



AGENDA

Regular Session

Queen Creek Town Council

Community Chambers, 20727 E. Civic Parkway

October 6, 2021

6:30 PM

Following the recommendations from the Center for Diseases Control and Prevention (CDC), the Arizona Department of Health Services, and the Governor's Executive Orders, to help slow the spread of COVID-19, attendance at Town meetings may be limited, including members of the Town Council and staff, to maintain appropriate physical distancing as determined by the Town. Some members of the Town Council and staff may attend electronically.

The public can continue to watch the meeting live streamed at [QueenCreekAZ.gov/Watch Meetings](https://www.queen-creek-az.gov/WatchMeetings) by selecting "video" next to the applicable meeting (once the meeting begins) or by visiting the Town's Ustream account at <https://video.ibm.com/councilmeeting>.

Public comment: in addition to attending in-person, there are two options for residents to submit public comment for the October 6 Town Council meeting:

- *Email: submit a comment to PublicComment@QueenCreekAZ.gov. Every email received will be entered into the official record. Please include your name, address, comment and note if your comment is for call to the public.*
- *WebEx Online Meeting: Using a computer, tablet or smartphone, log into the meeting through WebEx (LINK) and provide a public comment. To participate, register with your name, address and comment. View detailed at [QueenCreekAZ.gov/Watch Meetings](https://www.queen-creek-az.gov/WatchMeetings).*

Comments without identifying name and address will not be read or submitted as part of the written record.

Pursuant to A.R.S. §§ 38-431.02 and 38-431.03, notice is hereby given to the members of the Town Council and the general public that, at this Regular Meeting, the Town Council may vote at any time during the Council Meeting to go into Executive Session, which will not be open to the public, for legal advice and discussion with the Town Attorney(s) for legal advice on any item listed on the following agenda, pursuant to A.R.S. § 38-431.03(A)(3).

The Mayor or other presiding officer at the meeting may change the order of Agenda Items and/or take items on the Agenda in an order they determine is appropriate.

1. Call to Order:

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2. Roll Call: (Members of the Town Council may attend electronically and/or telephonically)

3. Pledge of Allegiance:

4. Invocation/Moment of Silence:

5. Ceremonial Matters (Presentations, Proclamations, Awards, Guest Introductions and Announcements):

A. Proclamation: Fire Prevention Week (October 3 - 9, 2021)

B. Proclamation: Cities & Towns Week (October 17 - 23, 2021)

C. Proclamation: Domestic Violence Awareness Month

D. Proclamation: Cyber Security Awareness Month

6. Committee Reports:

A. Council summary reports on meetings and/or conferences attended. This may include but is not limited to Phoenix-Mesa Gateway Airport; MAG; East Valley Partnership; CAG. The Council will not propose, discuss, deliberate or take legal action on any matter in the summary unless the specific matter is properly noticed for legal action.

B. Committee and outside agency reports (only as scheduled)

1. Economic Development Commission (September 22, 2021)

7. Public Comments: *Members of the public may address the Town Council on items not on the printed agenda and during Public Hearings. Please address the Town Council by completing a Request to Speak Card and turn it into the Town Clerk, sending an email to PublicComment@QueenCreekAZ.gov by 6:30 p.m. on October 6, 2021 (limited to 500 words – identify your name, address and whether you wish your comment to be read at the meeting or just submitted as part of the written record). The Town Council may not discuss or take action on any issue raised during public comment until a later meeting. Speakers are limited to three (3) minutes each. Only one comment (either by email or by WebEx) per person per Agenda Item will be allowed and comments without identifying name and address will not be read or submitted as part of the written record.*

8. Consent Agenda: *Matters listed under the Consent Agenda are considered to be routine and will be enacted by one motion and one vote. Members of the Town Council and or staff may comment on any item without removing it from the Consent Agenda or remove any item for separate discussion and consideration.*

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- A. Consideration and possible approval of the September 15, 2021 Regular Session Minutes.
- B. Consideration and possible approval of Expenditures Over \$25,000. (FY 21/22 Budgeted Items)
 - 1. Courtesy Auto of Mesa - Town Wide Replacement and New Vehicles: \$285,075 (Utilities)
 - 2. Haaker Equipment - Equipment Rental as needed for Water Distribution Repairs and Maintenance: \$40,000 (Utilities)
 - 3. Corporate Technology Solutions (CTS) - Security Camera Upgrade: \$55,000 (Economic Development)
 - 4. Swain Electric - Parking Lot Light Poles at Horseshoe Park & Equestrian Centre: \$55,000 (Economic Development)
 - 5. Granicus - Annual Support for Meeting Management Software and Website: \$47,000 (Workforce & Technology / Town Clerk)
- C. Consideration and possible approval of a 60-day Notice of Intention to establish a service fee on Development Services credit and debit card transactions.
- D. Consideration and possible approval of FY 20/21 year-end revenue budget adjustments of \$151,057,177; expenditure budget adjustments of \$1,662,825; adjustments to FY 20/21 Transfer budgets of \$7,476,288; and FY 21/22 carry-forward budget reallocations of \$13,517,878.
- E. Consideration and possible approval and ratification of Change Order No. 7a, 8, 9, 10, and 11 with N. Harris Computer Corporation's Advanced Utility Systems for software implementation services, with corresponding budget amendment in an amount not to exceed \$275,100.
- F. Consideration and possible approval of a professional services contract with Kutak Rock LLP in an amount not to exceed \$60,000 for government relations services for a one-year term, with up to four one-year renewals. (FY21/22 Budgeted Item)
- G. Consideration and possible approval of an Intergovernmental Agreement (IGA) with Maricopa County for the provision of judicial services and operation of the Justice Court in Queen Creek.

