

**MINUTES OF THE  
MARICOPA ASSOCIATION OF GOVERNMENTS  
REGIONAL COUNCIL MEETING**

January 26, 2005  
MAG Office, Saguaro Room  
Phoenix, Arizona

**MEMBERS ATTENDING**

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| Mayor Keno Hawker, Mesa, Chair                            | * Supervisor Don Stapley, Maricopa County                               |
| Mayor Woody Thomas, Litchfield Park,<br>Vice Chair        | Councilmember Daniel Schweiker for<br>Mayor Ron Clarke, Paradise Valley |
| * Mayor Douglas Coleman, Apache Junction                  | * Mayor John Keegan, Peoria   |
| * Mayor Ron Drake, Avondale                               | * Mayor Phil Gordon, Phoenix  |
| # Mayor Dusty Hull, Buckeye                               | Mayor Wendy Feldman-Kerr, Queen Creek                                   |
| * Mayor Edward Morgan, Carefree                           | * President Joni Ramos, Salt River                                      |
| * Vice Mayor Ralph Mozilo, Cave Creek                     | Pima-Maricopa Indian Community  |
| Mayor Boyd Dunn, Chandler                                 | Councilmember Wayne Ecton for   |
| Mayor Fred Waterman, El Mirage                            | Mayor Mary Manross, Scottsdale  |
| President Raphael Bear, Fort McDowell                     | * Mayor Joan Shafer, Surprise   |
| Yavapai Nation  | * Mayor Hugh Hallman, Tempe   |
| * Mayor Wally Nichols, Fountain Hills                     | * Mayor Adolfo Gamez, Tolleson  |
| + Mayor Chris Riggs, Gila Bend                            | + Mayor Ron Badowski, Wickenburg  |
| * Governor Richard Narcia, Gila River Indian<br>Community | Mayor Bryan Hackbarth, Youngtown  |
| Mayor Steven Berman, Gilbert                              | + Rusty Gant, ADOT  |
| * Mayor Elaine Scruggs, Glendale                          | * Joe Lane, ADOT  |
| Mayor James M. Cavanaugh, Goodyear                        | # F. Rockne Arnett, Citizens Transportation<br>Oversight Committee      |
| Mayor Vinicio Alvarez, Guadalupe                          |   |

- \* Those members neither present nor represented by proxy.
- # Attended by telephone conference call.
- + Attended by videoconference call.

1. **Call to Order**

The meeting of the Regional Council was called to order by Regional Council Chair Keno Hawker at 5:00 p.m. Chairman Hawker stated that many Council members were delayed in traffic due to the weather and non action items would be considered until a quorum was met. The video produced by Mesa Channel 11 for the *On the Road to Greatness: Facts. Focus. Future* event was shown.

4. Executive Director's Report

This agenda item was taken out of order.

Dennis Smith reported that the *On the Road to Greatness: Facts. Focus. Future* was a great success. He said that Chairman Hawker was the moderator of the event. Presenters included Bruce Hernandez with Behavior Research, Paul Ringer with Greater Phoenix Economic Council, and Lattie Coor with the Center for the Future of Arizona. Mr. Smith stated that sponsorships, totaling \$4,500, were received from APS, Blue Cross/Blue Shield, Mariscal Weeks, McIntyre and Friedlander, Triadvocates, and Associated General Contractors. In discussing sponsorships, Mr. Smith expressed how important they are for MAG-related activities, especially the passage of Proposition 400. For that effort, the financial contribution by the Associated General Contractors of \$1.3 million was exemplary. Mr. Smith noted that a copy of the event's Regional Report was at each place. He thanked Mesa Channel 11 for producing the video, the sponsors, and staff members who contributed to the report and the event. Mr. Smith added that a copy of the video would be provided to all channel 11s in the region.

Mr. Smith stated that a record amount for the region of \$19.3 million was awarded by the Department of Housing and Urban Development to the MAG Continuum of Care Regional Committee on Homelessness. He said that Regional Council members were invited a press conference that was scheduled for 1:00 p.m. on January 27, 2005 at Steele Commons, 1735 NW Grand Avenue. Mr. Smith noted that Governor Napolitano will attend the event.

