



To: Mayor Truitt
Vice Mayor Alton
Councilmember Hall
Councilmember Villanueva
Councilmember Williams
Councilmember Wolcott
Councilmember Woodard
City Manager, Randy Oliver

From: Michael Celaya, Intergovernmental Relations Director

Date: January 26, 2010

Re: 2010 State Legislative Agenda

This report describes the City's proposed state legislative agenda for the Second Regular Session of the 49th Arizona State Legislature. The session commenced on Monday, January 11, 2010.

Once approved by Mayor and Council, the agenda will provide direction for the City's legislative activities at the Arizona State Legislature during the 2010 session. Approval of the general concepts and principles at this stage is important to ensure timely navigation of the legislative process. During session you will receive weekly progress reports of key bills through bill tracking reports. Intergovernmental Relations will update and seek additional direction from the Council on bills and amendments during session as warranted.

GUIDING PRINCIPALS

Each year the State Legislature considers thousands of bills and amendments, many of which impact municipal operations. Staff will brief the Mayor and Council throughout the session and seek direction regarding important bills and amendments; however, in order to prioritize and guide staff's lobbying efforts, we recommend that the Mayor and Council endorse familiar, but critical, guiding principles as our highest priorities – maintaining and protecting **local authority**, enhancing **fiscal sustainability** and opposing **unfunded mandates**.

Local Authority

Cities and towns are established voluntarily by people living in communities in order to foster economic activity and deliver services that protect public health, safety, and quality of life. Staff recommends the City:

- Support efforts to protect the ability to set municipal policy at the local level
- Oppose all preemptions and mandates that diminishes local decision-making authority

Fiscal Sustainability

Since 1972, Arizona cities and towns have received shared income tax revenues as a result of a series of statewide, voter approved initiatives. The City's budget includes revenues from a number of State sources, most importantly "shared revenue" from state income, sales, and vehicle license taxes. Shared revenue comprises 30% or \$21.4 million of the FY09-10 Surprise general fund, helping to pay for police, fire, streets parks and other critical City services

Staff recommends the City:

- Work to ensure that the State Legislature holds cities and towns harmless against the effect of income tax cuts and support maintenance of state shared revenues
- Opposes any reduction of shared revenues

Oppose Unfunded Mandates

Given our fiscal predicament, new unfunded mandates could make the City's budget worse.

Staff recommends the City:

- Approval to oppose state legislative efforts that shift new programmatic duties to the City without accompanying funds

OTHER LEGISLATIVE PRIORITIES

In addition to the guiding principles and priorities described above, staff recommends that the City include a limited number of specific issues in its agenda for FY 2010. These issues have been identified by staff as well as the Mayor and Council over the last several months to respond to specific community needs.

TRANSPORTATION

Transportation Funding: The enormous amount of growth in Surprise and the State over the past several years has placed a huge burden on street, highway and road systems. The need for increased infrastructure funding is further driven by large increases in construction costs.

Staff recommends support of new and increased sources of transportation funding to enhance safety, decrease congestion and support economic development, and to support regional transportation projects that will benefit Surprise and the northwest valley.

COMMUNITY DEVELOPMENT

Tenant Notification on Foreclosure Sales: Surprise, like many other cities in our country, has an increasing number of properties in foreclosure, including many multi-family properties. Tenants of these properties are often the last to know and have few rights when a foreclosure sale happens, forcing them to vacate with little or no notice. Staff recommends supporting legislation that seeks a change in state law to add tenants to the list of interested parties that must be contacted before a trustee sale, providing impacted residents additional time to seek alternative housing.

Municipal Impact Fee Program

As a result of HB2008, the Home Builders Association was successful in pursuing legislation that allowed a 2 year-year freeze on impact fees. Legislation with stronger language will likely be introduced again by the Home Builders seeking a three year moratorium on impact fees. Staff requests Council approval to oppose legislation that negatively affects the City's impact fee program. In addition, staff requests approval to work with the State land department to improve the public/private coordination of future land sales.

PUBLIC WORKS

Construction of Streets and Sidewalks; Default of Property Owner; Abatement of Assessment; appeal; definitions

(A.R.S 9-243) states that cities may require developers to construct streets and sidewalks in the event the developer does not construct the improvements. The statute also allows cities to construct the sidewalks and streets and assess the expenses against the benefited property. However, the assessment shall abate if the property has not been developed within ten years of the assessment. Staff recommends either striking the limits or extending the ten year time period

Changing policy regarding the Formation of Street Light Improvement Districts (SLIDS)

Current statute requires 50% plus one of residents within the districts to form or amend the formation of a SLID within a development community. Staff is recommends urging the legislature to amend the current language to allow the formation of a district with a vote of 50% plus one of the votes by voters within the proposed district. This would also allow cities and towns a financial resource to best serve their communities.

OTHER ISSUES

Changing Current Statute regarding the Order of Priority Liens

Currently, the order of priority on tax liens is first encumbered by the State, followed by the mortgage holder, and then any other liens if applicable would follow. Current statue states that mortgage companies are in the second position to receive funds as home properties are sold. Staff recommends urging the legislature to change policy and allow counties, cities and towns property liens to be placed in front of the mortgage holder.

Formation of Service/Maintenance Districts

Faced with declining revenues and assessments, coupled with foreclosures, empty and abandoned property, Home Owners Associations (HOA's) are facing insolvency. In the event an HOA dissolves, under existing law, the city does not have the statutory authority to establish a maintenance district. Thus, the HOA property becomes abandoned and unmaintained (cities would have no legal right to enter and maintain outside of a code enforcement action). Staff recommends urging our legislature to allow changes to the statute to provide a mechanism whereby the city can assist citizens and form a maintenance district for the HOA property.

Amending Current Statute regarding Utility User Fees

According to current statute (A.R.S 9-511.02(G) “utility user fees” only pertains to sewer. The impact of this definition means that Cities and Towns who provide other municipal utility services must go through the court system to place a lien for non-payment. If the definition of “utility user fees” was expanded to include utility services directly provided by a municipality to the property such as water, sanitation, electric, gas, irrigation, and recycling this reduce municipal costs, and ultimately reduce user costs as the costs would not need to be added to the liens. Staff recommends urging the legislature to amend policy and allow other utility services provided to be liened in a similar manner.

Oppose Efforts to Extend the Sunset on the Payday Loan Industry

The state’s licensing program for payday lending institutions is set to terminate on July 1, 2010. In November, 2008, Proposition 200-which would have eliminated the sunset date was rejected by voters by almost 2/3rds margin. The City has historically opposed legislation that either enhanced this industry, because of the impacts to our residents who apply for and receive loans that could accrue interest at rates as high as 390 percent. Staff recommends approval to oppose any efforts that will extend the current sunset date.

FISCAL IMPACT

This report is for information and to receive general policy guidance and direction from the City Council. Fiscal impacts of each bill must be individually reviewed for potential impact to the city. Staff will provide information on the fiscal impact of these bills as they progress through the 2010 legislative session.