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H. Consideration and possible approval of Resolution 1426-21 authorizing the application for a Drinking Water State Revolving Fund Loan from the Water Infrastructure Finance Authority of Arizona (WIFA) in an amount not to exceed \$8.3 million.

9. Public Hearing Consent Agenda: *Matters listed under the Public Hearing Consent Agenda are considered to be routine and will be enacted by one motion and one vote. Please address the Town Council on any items on the Public Hearing Consent Agenda by completing a Request to Speak Card and turn it into the Town Clerk, sending an email to PublicComment@QueenCreekAZ.gov (limited to 500 words – identify your name, address and whether you wish your comment to be read at the meeting or just submitted as part of the written record) or by WebEx (instructions at QueenCreekAZ.gov/WatchMeetings). Speakers are limited to three (3) minutes each. Only one comment (either by email or by WebEx) per person per Agenda Item will be allowed and comments without identifying name and address will not be read or submitted as part of the written record.*

A. None.

10. Public Hearings: *If you wish to speak to the Town Council on any of the items listed as a Public Hearing, please address the Town Council by sending an email to PublicComment@QueenCreekAZ.gov (limited to 500 words – identify your name, address and whether you wish your comment to be read at the meeting or just submitted as part of the written record) or by WebEx (instructions at QueenCreekAZ.gov/WatchMeetings). Speakers are limited to three (3) minutes each. Only one comment (either by email or by WebEx) per person per Agenda Item will be allowed and comments without identifying name and address will not be read or submitted as part of the written record.*

A. Public Hearing and possible adoption of Ordinance No. 765-21 amending Chapter 3 Administration and adding Article 3-6 Revenue and Finance, Section 3-6-1 Outstanding Accounts Receivable, and 3-6-1.1 Collection creating a collection fee not to exceed 15% of the delinquent balance.

11. Items for Discussion: *These items are for Town Council discussion only and no action will be taken. In general, no public comment will be taken.*

A. None.

12. Final Action: *If you wish to speak to the Town Council on any of the items listed under Final Action Please address the Town Council by completing a Request to Speak Card and turn it into the Town Clerk, sending an email to PublicComment@QueenCreekAZ.gov (limited to 500 words – identify your name, address and whether you wish your comment to be read at the meeting or just submitted as part of the written record) or by WebEx (instructions at QueenCreekAZ.gov/WatchMeetings). Speakers are limited to three (3) minutes each. Only*

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one comment (either by email or by WebEx) per person per Agenda Item will be allowed and comments without identifying name and address will not be read or submitted as part of the written record.

- A. Publish the Town's Biennial Development Impact Fee Audit Report for fiscal years 2018-19 and 2019-20 and set a Public Hearing for November 3, 2021.

13. Adjournment

Pursuant to ARS 38-431.02 notice is hereby given to the members of the Queen Creek Town Council and to general public that the Queen Creek Town Council will hold a meeting open to the public as set forth above.

I, Maria Gonzalez, do hereby certify that I caused to be posted this 27th day of September the Agenda for the October 6, 2021 Regular and Possible Executive Session of the Queen Creek Town Council in the following places: 1) Queen Creek Town Hall; 2) Queen Creek Library; 3) Queen Creek Community Center bulletin board.

Maria E. Gonzalez, CMC

The Town of Queen Creek encourages the participation of disabled individuals in the services, activities, and programs provided by the Town. Individuals with disabilities who require reasonable accommodations in order to participate should contact the Town Clerk's office at (480) 358-3000.



Requesting Department

Town Clerk

TO: HONORABLE MAYOR AND TOWN COUNCIL
THROUGH: JOHN KROSS, ICMA-CM, TOWN MANAGER
FROM: MARIA GONZALEZ, TOWN CLERK
RE: CONSIDERATION AND POSSIBLE APPROVAL OF THE SEPTEMBER 15, 2021
REGULAR SESSION MINUTES.
DATE: October 6, 2021

Staff Recommendation:

Approve the draft minutes as presented.

Proposed Motion:

To approve the draft minutes as presented.

Alternatives:

Council can request revisions to be made to the draft minutes and approve with revisions or continue to a future meeting.

Attachment(s):

1. Minutes 09-15-21_DRAFT



MINUTES

Regular Session

Queen Creek Town Council

Community Chambers, 20727 E. Civic Parkway

September 15, 2021

6:30 PM

1. Call to Order:

The meeting was called to order at 6:32 p.m.

2. Roll Call: (Members of the Town Council may attend electronically and/or telephonically)

Gail Barney	Mayor	Present
Dawn Oliphant	Vice Mayor	Present
Robin Benning	Council Member	Present
Jeff Brown	Council Member	Present
Leah Martineau	Council Member	Present
Emilena Turley	Council Member	Present
Julia Wheatley	Council Member	Present (Arrived at 5:43 p.m.)

3. Pledge of Allegiance:

Led by Mayor Barney.

4. Invocation/Moment of Silence:

A moment of silence was held for first responders and men and women in uniform that are keeping our country safe.

5. Ceremonial Matters (Presentations, Proclamations, Awards, Guest Introductions and Announcements):

A. Queen Creek Little League

Mayor Barney congratulated the 12 U District Queen Creek Little League State Champions and their coaches D.L. Brewer and Darry Lane, and assistants Brendan Brewer and Grant Lane. The team joined their coaches and Council for photos.

B. QC Youth Attend AZ League

Eastmark High School student Grace Stevenson spoke on behalf of the group that attended the Arizona League of Cities and Towns Conference. Ms. Stevenson gave a brief summary of issues important to Town’s youth and suggested that Queen Creek consider forming a local youth leadership committee.

Attachment: Minutes 09-15-21_DRAFT (Minutes)

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Students Grace Stevenson, Jaxon Bailey, Jade Berry, Lydia Carter, Thomas Goates and Reagan Richardson joined Council for a photo.