Mr. Smith reported on transportation reauthorization. He said that the deadline for submitting projects to Congress is February 7, 2005. Mr. Smith noted that some of the Arizona Congressional delegation has requested projects by Friday, January 28, 2005. He added that MAG anticipates sending a resolution to the USDOT, which will reiterate the need to include PM-10 in the formula. Mr. Smith stated that cities could have additional projects, but the projects in the MAG endorsement will need to be consistent with the approved Regional Transportation Plan.

Mr. Smith stated that more than 5,000 people attended the January 22, 2005 opening of the Santan Freeway segment between US 60 and Elliot Road.

Mr. Smith introduced a new MAG staff member, Ranjith Dandanayakula, Air Quality Engineer II, who will work on air quality modeling in the Environmental Division. Mr. Smith announced the promotion of Amy St. Peter to MAG Human Services Manager. Chairman Hawker thanked Mr. Smith for his report. No questions from the Council were noted.

6. Discussion of the Development of the FY 2006 MAG Unified Planning Work Program and Annual Budget

Becky Kimbrough reported on the FY 2006 MAG Unified Planning Work Program and Annual Budget. She said that she would be presenting an early overview of the timeline and the dues and assessments. Ms. Kimbrough stated that final approval of the budget is scheduled for the May Regional Council meeting. Ms. Kimbrough reviewed the proposed time line for the Work Program and Annual Budget and noted that the dates for the budget workshop and the IPG meeting are yet to be finalized. Ms. Kimbrough stated that the dues and assessments reflect the standard increase based on the 4.11 percent

inflation factor for the MAG Regional Freeway System. She reported that two versions of the Dues and Assessments were drafted—one with a \$350 minimum and one without a minimum. Ms. Kimbrough added that currently, the dues are based on population. She explained that the \$350 minimum impacts only one member agency, the Fort McDowell Yavapai Nation. Ms. Kimbrough stated that the Executive Committee had requested that a cost analysis be done to determine actual costs for each member agency. She said that the analysis indicated that the annual costs for just two committees, Regional Council and Management Committee, totaled approximately \$350.

Chairman Hawker thanked Ms. Kimbrough for her report. He commented that the Executive Committee discussed the issue of having a minimum and indicated that the dues should cover costs. He said that a \$350 minimum would probably not completely cover costs, but it was a starting point. Chairman Hawker asked members for their thoughts on the basis for dues. For clarification, Chairman Hawker stated that the dues are a one-time annual fee. No comments from the Council were noted.

2. Pledge of Allegiance

A quorum of the Regional Council was present at 5:30 p.m.

The Pledge of Allegiance was recited.

Chairman Hawker stated that the RPTA has provided transit tickets for those who used transit to come to the meeting. He stated that garage parking validation was available from staff.

3. Call to the Audience

Chairman Hawker noted that according to MAG’s public comment process, members of the audience who wish to speak are requested to fill out public comment cards. The opportunity for public comment is provided to members of the public to address the Regional Council on items not scheduled on the agenda that fall under the jurisdiction of MAG, or on items on the agenda for discussion but not for action. Citizens will be requested not to exceed a three minute time period for their comments. A total of 15 minutes will be provided for the Call to the Audience agenda item, unless the Regional Council requests an exception to this limit. Those wishing to comment on agenda items posted for action will be provided the opportunity at the time the item is heard. Chairman Hawker noted that no public comment cards had been turned in.

5. Approval of Consent Agenda

Chairman Hawker stated that public comment is provided for consent items. Each speaker is provided with a total of three minutes to comment on the consent agenda. After hearing public comments, any member of the committee can request that an item be removed from the consent agenda and considered individually. Chairman Hawker stated that agenda items #5A, #5B, #5C, #5D, and #5E were on the consent agenda. No requests were received from the Council to hear an item individually. He noted that no public comment cards had been turned in.

Vice Chairman Thomas moved to approve consent agenda items #5A, #5B, #5C, #5D, and #5E. Mayor Hackbarth seconded, and the motion carried unanimously.

5A. Approval of the December 15, 2004 Meeting Minutes

The Regional Council, by consent, approved the December 15, 2004 meeting minutes.

