

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
MAG REGIONAL COUNCIL EXECUTIVE COMMITTEE
February 19, 2019
MAG Offices, Cottonwood
302 N. 1st Avenue, Phoenix, Arizona

MEMBERS ATTENDING

Mayor Gail Barney, Queen Creek, Chair # Mayor Jerry Weiers, Glendale, Treasurer
Mayor Mark Mitchell, Tempe, Vice Chair # Mayor John Giles, Mesa
Mayor Jackie Meck, Buckeye, Past Chair * Mayor Thelda Williams

* Not Present

Participated by video or telephone conference call

1. Call to Order

Chair Gail Barney called a meeting of the Executive Committee to order at 12:04 p.m. Mayor John Giles, Mayor Mark Mitchell, and Mayor Jerry Weiers joined the meeting by telephone conference call.

2. Pledge of Allegiance

Chair Barney led the committee in the pledge of the allegiance.

3. Call to the Audience

Instructions for Call to the Audience were read. No public comment cards were received.

4. Approval of the Consent Agenda

Chair Barney stated that agenda items 4A through 4D were on the consent agenda for approval. Chair Barney asked if any member of the committee would like to remove any item for discussion or would like a presentation on the consent items. No requests were made.

Mayor Jerry Weiers moved to approve the consent items 4A through 4D. Mayor Meck seconded the motion and the motion carried unanimously. Those voting in

favor of the motion via teleconference included Mayor Giles, Mayor Mitchell, and Mayor Weiers.

4A. Approval of the January 17, 2019, Executive Committee Meeting Minutes

The Regional Council Executive Committee, by consent, approved the January 17, 2019, Executive Committee Meeting Minutes.

4B. FY 2019 - FY 2021 On-Call Consulting Services for Video Production Services

The Regional Council Executive Committee, by consent, approved the following five recommended On-Call Consultants to provide video production services from FY 2019 through FY 2021: Quantum Leap Productions, Reel Stories, Esco Enterprises, Kitchen Sink Studios and The Flip Side Communications.

The Fiscal Year (FY) 2019 MAG Unified Planning Work Program and Annual Budget, approved by the MAG Regional Council in May 2018, includes \$40,000 for On-Call Consulting Services for Video Production Services. A Statement of Qualifications was advertised on November 28, 2018, for qualified consultants capable of providing professional services in the area of video production services to form an On-Call list of consultants to provide services to MAG. Twelve proposals were received by the January 9, 2019, deadline. On January 28, 2019, a multi-agency review team from the cities of Phoenix, Glendale, and Apache Junction, as well as MAG communication staff, met and recommended five respondents that would serve as on-call consultants for video production services.

4C. Appointment of the West Valley MAG Economic Development Committee Member Agency Position

The Regional Council Executive Committee, by consent, recommended to approve the appointment of Mayor Alexis Hermosillo, City of El Mirage, for the West Valley MAG Economic Development Committee member agency position.

The MAG Regional Council approved increasing the composition of the Economic Development Committee (EDC) to include twenty MAG member agency positions that have one-year terms with possible reappointment by recommendation of the Executive Committee and approval of the MAG Regional Council. On August 29, 2018, the MAG Regional Council approved the appointments/reappointments of the member agency positions on the EDC to serve a one-year term.

In December 2018, Councilmember Todd Tande, City of Surprise, vacated his West Valley seat on the EDC. On January 11, 2019, a memorandum was sent to the MAG

Regional Council members soliciting letters of interest for the West Valley EDC member agency position. One letter of interest was received from Mayor Alexis Hermosillo, City of El Mirage. It is anticipated that the Regional Council will approve this recommendation at its February 27, 2019, meeting.

4D. Consultant Change in the Economic Development Committee Business Member Composition

The Regional Council Executive Committee, by consent, recommended approval to change the Governor's Office Representative position on the MAG Economic Development Committee to the Transportation Policy Representative position, and appoint Bob Worsley to the MAG Economic Development Committee as the Transportation Policy Representative.