6. Committee Reports:

A. Council summary reports on meetings and/or conferences attended. This may include but is not limited to Phoenix-Mesa Gateway Airport; MAG; East Valley Partnership; CAG. The Council will not propose, discuss, deliberate or take legal action on any matter in the summary unless the specific matter is properly noticed for legal action.

B. Committee and outside agency reports (only as scheduled)

1. Economic Development Commission (August 25, 2021)

Council Member Wheatley delivered the report. The Commission announced Matt McWilliams as the new Planning & Zoning representative and re-elected Shane Randall as Chair and Grant Tayrien as Vice-Chair. They approved the Economic Development FY21-22 Annual Work Plan and updates to the Façade Improvement Program. The next meeting is September 22, 2021.

2. Downtown Arts & Placemaking Advisory Subcommittee (September 9, 2021)

Council Member Benning delivered the report. The committee heard a presentation from founder Danielle Foushee on the PHX Mural Project. They also discussed the possibility of creating an Arts & Placemaking Master Strategic Plan for Queen Creek and the RFP process for hiring a consultant to create the plan. The next meeting is November 4, 2021.

7. Public Comments: *Members of the public may address the Town Council on items not on the printed agenda and during Public Hearings. Please address the Town Council by completing a Request to Speak Card and turn it into the Town Clerk, sending an email to PublicComment@QueenCreekAZ.gov by 6:30 p.m. on September 15, 2021 (limited to 500 words – identify your name, address and whether you wish your comment to be read at the meeting or just submitted as part of the written record). The Town Council may not discuss or take action on any issue raised during public comment until a later meeting. Speakers are limited to three (3) minutes each. Only one comment (either by email or by WebEx) per person per Agenda Item will be allowed and comments without identifying name and address will not be read or submitted as part of the written record.*

None.

8. Consent Agenda: *Matters listed under the Consent Agenda are considered to be routine and will be enacted by one motion and one vote. Members of the Town Council and or staff may*

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comment on any item without removing it from the Consent Agenda or remove any item for separate discussion and consideration.

MOTION:	To approve the consent Agenda
RESULT:	Approved unanimously (7-0)
MOVER:	Emilena Turley, Council Member
SECONDER:	Julia Wheatley, Council Member
AYES:	Barney, Oliphant, Benning, Brown, Martineau, Turley, Wheatley

- A. Consideration and possible approval of the August 18, 2021 Regular Session Minutes.
- B. Consideration and possible approval of Expenditures Over \$25,000. (FY 21/22 Budgeted Items)
 1. Western Garage Doors - Roll up doors for Fleet and Utility Buildings: \$25,475 (Public Works)
 2. Fennemore Craig PC - Legal Services: \$129,500 (Town Manager)
 3. CompuNet, Inc. - Back-up Recover, Continuous Data Protection: \$107,000 (Workforce & Technology)
 4. Custom Storage, Inc. dba CStor-Data Center Infrastructure Solution (HPE): \$34,000 (Workforce & Technology / Police)
 5. L.N. Curtis & Sons - Self-Contained Breathing Apparatus (SCBA) for the new replacement fire apparatus: \$54,216 (Fire & Medical)
- C. Consideration and possible approval of the reappointment of Carson Brown to the GPEC Board of Directors for FY 21/22.
- D. Consideration and possible approval of the reappointment of Jason Barney, Chris Clark, Jenna Kahl, Derek Neighbors, Perry Rea and Mark Schnepf to the Economic Development Commission.
- E. Consideration and possible approval of the Economic Development Commission Work Plan for FY 21/22.
- F. Consideration and possible approval of deferring the Town's status as a Community Development Block Grant (CDBG) Entitlement Grantee for the FY 21/22.

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- G. Consideration and possible approval of a 60-Day Notice of Intention to apply fees associated with public requests for police records.
- H. Consideration and possible approval of an Intergovernmental Agreement with the Town of Gilbert for the purpose of conducting joint law enforcement training or attending law enforcement training hosted by either party.
- I. Consideration and possible approval of a purchase agreement with Whitebox Technology not to exceed \$82,000 for Data Conversion Professional Services, and related budget adjustments for the Police and Information Technology Departments.
- J. Consideration and possible approval of a change order for the Versaterm Records Management Contract for Required Interface, Data Migration, and Professional Services, in an amount not to exceed \$167,940, and any related budget adjustments for the Police Department.
- K. Consideration and possible approval of a purchase agreement with Dataworks Plus, for an AFIS LiveScan Plus Machine, Associated Equipment, Software, and Professional Services, through a State of Arizona Contract #CTR040050, not to exceed \$41,000, and related budget adjustments for the Police Department.
- L. Consideration and possible approval of an Intergovernmental Agreement with the City of Mesa for Law Enforcement Dispatch Services Not to Exceed \$1,431,184. (FY 21/22 Budgeted Item)
- M. Consideration and possible approval of Project Order #10 (Master On-Call Contract 2016-114) with Kimley-Horn and Associates for the engineering design to widen and improve Chandler Heights Road from Sossaman Road to Hawes Road (CIP Project A0602) in an amount not to exceed \$1,011,610 and the necessary budget adjustments.
- N. Consideration and possible approval of a Cooperative Contract Agreement with Haydon Building Corp., through the Town of Gilbert Job Order Contract (Contract No. 321000249) for General Utility Projects on an as needed basis.
- O. Consideration and possible approval of an On-Call Project Order with Sunrise Engineering in an amount not to exceed \$59,818 for Engineering Services for a Master Plan for future infrastructure in State Land. (FY 21/22 Budgeted Item)
- P. Consideration and possible approval of a five-year cooperative purchase agreement with Public Trust Advisors, LLC in an amount of approximately \$80,000 per year for investment management services. (FY 21/22 Budgeted Item)