5B. Red Letter Notification

In June 1996, the Regional Council approved the ADOT Red Letter process, which requires MAG member agencies to notify ADOT of potential development activities in freeway alignments. Development activities include actions on plans, zoning and permits. ADOT has forwarded a list of notifications for the first six months of 2004. Upon request any of the notices can be removed from the consent agenda and returned for action at a future meeting. This item was on the agenda for information and discussion. No requests were received to remove any of the notices from the consent agenda to be returned for action at a future meeting.

5C. Draft MAG 208 Small Plant Review and Approval for the Expansion of the Ruth Fisher School Wastewater Treatment Plant

The Regional Council, by consent, approved the proposed expansion of the Ruth Fisher School Wastewater Treatment Plant as part of the MAG 208 Water Quality Management Plan. Maricopa County has requested that MAG review the proposed expansion of the Ruth Fisher School Wastewater Treatment Plant through the Small Plant Review and Approval Process of the MAG 208 Water Quality Management Plan. The plant is identified in the current MAG 208 Plan for a capacity of 15,000 gallons per day (gpd). The expansion would increase the facility to 45,000 gpd. Reclaimed effluent from the facility would be disposed through reuse and recharge. The MAG Water Quality Advisory Committee and the MAG Management Committee recommended approval of the Small Plant Review and Approval of the proposed plant expansion.

5D. Status Update on the June 30, 2004 Single Audit and Management Letter Comments, MAG's Comprehensive Annual Financial Report (CAFR) and OMB Circular A-133 Reports (i.e., "Single Audit") for the Fiscal Year Ended June 30, 2004

The Regional Council, by consent, accepted the MAG Comprehensive Annual Financial Report and Single Audit Report for the year ended June 30, 2004. The public accounting firm of Deloitte & Touche LLP has completed the audit of MAG's Comprehensive Annual Financial Report (CAFR) and Single Audit for the fiscal year ended June 30, 2004. An unqualified audit opinion was issued on December 20, 2004 on the financial statements of governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information. The independent auditors' report on compliance, with the requirements applicable to major federal award programs, expressed an unqualified opinion on the Single Audit. The Single Audit report indicated there were no reportable conditions in MAG's internal control over financial reporting considered to be material weaknesses, no instances of noncompliance considered to be material and no questioned costs. No new

or repeat Management Letter comments were issued for the fiscal year ended June 30, 2004. The MAG Management Committee and the Executive Committee recommended acceptance.

5E. Ratification of the Annual Performance Review and Compensation of the MAG Executive Director

The Regional Council, by consent, ratified the action of the Executive Committee to increase the MAG Executive Director's salary. In January 2003, the Regional Council approved an agreement to hire the current Executive Director. As part of this agreement, it was provided that the Executive Director would receive an annual performance review, conducted by the Executive Committee. As part of the evaluation, in December, a questionnaire was sent to the members of the Regional Council to comment on the performance of the Executive Director. On January 10, 2005, the Executive Committee reviewed the comments from the Regional Council, discussed the performance of the Executive Director, and took action to increase the salary of the Executive Director.

7. Sales Tax Incentives and Revenue Sharing

Tom Remes addressed the Council on sales tax incentives and revenue sharing. He said that this issue has been discussed by the Executive Committee for the past five months in response to dialogue in the media and at the Legislature. Mr. Remes said that the model resolution, included in the agenda packet, was drafted to show intent and commitment by the cities to work on solutions to the issue. He emphasized that the resolution was entirely voluntary and was a sample for each municipality to take back to its own council and use for its unique situation.

Mr. Remes then provided an update on activities at the Legislative on this issue. He said that Senate Bill 1005 eliminates the use of emergency clauses when addressing incentives. Senate Bill 1200, sponsored by Senator Chevront, requires all incentives be offered equally to businesses within five miles of the new business. Senate Bill 1201, also sponsored by Senator Chevront, requires that cities pay back the amount equal to the sales tax incentive to the Arizona Department of Commerce from cities' state-shared revenue. Mr. Remes stated that the model resolution is an attempt to show local control and to bring something forward to show that cities are willing to work together.