The Economic Development Committee (EDC) was formed in October 2010 and is currently comprised of 20 member agencies and 15 business members. The EDC members include the top leaders from agencies and industries that work to foster economic development opportunities in the MAG region and in Arizona. The composition of the EDC business members includes a Governor's Office Representative position that has been vacant for nearly three years. MAG recently received a letter from former Arizona Senator Bob Worsley expressing interest in the MAG Economic Development Committee. Senator Worsley served as Chair of the Transportation Committee and as a member of the Commerce & Workforce Development Committee. His experience with transportation and workforce matters would be an asset to the Committee. MAG staff recommends changing the Governor's Office Representative position to a Transportation Policy Representative position, and to appoint Bob Worsley to the MAG Economic Development Committee as the Transportation Policy Representative. It is anticipated that this recommendation will move forward to the MAG Regional Council for approval at its February 27, 2019, meeting.

5. Discussion of the Development of the FY 2020/2021 MAG Unified Planning Work Program and Annual Budget

MAG Accountant Arminta Syed discussed four main items from the budget and gave the committee a brief overview of those items. Ms. Syed stated that the agency is currently in the process of developing the FY 2020/2021 MAG Unified Planning Work Program and Annual Budget (UPWP) document. She said that as the UPWP makes its way through the committee process, information is presented incrementally for information and discussion.

Ms. Syed noted the first item is the updated Dues and Assessments. She commented that the only change from what was presented to the committee last month is that staff has added in the December 2018 CPI-U amount, which has changed the FY 2020 Dues and Assessments by approximately .1 percent. Ms. Syed advised that this number would change when the Census assessment is finalized. The second item she highlighted is the timeline to formalize the budget development process. Ms. Syed stated that the last two items have to do with proposed new projects for FY 2020/2021. These items include an invitation to the public budget webinar that is held annually to discuss the proposed new items, a description of the proposed new projects, as well as the incorporation of MAG's new core area framework, which aligns MAG activity with its organizational priorities.

Mayor Weiers asked for clarification on the location of the budget webinar. Ms. Syed answered that the webinar was originally scheduled to take place in the Ironwood Room, but was moved to the Cottonwood Room due to technical issues.

6. Annual Regional Council Meeting and Passing of the Gavel Ceremony

MAG Deputy Executive Director Amy St. Peter presented this next item for feedback as staff looks to begin planning the next Annual Regional Council meeting and Passing of the Gavel event, tentatively scheduled for June 26. Ms. St. Peter stated that MAG held the first Passing of the Gavel ceremony in 2011. Previously, MAG had held an annual combined event with the Desert Peaks Awards ceremony, which was changed to a biennial event in 2011. The Passing of the Gavel ceremony was developed in the off years to thank the outgoing chair and welcome the incoming chair. She stated that the Passing of the Gavel ceremony has been an evening event that coincides with the Annual Regional Council meeting.

Ms. St. Peter went over a few options for members, the first one to continue having the Passing of the Gavel ceremony as a separate, offsite event coinciding with the Annual Regional Council meeting held in the evening. A second option would be to hold the event as part of a regular Regional Council meeting held during the day at the MAG Offices. A third, but not only other option, would be to expand the event with keynote speakers and incorporate it into a State of the Region ceremony. She asked members if they believe it makes sense to continue to have the Passing of the Gavel as an offsite, separate event given the limited amount of content that is covered. Ms. St. Peter noted that staff also would be open to other options.

Chair Barney asked Vice Chair Mitchell, who will be the incoming chair, for his thoughts.

Vice Chair Mitchell first asked Ms. St. Peter if there would be a Desert Peaks event held this year in June. Ms. St. Peter answered that the Desert Peaks ceremony was held last year and would not be held this year. Ms. St. Peter asked Vice Chair Mitchell what his preferred setting for the Passing of the Gavel would be. Vice Chair Mitchell stated he would like the event to be as simple as possible, held during a regular Regional Council meeting at MAG.

Chair Barney stated that would also be his preference.

Mayor Weiers stated that he concurs with Vice Chair Mitchell's preference.

Mayor Meck stated that he concurs with Vice Chair Mitchell's preference.

Mayor Giles stated that he concurs with Vice Chair Mitchell's preference.

Ms. St. Peter thanked the committee for their direction and said staff would proceed accordingly.

7. Legislative Update

MAG Policy and Government Relations Director Nathan Pryor introduced Mr. John MacDonald to provide the committee with a legislative outlook. Mr. Pryor noted that Mr. MacDonald and Ms. Dana Paschke are state lobbyists with Policy AZ contracted with MAG.