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- Q. Consideration and possible approval of the Groundwater Savings Facility Storage Intergovernmental Agreement with Queen Creek Irrigation District.
 - R. Consideration and possible approval of the "Replat" for Encanterra Casitas, a request by The Club at Encanterra LLC.
 - S. Consideration and possible approval of the "Final Plat" for Orchard Cove, a request by Schoolhouse Signal Butte LLC.
 - T. Consideration and possible approval of the "Final Plat" for Bungalows at Combs & Gantzel, a request by Bungalows on Combs LLC.
 - U. Consideration and possible adoption of Ordinance No. 764-21, an Ordinance of the Mayor and Council of the Town of Queen Creek, Arizona, deleting and replacing Chapter 4 Police Department, Chapter 9 Offenses, Chapter 11 Traffic, and Chapter 15 parks and recreation of the town code; and amending certain sections of Chapter 1 General, Chapter 10 Health and Sanitation, and Chapter 18 Fire Prevention and Protection, of the Town Code; to remove duplication and inconsistency in, and consolidate and clarify, the Code provisions to be enforced by, and facilitate the operations of, the newly formed Queen Creek Police Department; and provide for consistency and proper coordination between amended Chapters of the Town Code, and between the impacted Town Departments and the Police Department; providing for penalties; providing for repeal of conflicting ordinances; and providing for an effective date for the Code revisions of January 11, 2022.
- 9. Public Hearing Consent Agenda:** *Matters listed under the Public Hearing Consent Agenda are considered to be routine and will be enacted by one motion and one vote. Please address the Town Council on any items on the Public Hearing Consent Agenda by completing a Request to Speak Card and turn it into the Town Clerk, sending an email to PublicComment@QueenCreekAZ.gov (limited to 500 words – identify your name, address and whether you wish your comment to be read at the meeting or just submitted as part of the written record) or by WebEx (instructions at QueenCreekAZ.gov/WatchMeetings). Speakers are limited to three (3) minutes each. Only one comment (either by email or by WebEx) per person per Agenda Item will be allowed and comments without identifying name and address will not be read or submitted as part of the written record.*

Mayor Barney opened the public hearing. There were no comments from the public or from Council and the public hearing was closed.

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MOTION:	To approve the Public Hearing Consent Agenda
RESULT:	Approved unanimously (7-0)
MOVER:	Jeff Brown, Council Member
SECONDER:	Leah Martineau, Council Member
AYES:	Barney, Oliphant, Benning, Brown, Martineau, Turley, Wheatley

- A. Public Hearing and possible approval of two liquor license applications for a new Series 007 Beer & Wine Bar and a new Series 009 Liquor Store submitted by Jeffrey Craig Miller on behalf of Fry's Marketplace #693, 25105 S. Ellsworth Road, Queen Creek, AZ 85142.
- B. Public Hearing and possible approval of a new Series 010 Beer & Wine Store Liquor License application submitted by Jeffrey Craig Miller on behalf of Fry's Fuel Center #693, 25307 S. Ellsworth Road, Queen Creek, AZ 85142.
- C. Public Hearing and possible action on P21-0095 and P21-0096 Circle K at Riggs and Rittenhouse Conditional Use Permit and Site Plan, a request from Jodi Hammill (Land Development Consultants LLC) for a Conditional Use Permit (CUP) for fuel sales and Site Plan approval on approximately 2.04 acres located at the northwest corner of Riggs and Rittenhouse roads.
- D. Public Hearing and possible action on Resolution 1425-21 Case P21-0133 Town Initiated Annual Update to the 2018 General Plan Update, a staff initiated annual update to provide a brief list of updates to the document's maps to reflect changes since its approval and provide additional clarification.

10. Public Hearings: *If you wish to speak to the Town Council on any of the items listed as a Public Hearing, please address the Town Council by sending an email to PublicComment@QueenCreekAZ.gov (limited to 500 words – identify your name, address and whether you wish your comment to be read at the meeting or just submitted as part of the written record) or by WebEx (instructions at QueenCreekAZ.gov/WatchMeetings). Speakers are limited to three (3) minutes each. Only one comment (either by email or by WebEx) per person per Agenda Item will be allowed and comments without identifying name and address will not be read or submitted as part of the written record.*

Council Member Benning recused himself due to a conflict. Mayor Barney opened the public hearing. There were no comments from the public or from Council and the public hearing was closed.

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MOTION:	To approve the Ordinance 761-21, Case P21-034 Drive-Thru Conditional Use Permit
RESULT:	Approved (6-0)
MOVER:	Jeff Brown, Council Member
SECONDER:	Dawn Oliphant, Vice Mayor
ABSTAIN:	Benning
AYES:	Barney, Oliphant, Brown, Martineau, Turley, Wheatley

- A. Discussion and possible action on Ordinance 761-21, Case P21-0134 Drive-Thru Conditional Use Permit, an amendment to the Zoning Ordinance Section 1.14, Definitions, Table 4.6-1, Permitted Uses, and Section 6.5, Supplemental Use Regulations, requiring a Conditional Use Permit for drive-thru restaurants that are located within 1200-feet (with a possible amendment to 300-feet) of a residential zoning district when operating between the hours of 10 pm and 6 am.

11. Items for Discussion: *These items are for Town Council discussion only and no action will be taken. In general, no public comment will be taken.*

A. Credit Card Service Fee Program

Deputy Finance Director Dan Olson gave a presentation to address the rising cost of accepting credit cards for Development Services transactions. He asked Council for direction on two options:

1. Status Quo – continue to absorb credit card fees in the Operating Budget
2. Implement a new Service Fee Program on credit card transactions.

Mr. Olson said that actual cost to the Town for transaction fees in FY20-21 amounted to \$435K. The Town paid the cost and did not charge the customer. He reported that costs have increased significantly in recent years due to our transition to electronic plan review and an increase in building permit activity. He said homebuilders make up a bulk of the transactions.

