

SPECIAL WORK SESSION (LEGISLATIVE LUNCHEON)  
THURSDAY, JANUARY 9, 2014  
COUNCIL CONFERENCE ROOM – CITY HALL  
211 WEST ASPEN AVENUE  
11:00 A.M.

1. **Call to Order**

Mayor Nabours called the meeting to order at 11:15 a.m.

2. **Roll Call**

*NOTE: One or more Councilmembers may be in attendance telephonically or by other technological means.*

Councilmembers Present:

MAYOR NABOURS  
VICE MAYOR EVANS  
COUNCILMEMBER BAROTZ  
COUNCILMEMBER BREWSTER

COUNCILMEMBER ORAVITS  
COUNCILMEMBER OVERTON  
COUNCILMEMBER WOODSON

Others present: State Representatives Brenda Barton and Bob Thorpe; State Senator Chester Crandell; City Manager Kevin Burke; City Attorney Michelle D'Andrea.

3. **Welcome / Introductions**

Mayor Nabours welcomed the attendees and introductions were made.

4. **Overview of Arizona League / City Guiding Principles and Council Goals**

5. **Municipal Budgeting / Finance Highlights**

6. **Discussion on City's State Legislative Agenda Priorities**

The following topics were discussed:

**PENSION**

It was noted that last year the Legislature worked on the elected officials' pension. The concern with legislation to allow cities to opt out of the current retirement programs is that they need the contributions of new members to pay for the retired members.

Mr. Burke said that one thing that would help would be to have representation from the payers (municipalities) on the State Board, particularly the Public Safety Board as they tend to be retired members.

Senator Crandell said that one thing that has been suggested is moving the management of all funds under the Arizona State Retirement System because it is the most solvent of all.

Representative Thorpe said that there have been some success stories reported on in the Midwest where they have seen a doubling of their retirement by controlling their investments. He is a strong believer of giving freedom with cities and counties to experiment.

Mr. Burke noted that it is changing some of the hiring practices of the City as it relates to firefighters.

### **FORESTS**

Mayor Nabours said that it looks like this may be the year that they see some action on the forest initiative. Flagstaff voters approved a \$10 million bond to do their share, but there is a considerable amount of state land and they do not do any restoration or thinning of their forest. He said that Representative Barton had a terrific idea of the State providing matching funds to cities that put forward funding to address this issue.

Representative Barton said that it would make the state land more valuable and provide revenues to continue keeping them clean and protect them against those areas where it is contiguous with city limits. It is a safety factor, and it would provide jobs to bring people in and allow them to keep what they glean. It would be a good thing for Arizona and good for the communities.

She said that the State Forester is asking for \$6 million in this year's budget to have GPS on every firefighter. She believed that the state should be taking care of its land.

Councilmember Woodson said that in the past the State Land Department tried to pay for their management out of their land proceeds, but perhaps they could pay for the management of their land with it. Senator Crandell noted that the Supreme Court ruled that none of the proceeds could be used for management. He said that the big fight comes from the education community.

He said that they need to get back and open up some of the markets, such as with the 4FRI moving timber. He said that the state needs to be involved with that and it could all be done at the same time.

Representative Thorpe said that he had approached Earl Stuart of the Coconino Forest about allowing private interests to clean up the forests, but there were problems with the liability issue. He is working on legislation that would ask the State Land Department to find a way that would not cost the State any money to allow the private sector to be involved. If they could find a way to do it at the state level, perhaps they could do it at the Federal level as well.

Councilmember Oravits asked if any further talks were taking place regarding the national forests being opened back up. Representative Thorpe said that they were encouraging the Sheriff to get involved and open up the arteries. He said that the main law enforcement in the forests is Game and Fish and their director has told them that

Game & Fish will not participate in closing down those artery roads. He said that the sheriffs are getting involved in the jurisdictional enforcement.

Discussion was held on the thinning of state land. Paul Summerfelt with the Flagstaff Fire Department stated that they were struggling with the question of investing City money on state land. He said that there are some issues on how to operate that, but they think they have gotten some breakthrough. He said that in the past the state forests have provided a pass through of federal funds. They are thinking of flipping the table with the City being the grantor and State Forestry the grantee. He said that the City is not interested in the administrative process; they just want a finished product. He said that concept is working its way through State Forestry.

### **HURF**

Management Services Director Barbara Goodrich provided a handout indicating what potential revenue the City would receive if no sweeps occurred to the HURF fund.

Representative Thorpe said he has already been having talks with other members of the Legislature. He said that he would like to restore the HURF funding. He would also like to see an adjustment to HURF and change it to match the state sales tax, going from a per gallon fee to a percentage of the entire sale. He said that would double the amount of money going into the fund.

Councilmember Woodson said that when the budgets were cut at ADOT they used to have a HURF exchange where a community or county could get a federal grant fund and swap that funding with ADOT. He said that ADOT swept those funds out, too, and it went away about six years ago. Senator Crandell said that he would check with ADOT on that issue.

Councilmember Oravits emphasized how important HURF was to addressing the needs of Flagstaff with the current conditions of their roads. Representative Thorpe said that living in Flagstaff, he wants it to be a destination town and one of the first impressions they have is the roads. He said that there are functions of local government that cannot be put off and roads are one of them.

Mayor Nabours asked Mr. Travis if he had any feel with the House, Senate or Governor. Mr. Travis said that the press release from the Speaker showed great support to restoring the fund. President Biggs has been quiet, but it was on his list of items. The Governor's Office seems to be the most reluctant to commit. She is looking at other issues to balance the budget. He said that they were hoping she puts the tax cuts and spending to the end. It is important to get support from the Governor. He said that they have heard from others that HURF funding was being restored, but outside of the formula.