Mr. MacDonald stated he would give the committee an update on several bills AZ Policy has been tracking for MAG, as well as an update on the budget discussion. He indicated that the bill AZ Policy has spent the most time on is House Bill 2536, referred to as the gas tax bill, sponsored by Representative Noel Campbell. The bill would increase the gas tax in the state by 25 cents per gallon over the course of several years. He noted there has not been an increase in the gas tax since the early 1990s. Mr. MacDonald commented the bill has a lot of support from around the state from the transportation and transit community, and from counties around the state where the need is acute. He added that getting a tax increase bill passed in this conservative legislature would be difficult. Mr. MacDonald gave credit to Representative Campbell, who as a conservative Republican has stuck his neck out by introducing this bill. The bill passed the House Transportation Committee, which is chaired by Representative Campbell, unanimously and with enthusiastic support

from other members of the committee, including Republicans. He noted this signifies that even conservative Republicans at the legislature are starting to come around to the idea that Arizona needs to find a revenue source to fund the transportation needs around the state.

Mr. MacDonald added that Bill 2536 would have a hard time making it past the House Ways and Means Committee, chaired by Representative Ben Toma. The bill was not heard last week as scheduled, because Chair Toma would not hear the bill in its current form. The bill is scheduled for another hearing later this week, with a significant amendment offered on the bill by Chair Toma and negotiated with Representative Campbell. He added that the amended bill would probably move forward out of the committee. The amendment essentially wipes out the increase in the gas tax. The amended bill would place an annual adjuster on the gas tax based on the U. S. Department of Commerce index in the current tax statute. This would change the gas tax from a static tax to a tax with an annual inflator, which would increase it by a small amount each year. This would also put in place a study by the Arizona Department of Transportation (ADOT) to see how the state could bring hybrid and electric vehicles up to par with other vehicles paying for their use of the road on a per mile basis and not just a flat fee.

Mr. MacDonald advised that the version of Bill 2536 that will appear before the House Ways and Means Committee tomorrow would be one that is scaled back to almost nothing from where it started. He stated that he does not know where the bill would go from there. Mr. MacDonald said he believes the bill would have a decent chance at moving from the House of Representatives in its amended form to the Senate. He commented some of the proponents of the bill believe that the Senate may try to put some of the gas tax increase back onto the bill.

Chair Barney asked Mr. MacDonald where Governor Doug Ducey stands on Bill 2536. Mr. MacDonald answered that Governor Ducey has indicated his support for increasing revenue sources for transportation, but has not taken a position on this particular bill. He mentioned that this might be the result of Governor Ducey's views regarding another bill he planned to discuss with the committee, which is the repeal of the public safety fee passed last year.

Mr. MacDonald moved on to discuss Senate Bill 1001, sponsored by Senator Michelle Ugenti-Rita, that would repeal the public safety fee approved by the Legislature and Governor Ducey. The fee is set at \$32 per vehicle, per year and was designed to offset the Highway User Revenue Fund (HURF) sweeps that have occurred over the years to fund the Highway Patrol Division at the Department of

Public Safety. Representative Campbell sponsored the original bill and understood that the fee would be approximately \$18 per vehicle. Mr. MacDonald commented that after ADOT calculated what the fee would be, it turned out to be \$32 per vehicle rather than \$18 per vehicle as was discussed. The change in the amount of the fee brought on Bill 1001 from Senator Ugenti-Rita to repeal the law.

Mr. MacDonald said that Bill 1001 is proceeding through the committee process. He noted there was an amendment put on the bill coming out of the Senate on a 24-6 vote. The amendment calls for the Legislature to appropriate monies if there are insufficient funds for the Highway Patrol. He commented this was Senator Ugenti-Rita's way of saying the Legislature would repeal the fee, but agrees the HURF sweeps need to end, and funding for the Highway Patrol needs to come from the general fund. Mr. MacDonald stated he believes the future of the bill is bright because most members will want to be on record voting to repeal the fee. The fact that Senator Ugenti-Rita has funding in the bill for Highway Patrol makes it a little more palatable. He added that this bill could be turned over by any legislature because there is nothing requiring them to fund the Highway Patrol. Mr. MacDonald indicated this would be a budget debate that continues into the future.