Mr. Olson listed steps the Town has taken to reduce fees in the past, but said it has yielded minimal results. Staff is recommending a fee charged on all credit card transactions for Development Services only. The customer will pay the fee directly to Wells Fargo and it does not go to the Town. The proposed rate is 2.4% set by Wells Fargo and the estimated savings will be \$435K. Mr. Olson said other cities have similar service fees.

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Mr. Olson explained options that will be available to the customer to avoid the fees, such as use of ACH/electronic checks and the use of a trust account for high volume customers.

Mr. Olson outlined the two-step process required to implement the service fees: 1) publish 60-day Notice of Intent to levy the 2.4% service fee and 2) after the 60-day notice period, hold a public hearing (December 15 Town Council meeting) on the new service fees. The service fee would be effective on Jan 17, 2022.

Council appreciated the efforts to save costs for the Town and the options provided to the customer if they wanted to avoid fees. They were in support of the Service Fee Program.

C. Police Department Update

Police Chief Randy Brice presented the monthly report and updated Council on their timeline. He said they are close to completion for the Code Amendments, radio and CAD testing, records management and the basic training academy started this week.

Chief Brice provided an update on the hiring process and said they are getting a balanced team of tenured/experienced officers and new recruits. He said the team is already forming a tight knit bond. He highlighted some of the areas of expertise and experience among the officers and said the team is well equipped and experienced to start on day one. Chief Brice reviewed the ongoing comprehensive training that will be provided in a range of topics and focus areas.

Council asked if they could receive a training for active shooters. Chief Brice said he would line up several training events for Council to attend including active shooters; driving courses; defensive tactics and law and legal.

Council thanked Chief Brice and his department for their hard work. Council Member Benning complimented Chief Brice for his presentation at the Arizona League of Cities and Towns Conference and said it was well received by other cities.

- 2. Final Action:** *If you wish to speak to the Town Council on any of the items listed under Final Action Please address the Town Council by completing a Request to Speak Card and turn it into the Town Clerk, sending an email to PublicComment@QueenCreekAZ.gov (limited to 500 words – identify your name, address and whether you wish your comment to be read at the meeting or just submitted as part of the written record) or by WebEx (instructions at QueenCreekAZ.gov/WatchMeetings). Speakers are limited to three (3) minutes each. Only one comment (either by email or by WebEx) per person per Agenda Item will be allowed and comments without identifying name and address will not be read or submitted as part of the written record.*

A. None.

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13. Adjournment

The Town Council reconvened to Executive Session at 7:31 p.m. The Regular Session adjourned at 9:23 p.m.

TOWN OF QUEEN CREEK

Gail Barney, Mayor

ATTEST:

Maria E. Gonzalez, Town Clerk

I, Maria E. Gonzalez, do hereby certify that to the best of my knowledge and belief, the foregoing Minutes are a true and correct copy of the Regular Session Minutes of the September 15, 2021 Regular Session of the Queen Creek Town Council. I further certify that the meeting was duly called and that a quorum was present.

Passed and approved on October 6, 2021.

Attachment: Minutes 09-15-21_DRAFT (Minutes)

Council Committee Reports (1)



- 08/19 – Meridian Road Extension Groundbreaking hosted by Pinal County (Barney, Oliphant Brown, Wheatley)
- 08/20 – Pinal Partnership Let's Talk Homebuilders in Pinal County Virtual Event (Benning)
- 08/20 – East Valley Transportation Infrastructure Action Subcommittee Meeting (Benning)
- 08/24 – Queen Creek Unified School District Business Partner Breakfast (Oliphant, Benning)
- 08/24 – Queen Creek Hometown Heroes Awards Luncheon (Barney, Oliphant, Wheatley)
- 08/25 – Maricopa Association of Governments Regional Council Meeting (Barney)
- 08/25 – Regional Transportation Advisory Committee Rural Transportation Summit Update (Benning)
- 08/26 – Queen Creek Chamber of Commerce Business and Education Summit (Oliphant)
- 08/30 – Queen Creek Unified School District HS #3 Groundbreaking Ceremony (Oliphant, Brown, Wheatley)
- 08/30 – East Valley Transportation Infrastructure Subcommittee Meeting on Maintenance Funding (Benning)
- 08/31 – Escalante Community Center and North Tempe Multi-Generational Center Tours (Oliphant, Brown)

Council Committee Reports (2)

- 08/31 through 09/03 – League of Arizona Cities and Towns Annual Conference (Barney, Oliphant, Benning, Brown, Wheatley)
- 09/09 – Greater Phoenix Economic Council Mayors and Supervisors Council Meeting (Oliphant)
- 09/09 – Downtown Queen Creek Arts and Placemaking Advisory Committee Meeting (Benning)
- 09/14 – Chamber Network Queen Creek Luncheon (Brown)
- 09/14 – WeSERV Association of REALTORS | AJ, QC and Mesa: Imagine the Future (Brown)
- 09/14 – Pinal Regional Transportation Authority Board Meeting (Benning)
- 09/14 – Meeting with Maricopa County Supervisor Steve Chucri, District 2 (Barney)
- 09/15 – Maricopa Association of Governments Transportation Policy Committee (Barney)

Attachment: Minutes 09-15-21_DRAFT (Minutes)



Requesting Department

Finance

TO: HONORABLE MAYOR AND TOWN COUNCIL
THROUGH: JOHN KROSS, ICMA-CM, TOWN MANAGER
FROM: MELISSA BAUER, PROCUREMENT MANAGER
RE: CONSIDERATION AND POSSIBLE APPROVAL OF EXPENDITURES OVER \$25,000. (FY 21/22 BUDGETED ITEMS)
DATE: October 6, 2021

Staff Recommendation:

Staff recommends approval of expenditures \$25,000 and over.