Senator Crandell noted that the underground storage tank one cent sales tax is now being put into the HURF fund as a holding place. He was not sure what they were planning to do with those funds, so until they get that fixed, there may be a few extra dollars there.

### **LEAGUE OF ARIZONA CITIES AND TOWNS**

Mayor Nabours asked how the League worked with their offices and if they found them to be well informed and well represented. Representative Thorpe said that from his perspective, he thought the best way to work with constituents was one on one. That helps keep him focused on local problems. He said that he has found the County Association to be a little more proactive than the League, but he has no specific reaction to the League.

Senator Crandell said that he worked on a School Board for a long time in the Heber-Overgaard area, which was a smaller district. What he has seen is that the League will protect those who pay the most dues; he was not sure that smaller cities get their fair share.

Representative Thorpe said that the League helps formulate the purpose of what cities and towns feel. Being here today he found unique. He said that they have over 60 cities and towns, and Flagstaff is one of the few that does this and he found it very valuable and the City's concerns are going to resonate with them.

A short break was taken for lunch from 12:10 p.m. to 12:24 p.m.

### **ENERGY DISTRICTS**

Sustainability Manager Nicole Woodman briefed the attendees on proposed Energy Districts. She said that this year would be their fifth attempt to move this type of legislation forward. She said that over the last four years they have learned a lot of lessons. There is a statewide group interested in the legislation and they already have some support in the Legislature.

She said that the legislation has been refined and it is a voluntary measure for property owners and the municipalities, so there is no stress on those that do not want to participate. She said that there has been some great success with similar legislation in Texas and Utah.

Mr. Travis said that they started the efforts when homes were going into foreclosure and everyone was reluctant. Times have improved and they have worked around the foreclosure issue by having it apply to only the commercial side. It is a tool; no one has to do anything if they do not want to.

Discussion was held on the reluctance of some banks. Mr. Travis said that Wells Fargo makes these types of loans in Utah and Texas, but have been opposed to the bill in Arizona because they are making the decision at a local level. They have asked that they take a look at how it is working in the other states and they are now starting to do that.

It was noted that with it being a voluntary program they may only have one property owner in the district buy in to it, so it would only affect that one business. Mayor Nabours said that it would be good if they could at least get the banks to be neutral. Ms. Woodman said that they were working with the Arizona Banking Association.

Representative Barton said that she had this bill last year, and the prior concerns were with the loan priorities.

### **ELECTIONS**

Mayor Nabours asked if there was anything happening in the Legislature with regard to elections, realizing there was something happening in the courts.

Discussion was held by the legislators that they had not heard of anything happening in the Legislature this year. They supported the changes to the requirements that elections be held in the fall of even numbered years to increase voter turnout, reduce costs, etc.

Mayor Nabours noted that most communities would like to have the option of deciding when it was in their best interest to have their elections. Their concern was with getting lost in the shuffle and losing votes due to voter fatigue with city issues at the end of the ballot.

Representative Barton said that there has been some discussion about redesigning the ballot and having city/town issues at the beginning of the ballot which would combat some of that concern.

Councilmember Overton said that it was difficult for them in communicating to the voters about the clunkiness involved with the primary elections being partisan and local candidates/issues being nonpartisan.

Brief discussion was held on how some municipalities or school boards will hold their elections at certain times of the year to manipulate the outcome to their advantage.

### **TRANSACTION PRIVILEGE TAX**

Discussion was held on the changes to the transaction privilege tax. Representative Thorpe said that they addressed some issues last year and he believed they planned on taking on the contractor piece during this upcoming session.

Senator Crandell said that he believed they were looking at changing the levels for state income tax from five levels down to three and that may be a diversion.

Mr. Burke noted that Flagstaff had a unique situation with NAU building improvements. He said that they get the debate from citizens from time to time about the impacts of NAU on the community. He said that the point of sale affects the City differently than a lot of other communities.

### **CONTROL OF GRAFFITI**

Code Compliance Manager Tom Boughner said that they would like to have legislation that would allow the victims of graffiti to receive some compensation for damage to their property. Oftentimes the perpetrators will be charged with a fine when they are charged and found guilty, but those funds go to the court rather than the victim.

Representative Barton suggested that it be addressed through a local ordinance. Mr. Boughner said that they would like to see it handled through a statewide effort. Senator Crandell noted that League representatives had discussed the same issue with him this week.

#### **BUILDING CODE TECHNICAL AMENDMENT**

Building Official Mike Scheu thanked Representatives Barton and Thorpe for helping them get through Phase I of legislative changes last year. He said that they would now like to move to the commercial side and allow for small tenant spaces, where they may need to put in a few walls that would be nonbearing, be able to do so without the requirement of a registered architect.

Councilmember Oravits said that he is in real estate and has seen that requirement become cost-prohibitive. It is a big hurdle for businesses. Mayor Nabours added that it is also an issue of time limitations. He said that they would not be eliminating the City review, just the requirement for a registered engineer/architect.

Senator Crandell said that he agreed with lessening that requirement. Mr. Scheu noted that this time he was meeting with the head of the Board of Technical Registration and AIA to see if they can work out a compromise.

#### **7. Adjournment**

Mayor Nabours thanked the legislators for attending today. The Legislative Luncheon of January 9, 2014, adjourned at 1:10 p.m.

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MAYOR

ATTEST:

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CITY CLERK