Chairman Hawker stated that some of the cities tried to come up with border definitions to share revenue or to agree to not compete. He said that perhaps a study group could examine best practices. He said that without an effort by MAG member agencies, he feared that the Legislature could take action that the cities would have to abide.

Mayor Hackbarth stated that he did not agree with the state getting involved and this was a local issue. He commented that the West Valley is just starting to grow, and legislation by the state would put restrictions on that growth. Mayor Hackbarth stated that this was capitalism, upon which our country was founded. He commented that cities should work this out together. Mayor Hackbarth also said that he would not support any legislation that tried to eliminate local control.

Chairman Hawker stated that the intent of the model resolution was to demonstrate that cities would not work against each other and will try to return revenue to the citizens. He stated that we know that businesses will be locating here anyway because of the demographics. He said that each council could

take the model resolution and use it to decide border issues or whether they want to compete or work together.

Mayor Dunn spoke about the recent press conference attended by many MAG mayors on the importance of keeping this issue at the local level. He said that border issues are really the concern. Mayor Dunn stated that it depends upon which stage of economic development a city is at, and what may work for the East Valley may not work in the West Valley. Mayor Dunn stated that Chandler and Tempe had done two revenue sharing agreements that worked quite well. He said that MAG could encourage best practices. Mayor Dunn suggested having early communication before it is too late to consider options. Not to eliminate incentives, but to handle them in a better way.

Vice Chairman Thomas stated that the problem begins with the way the sales tax is structured. Since the cities cannot grant state sales tax as a waiver, why does this impact the state? Vice Chairman Thomas stated that cities are not asking the Legislature for help because they gave away all of their sales tax money. He stated that cities are adding to the state coffers—the state is the beneficiary.

Mayor Dunn agreed that what Vice Chairman Thomas just stated was the issue he had with SB 1201—giving back what is not theirs. He commented that a lot of misinformation is out there.

Councilmember Ecton stated that he thought the information that has been conveyed to the public was misleading. They are saying this is costing taxpayers money, which is not necessarily true. Councilmember Ecton stated that cities are investing and getting significant returns. He added that the state government does not understand that many times cities are trying to entice a business to the state, not just to a city. Councilmember Ecton stated that some businesses might not come to the state without some sort of investment or subsidy. He commented that this was not a wise thing for the Legislature to consider. Councilmember Ecton stated that the resolution does no harm to any city. It is an indication that we will work together. Support a resolution such as this.

Chairman Hawker asked members if they felt it would be useful to glean best practices from other states. He added that information could be gathered and shared or perhaps a subcommittee could be formed if further action was needed. Councilmember Ecton commented that he felt data on best practices was available and would be helpful. Mayor Hackbarth noted his agreement with getting more information.

Mayor Cavanaugh said that he thought most cities would support this resolution. He commented that if the Regional Council wanted additional information or best practices, that might be better accomplished at the Management Committee level. Mayor Cavanaugh moved to adopt the resolution as written, with the recommendation that Regional Council members take the resolution to their city or town council for discussion; and that the Management Committee staff continue discussion on researching opportunities within cities. Mayor Feldman-Kerr seconded.

Chairman Hawker asked members if there was further discussion. Vice Chairman Thomas commented that MAG will continue to receive information and he thought it prudent to move this forward while the Legislature was in session. The vote on the question passed unanimously.

8. Comments from the Council

An opportunity will be provided for Regional Council members to present a brief summary of current events. The Regional Council is not allowed to propose, discuss, deliberate or take action at the meeting on any matter in the summary, unless the specific matter is properly noticed for legal action.

Chairman Hawker extended his congratulations to Mr. Gant on occasion of his becoming Chair of the State Transportation Board. He expressed his sympathies to Mayor Berman on the passing of his father that afternoon.

Vice Chairman Thomas extended his compliments to Vice Mayor Peggy Bilsten and the City of Phoenix on efforts to assist the victims of the Tsunami. He also mentioned that he had questions about the integrity of rubberized asphalt on I-10 as he had noticed that it was lifting in some sections. Mr. Smith replied that staff would look into this and report back at the next meeting.

There being no further business, the meeting adjourned at 5:55 p.m.

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Chair

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Secretary