Relevant Council Goal(s):

N/A

Proposed Motion:

Move to approve Town expenditures \$25,000 and over, pursuant to Town Purchasing Policy.

Discussion:

The following items being requested are:

1. Courtesy Auto of Mesa - Town Wide New and Replacement Vehicles: \$285,075 (Utilities - Wells & Repairs)
2. Haaker Equipment - Equipment Rental as Needed for Water Distribution Repairs and Maintenance: \$40,000 (Utilities)
3. Corporate Technology Solutions (CTS) - Security Camera Upgrade: \$55,000 (Economic Development)
4. Swain Electric - Parking Lot Light Poles at HPEC: \$55,000 (Economic Development)
5. Granicus - Annual Support for Meeting Management Software and Website: \$47,000 (Workforce Technology)

Fiscal Impact:

The fiscal impact of the requested spending authority for the above expenditures is \$482,075. Funds have been identified within the line item budget as approved in the FY22 budget or subsequently approved by Council.

Attachment(s):

1. October 6, 2021 Expenditures over \$25k

**Attachment: Expenditures \$25,000 and Over
Budgeted in Fiscal Year 21/22
October 6, 2021**

Item #	Vendor(s)	Description	Purpose	Requesting Dept(s)	Fiscal Impact \$	Procurement Method	Alternative
1	Courtesy Auto of Mesa	Town Wide New and Replacement Vehicles	Spending authority for FY22 New Request for 2022 RAM Crew Cab with Crane Body to provide a needed level of service. This vehicle will be used by the Wells crew for heavy maintenance and repairs, pulling boosters, well motors and fabrication work. Spending authority for FY22 Replacement Requests for 2022 RAM Reg Cab with Crane Body. The current vehicle has exceeded its life cycle and has become too costly for maintenance and has increased down-time. This replacement truck is being built to be on the valve and hydrant crew. This vehicle will be used to disassemble and repair fire hydrants along with carrying all the parts and tools needed for hydrant and valve repair. The second function of this truck is to facilitate the construction, repair, and modification of well site manifolds with the welding crew. (FY21-22 budgeted item)	Utilities - Wells & Repairs	\$285,075	State Contract #ADSP017-166126-CTS046940	Procurement Policies for purchases over 25K is to either utilize an existing Regional/National Cooperative or the Town would have to initiate our own Request for Proposal and bid process. Using a cooperative that already exists provides the Town with better economies of scale to receive lower pricing than we could receive on our own; therefore, staff recommends using the cooperative under this contract.
2	Haaker Equipment	Equipment Rental as needed for water distribution repairs and maintenance	Contract spending authority for as needed services for heavy equipment rental for various utility construction projects and repairs as needed. (FY 21-22 budgeted item)	Utilities	\$40,000	Sole Source	Council could choose not to approve the expenditure request. However, this would result in the department having to go out to bid for the services and further delay projects.
3	Corporate Technology Solutions (CTS)	Security Camera Upgrade	Procure and install security camera system for the HPEC campus (FY 21-22 budgeted item)	Economic Development	\$55,000	Mohave Contract # 17L-CTS-1115	Council could choose not to approve. The alternative would be to continue public/event operations at this facility with a failing security camera system.
4	Swain Electric	Parking Lot Light Poles	Spending authority request to replace & install light poles located in main HPEC parking lot (FY21-22 budgeted item)	Economic Development	\$55,000	ToQC 2021-076	Council could choose not to approve the entire spending authority request. Three of the eight poles are completely inoperable due to vehicle damage, and need to be replaced. Council could choose to approve only the three poles for safety purposes. However, this creates a mismatched set of poles in the main parking lot.
5	Granicus	Annual support for meeting management software and website	Annual maintenance agreement involving civic meeting management and hosting services for Town website requires an additional \$12K in spending authority to accommodate recent system changes and updates. Original spending authority was approved on June 2, 2021 totaled \$35K. If approved, the new total spending authority will be \$47,000. (Budgeted in FY22) (FY 21-22 budgeted item)	Workforce Technology	\$47,000	ToQC 2021-023	Council could choose not to approve the renewal expenditure. The impact would result in cancellation of the subscription service to the civic meeting services and discontinue support renewal to the Town website.

Attachment: October 6, 2021 Expenditures over \$25k (Expenditures Over \$25,000)



Requesting Department
Finance

TO: HONORABLE MAYOR AND TOWN COUNCIL
THROUGH: JOHN KROSS, ICMA-CM, TOWN MANAGER
FROM: SCOTT MCCARTY, FINANCE DIRECTOR
RE: CONSIDERATION AND POSSIBLE APPROVAL OF A 60-DAY NOTICE OF INTENTION TO ESTABLISH A SERVICE FEE ON DEVELOPMENT SERVICES CREDIT AND DEBIT CARD TRANSACTIONS.
DATE: October 6, 2021

Staff Recommendation:

Staff recommends the approval of the Notice of Intention setting the time (6:30 p.m.) and the date (December 15, 2021) for the public hearing to establish a service fee on Development Services credit and debit card transactions.

Relevant Council Goal(s):



Effective Government: KRA Financial Management, Financial Sustainability

Proposed Motion:

Move to approve the Notice of Intention as presented.

Discussion:

In recent years the Town has seen a significant increase in the cost of processing credit and debit card transactions for Development Services activity. Our current practice is to absorb these fees in the Operating Budget. Staff is proposing a new program where the customer will pay an additional fee if he or she chooses to use a credit or debit card to pay for permits, applications, and plan reviews through Development Services.

