson asked if money goes to the state or directly to cities and towns. Ken said he had just received information the morning of Feb. 13 that Jim Apperson of the Governor's Office would be the point person and that copies of all stimulus requests need to go to his office, even if Mayors have already given this to their COG. Apperson has stated that there are no hard and fast rules for stimulus requests yet. Ken shared Apperson's e-mail with the Executive Committee: japperson@az.gov. Ken also said that NLC has already lobbied for money to go directly to cities or through MPOs or COGs.

Cheyenne Walsh then spoke about how the Housing Trust Fund was also cut, and that JLBC has a new option to virtually eliminate it through sweeps. She then went on to talk about the impact fee bill, giving a bit of history on the issue. The bill this year, House Bill 2259, contains offset provisions and grandfathering. The sponsor is Representative Andy Biggs, and he is willing to negotiate on some issues. He has held the bill to allow for more time to work on the issues. Stakeholder meetings will go on. Cities and towns that are on the workgroup are: Phoenix, Oro Valley, Kingman, Goodyear, Fountain Hills, Peoria, Avondale, and Gilbert, with Cheyenne representing the League. After a meeting of that group, other municipal officials are welcome to bring their concerns forward. Mayor Nelson asked if any cities or towns have placed a moratorium on their fees; Cheyenne did not know of any. She did say that studies indicate that such a moratorium would greatly harm cities' ability to develop infrastructure. She also said that this is the sixth year in a row that this issue has been in front of us. Cheyenne talked about House Bill 2267 which would prohibit residential fire sprinklers from being mandated in cities and towns. The League and several cities are opposed. The homebuilders are arguing that the cost of sprinklers is another thing that is dragging their industry down.

In response to a question, Jeff spoke about how some of the federal money needs state action, i.e., that the state needs to restore some of their cuts in order to access federal money. Jeff also talked about the Web site posting bill, House Bill 2253, and how Representative Russ Jones stood up and championed our cause, as did city officials. The bill did fail, but it will likely come back in some form or as an amendment.

5. ADOPTION OF FY 09-10 DUES

Ken proposed that as a result of the current economic situation, the 2009 dues be frozen and identical to the 2008 rates. Mayor Loomis moved to approve the 2009 dues. Mayor Evans seconded the motion and it carried.

Ken mentioned the upcoming Annual Conference in Oro Valley, for which Matt Lore will put together a planning committee. Based on the current economic situation, it was suggested that this year's Annual Festival of Cities & Towns be kept to more of a city showcase than festival. Ken also informed the Executive Committee that next year the League will add an online directory, in addition to the print version, which will only be printed once a year in the future.

6. EXECUTIVE COMMITTEE APPOINTMENT

As a result of departures, there are two vacant positions on the Executive Committee. Mayor Phil Gordon previously requested that Phoenix Councilmember Maria Baier fill the vacancy of Councilmember Stanton. Mayor Berman motioned to approve Councilmember Baier for the position. Mayor Shipley seconded the motion and it carried. President Dunn then continued on to the second vacancy with former Mayor Manross of Scottsdale. The new Scottsdale Mayor, Jim Lane, applied for the open position. President Dunn acknowledged there had been some discussion about whether to grant that request or wait for the Nominating Committee process at the Annual Conference.

A lengthy conversation ensued about the current appointment policy and whether it should be changed to allow for more permanent spots on the board for the cities with the largest populations. After much discussion, it was decided that President Dunn would put together a Nominating Committee that is tasked with reviewing and possibly amending the current policy for Executive Committee appointments. He will request a report on the issue by the Annual Conference. In the interim, former Mayor Mary Manross' position on the Executive Committee will remain vacant. Mayor Loomis motioned to approve the decision, Mayor Evans seconded the motion and it carried.

7. REQUEST TO CREATE WATER SUBCOMMITTEE

Mayor Sara Presler of Flagstaff called in to the meeting to discuss her previous request to form a water subcommittee. President Dunn informed Mayor Presler that it had been decided there would not be a standing committee for water, but that there could be a special committee or discussion group opportunity. Mayor Presler thanked the League for the opportunity and discussed some of the challenges cities and towns face, suggesting that technical staff could comprise the special water committee. The Committee acknowledged the importance and complexity of the issue. Mayor Walkup of Tucson suggested that the issue be addressed as a breakout session at the League Annual Conference in September, when cities and towns will have a better understanding of the state's budget for the next year. The idea was agreeable to Mayor Presler and the other members of the Executive Committee.

8. REPORT ON NLC ACTIVITIES

President Dunn invited Ken Strobeck to give an update on recent League activities.

Ken discussed a few miscellaneous items, including the NLC's close monitoring of local distribution in President Obama's Stimulus Bill and the Collective Bargaining Public Safety Bill that Congress is expected to pass. Ken requested support of the Western Municipal Association and its resolution for renewable energy projects. Ken also informed the committee about a panel he sat on with Mayors Nelson and Smith, and City Manager Frank Fairbanks to discuss what local governments have done to deal with economic crisis and budgets. Lastly, Ken noted that the Annual Congressional City Conference is next month, where attendees will have an opportunity to meet with their Arizona U.S. Senators.

Ken then requested that Mayor Mark Nexsen of Lake Havasu City brief the Executive Committee on a new Prescription Discount Card Program the city launched. Mayor Nexsen explained that the

program, provided by the NLC and CVS Caremark, will allow those without insurance to automatically receive up to 20 percent off prescription costs. There are no membership fees and no cost to the city, and the plan will be accepted at several pharmacies, including CVS, Walgreens, Walmart, Safeway etc.

Mayor Walkup of Tucson and Councilmember Baier noted the importance of Arizona cities and towns continuing to work together in these tough times and collectively putting our focus on attracting California businesses that are considering relocation.

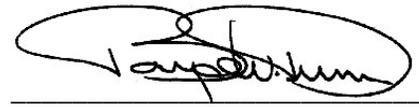
Mayor Walkup also mentioned the upcoming Four Corners Summit in Tucson on climate at the Biosphere for 150 Mayors and key staff. Mayor Kenny Evans shared some issues that Payson and other cities and towns have had with the Arizona Liquor License Board and that they are moving forward in seeking a resolution.

9. ADJOURNMENT

President Dunn asked if there was any other business. Seeing none, he adjourned the meeting at 12:32 p.m.



EXECUTIVE DIRECTOR



PRESIDENT