Mr. MacDonald added that Governor Ducey has made it clear that he is not in favor of Bill 1001 and intends on keeping the public safety fee in statute. He commented that Governor Ducey needs money from the fee to offset monies needed in other areas, particularly for education. Mr. MacDonald stated he believes Governor Ducey will veto the bill if it makes it to his desk. An override of a veto is very rare in Arizona history. He said Governor Ducey's position on Bill 1001 could be coloring his public views on the gas tax bill.

Mr. MacDonald indicated that the state budget is moving along at the normal pace for this stage in the legislative session. He added that about 95 percent of the budget work is completed, but advised that the last five percent is the hardest part. The budget is mostly agreed to between the House, the Senate, and the Governor. Mr. MacDonald commented that this is a surplus year with somewhere between three-quarters of a billion and a billion dollars, which makes the budget process more difficult than a during deficit budget because everyone has money they want to spend. Given the very close split between Democrats and Republicans, particularly in the House, and with the moderate faction that exists in the Republican caucus in the Senate, the debate of how to spend the extra money will probably prolong the budget debate.

Mr. MacDonald indicated there is acrimony that currently exists between Governor Ducey and Republicans at the Legislature over the issue of tax conformity. Earlier this session, the Legislature passed a tax conformity bill, which is a normally routine process, and conforms Arizona's tax code to any changes that have been made the previous year to the federal tax code. This year, it is a bigger issue because of the federal tax cut and its effects. This federal tax cut is calculated to cause a tax increase for many of Arizona's taxpayers. Conservative Republicans, led by J.D. Mesnard, passed a tax conformity bill that would have resulted in the taxpayers of Arizona spending about \$150 million less in their taxes. This is about what legislators thought the increase would be so it would theoretically hold taxpayers harmless. Governor Ducey vetoed that bill with very strong language. Governor Ducey's plans for the surplus revenue is at odds with what the conservative Republicans in the House and Senate want to do. Mr. MacDonald commented the debate over what to do will get more difficult as time goes on and will be more prolonged than normal.

Mr. MacDonald moved on to talk about Senate Bill 1460, sponsored by then Representative Ugenti-Rita, and now Senator Ugenti-Rita. This bill would insert a new section into state tax code dealing with digital goods and services. The main aim of the bill, which comes from the conservative Arizona Tax Research Association, is designed to put a large portion of digital goods and services off limits to Transaction Privilege Tax (TPT). The goal was to let that industry know that Arizona is a good place to do business. He noted that the bill failed last year, mostly because of heavy opposition from cities and towns in the state who viewed this as potential hit to their budgets. The fiscal issue this year will decide whether this bill passes or fails. Opposition to the bill has been very strong.

Mr. MacDonald commented that the bill passed out of the Senate Finance Committee last week, and said notable about that was the significant presence at that committee hearing by the Red for Ed movement. The Red for Ed movement identified the bill as being a large hit to tax rolls in favor of the digital corporations and businesses that will take money away from education. All the Democrats on the committee voted against the bill and the Republicans voted for it. He added that Senate Bill 1460 would have a tough time getting out of the Senate, and if it does pass, even in an amended form, it will probably mean a hit to local cities and towns.

Mr. MacDonald reported that MAG has made an attempt over the past year to position MAG in a new way. Rather than just appearing on different bills or issues as they pop up, MAG has been working to position the agency as a significant

resource to policymakers. The agency has a wide amount of information on many topics. Transportation is one that MAG Executive Director Mr. Eric Anderson is very well versed in. He added that Mr. Anderson, Mr. Pryor, himself and Ms. Paschke would continue to spend time at the Legislature to position MAG as a resource on issues including the Census, air quality, and transportation to make sure legislators understand they can look to MAG for nonpartisan, neutral information as they are trying to make decisions on important issues. Mr. MacDonald commented he believes this effort has paid off, particularly in the transportation area.

Chair Barney thanked Mr. MacDonald for the update.

9. Request for Future Agenda Items

Chair Barney asked if there were any requests for future agenda items. There were none.

10. Comments from the Committee

Chair Barney asked if there were any comments from the committee. There were none.

Adjournment

With no further business, Chair Barney called for a motion to adjourn the meeting. Mayor Mitchell moved to adjourn the meeting and the motion was seconded by Mayor Giles. The meeting was adjourned at 12:34 p.m.

Chair

Secretary