	Development Services		
	Credit Card Volume	Credit Card Fees	Fees as % of Charges
FY 2017	\$ 3,888,600	\$106,301	2.73%
FY 2018	\$ 4,895,328	\$139,084	2.84%
FY 2019	\$11,623,014	\$347,057	2.99%
FY 2020	\$18,892,229	\$592,891	3.14%
FY 2021	\$19,214,626	\$434,725	2.26%

Following is a history of Development Services credit card activity and fees:

Costs have increased for two main reasons. First, in May 2018 the Town migrated all Development Services activity to an online portal. This change was intended to leverage technology to make our processes more efficient and convenient to our customers in the development community. The change to a paperless process has been well-received but also requires customers to use a credit card to pay for services through the online portal. Developers and other customers can no longer bring in paper checks to pay for their building permits, plan reviews, and other services.

Second, the last three years have brought tremendous growth in new development to Queen Creek. For example, the last two fiscal years have seen record numbers of single-family building permits issued, with 1,750 and 2,223 in fiscal years 19/20 and 20/21, respectively. The Town has also issued permits for over \$64 million in commercial construction in the last year alone. Notably, home builders make up the majority of credit card charges through the Development Services online portal, accounting for 65% of the credit card fees paid in fiscal year 2020/21 and nearly 80% of the credit card fees paid over the last three years.

Staff has taken steps to reduce credit card fees in Development Services. In August 2020, the Town switched to a new payment processing vendor who provided a much lower rate for processing credit cards. In one year, the Town's all-in rate dropped from 3.14% to 2.26%, resulting in about \$170,000 in savings.

The new vendor also gave customers the option to use an ACH or "electronic check" payment option instead of a credit card. ACH payments are much less expensive for the Town to process because funds are taken directly from the customer's bank account. The Town's current cost of ACH payments is 50 cents per transaction, regardless of the dollar amount.

Outreach efforts to the Town's customers to encourage use of the ACH option has realized some savings. From August 2020 through July 2021, over \$14 million in transactions were processed through ACH instead of credit cards, savings about \$300,000 that would have otherwise been paid in credit card fees.

However, the volume and cost of accepting credit cards remains significant. As long as a credit card is a no-cost option for customers, the Town remains exposed to substantial credit card fees from both residential and commercial development.

To reduce these costs, staff recommends the Town adopt a service fee for accepting credit and debit cards on Development Services transactions effective January 17, 2022. The service fee will be charged to the customer at the time of payment, but will only be charged to those customers who choose to use a credit or debit card. Customers who choose an ACH payment by using a checking account will not be charged the fee.

The proposed service fee will be 2.4% of the transaction amount. This rate is set by the Town's payment processing vendor (Wells Fargo) based on the Town's current volume and types of transactions. This fee could go up or down over time, but any change in the fee will require approval by the Town Council.

For example, a customer who chooses to use a credit card to pay for a pool permit that costs

\$265 will pay an additional \$6.36 service fee. A customer who chooses to use a credit card to pay for a single-family building permit that costs \$11,984 will pay an additional \$287.62.

Staff is also developing a Trust Account program as another payment option for major developers. With this option, the customer can pay a lump sum to the Town through a bank transfer or wire of funds and then draw down the balance as permits are issued. The Trust Account program will be available on or before the effective date of the new service fee and will be targeted towards customers who have high-volume and high-dollar transactions.

In order to charge the new service fee to customers, the Town must follow a two-step process outlined in ARS §9-499.15. First, the Town must provide a public notice for 60 days regarding the intent to charge the 2.4% service fee. Second, after the 60-day notice period, the Town must hold a public hearing on the new service fee.

The attached Notice of Intention sets the date and time for a public hearing to be December 15, 2021 at 6:30 p.m. After the public hearing, the Town Council will consider adoption of the service fee. If approved, the service fee will become effective January 17, 2022.

Fiscal Impact:

The cost of credit and debit card processing is currently borne by all customers and taxpayers as a separate line item in the Operating Budget. Charging a service fee for Development Services transactions will shift these costs from all customers to those who specifically choose to use a credit or debit card. Based on current volume, the Town expects to save about \$435,000 per year by implementing the new service fee program.

Attachment(s):

1. Notice of Intention to Establish a Service Fee on Development Services credit card transactions.

TOWN OF QUEEN CREEK

Notice of Intention to Establish Fees

Pursuant to ARS §9-499.15, the Town of Queen Creek hereby gives notice that it may adopt an ordinance or resolution to establish a service fee related to credit and debit card payments made through the Town's Development Services Department. A public hearing has been set for December 15, 2021 in the Community Chambers, 20727 E. Civic Parkway, Queen Creek, Arizona at 6:30 p.m. for the purpose of receiving public comment on the proposed service fee. Information relating to the fee is available in the Town Clerk's office at 22358 S. Ellsworth Road, Queen Creek, Arizona, and on the Town's website at www.queencreekaz.gov.

SERVICE/SURCHARGE FEE OF 2.40%

The Town proposes to establish the fee to recoup the costs of accepting credit and debit card payments for Development Services transactions. The fee will be applied to payments made for services listed in the Development Services fee schedule that is available on the Town's website, including Planning, Building Safety & Code Compliance, Engineering, Fire Permit, Plan Review and Inspection services. Each payment made online (credit or debit card) or any payment made at the counter or over the phone with a credit or debit card for such services will be assessed a fee of 2.40% of the transaction's total gross amount.

The Queen Creek Town Council will consider this matter at its regular Town Council meeting to be held at the Queen Creek Community Chambers, located at 20727 E. Civic Parkway, Queen Creek, Arizona at 6:30 p.m., on December 15, 2021, at 6:30 p.m. Following such consideration, the Town Council may approve, disapprove, or modify said ordinance or resolution.



Requesting Department

Finance

TO: HONORABLE MAYOR AND TOWN COUNCIL
THROUGH: JOHN KROSS, ICMA-CM, TOWN MANAGER
FROM: SCOTT MCCARTY, FINANCE DIRECTOR
RE: CONSIDERATION AND POSSIBLE APPROVAL OF FY 20/21 YEAR-END REVENUE BUDGET ADJUSTMENTS OF \$151,057,177; EXPENDITURE BUDGET ADJUSTMENTS OF \$1,662,825; ADJUSTMENTS TO FY 20/21 TRANSFER BUDGETS OF \$7,476,288; AND FY 21/22 CARRY-FORWARD BUDGET REALLOCATIONS OF \$13,517,878.
DATE: October 6, 2021

Staff Recommendation:

Staff recommends the Town Council approve FY 20/21 year-end revenue budget adjustments of \$151,057,177; expenditure budget adjustments of \$1,662,825; adjustments to FY 20/21 Transfer budgets of \$7,476,288; and FY 21/22 carry-forward budget reallocations of \$13,517,878.

Relevant Council Goal(s):

Effective Government: KRA Financial Management, Financial Sustainability

Proposed Motion:

Motion to approve FY 20/21 year-end revenue budget adjustments of \$151,057,177; expenditure budget adjustments of \$1,662,825; adjustments to FY 20/21 Transfer budgets of \$7,476,288; and FY 21/22 carry-forward budget reallocations of \$13,517,878.

Discussion:

The Town is preparing our FY 2020/21 annual financial report and several close-out issues require Town Council approval to do so. These issues are typical for a close-out process and reflect recommended accounting and budgeting best practices. Two areas require Town Council approval:

1. FY 20/21 year-end budget adjustments
2. FY 21/22 carry-forward contingency reallocations

1. FY 20/21 Year-End Budget Adjustments

In preparation for closing out the FY 20/21 Town financial statements, staff has identified

several required year-end budget adjustments. The intention of making these adjustments is to improve the accuracy of the Town's financial statements by addressing budget-to-actual variances. End-of-year budget adjustments are a recommended accounting and budget "best practice." By presenting a Final Budget that reflects adjustments, the Town provides more meaningful financial information to the reader, including bond-rating agencies.

Per the Town Adopted Financial Policies, Town Council approval of budget adjustments is required in the following three circumstances:

- 1) Reallocation of expenditure authority between Town funds;
- 2) Reallocation of expenditure authority from contingency accounts; and
- 3) Reallocation of expenditure authority greater than \$50,000 between individual capital project accounts

The recommended expenditure budget amendments net to zero and do not increase the total FY 20/21 authorized budget. Instead, they reallocate expenditure authorization across the Town's various funds. State law prohibits the expenditure authority of the adopted budget from being increased after adoption.

Adjustments to Revenue and Expenditure Budgets:

Fund	Item	FY 20/21 Current Budget	FY 20/21 Requested Budget	Requested Increase (Decrease)	
Revenues:					
(a)	Wastewater Operating Fund	Miscellaneous Revenue	\$ -	\$ 790,195	\$ 790,195
(b)	Wastewater Operating Fund	GWRP Rental Credit	-	107,275	107,275
(c)	Wastewater Operating Fund	Reimbursement Revenue	-	102,853	102,853
(d)	Water Operating Fund	Federal Grant Revenue	-	442,500	442,500
(e)	Wastewater CIP Fund	Loan Proceeds	40,000,000	-	(40,000,000)
	Water CIP Fund	Loan Proceeds	50,000,000	-	(50,000,000)
	Water Operating Fund	Loan Proceeds	60,000,000	-	(60,000,000)
(f)	General CIP Fund	Miscellaneous Revenue	2,500,000	-	(2,500,000)
Total Revenue Adjustments			\$ 152,500,000	\$ 1,442,823	\$ (151,057,177)
Expenditures:					
(g)	Construction Sales Tax Fund	Interest Expense	\$ 146,147	\$ -	\$ (146,147)
(h)	EMS Fund	PSPRS Contributions	1,172,073	2,924,045	1,751,972
(i)	Solid Waste Fund	Carts - New Service	350,000	407,000	57,000
(j)	Drainage & Transportation	CIP Contingency	1,751,972	89,147	(1,662,825)
Total Expenditure Adjustments			\$ 3,420,192	\$ 3,420,192	\$ -

The expenditure adjustments needed for FY 20/21 are shown in the following table, with explanations for each noted on the next page:

Notes on Revenue and Expenditure Budget Adjustments:

- a) The Town recently identified errors in the monthly billings from the City of Mesa for the Town's share of costs of operations and maintenance of the Greenfield Water Reclamation

Plant (GWRP) going back several years. Mesa staff corrected the errors and determined the Town was entitled to a total credit of \$790,195. This adjustment recognizes all of that credit as revenue in FY 20/21.

- b) In conjunction with the errors identified in Note (a), staff also discovered that the Town was offsetting monthly GWRP rental credits against the monthly expenses and recording only a net expense to the Wastewater Operating Fund, instead of recognizing the rental credits as revenue. The Town earns these credits when Gilbert and Mesa utilize any of the Town's allocated 4 mgd capacity at the GWRP facility. This budget adjustment reflects the correct accounting by separately recording the credits as revenue.
- c) In February 2021 the Town began billing EPCOR under a Town Council approved wastewater interconnection agreement for EPCOR's estimated share of the Town's sewer treatment costs. This adjustment reflects the revenue received from EPCOR for FY 20/21.
- d) In September 2020, the Town received long-term financing from WIFA to purchase the Diversified Water Company. Subsequent to closing the loan, WIFA informed the Town that a portion of the loan principal was forgivable because it was funded from federal grant funds that do not require repayment. This adjustment recognizes that forgivable portion of the loan as grant revenue.
- e) The FY 20/21 budget included an allowance for issuing long-term debt in the Water and Wastewater Funds for infrastructure capital projects and water rights. Those loans did not happen during FY 20/21 and are now expected to close in FY 21/22. This adjustment reduces the budgeted line items to zero to reflect the modified timeline.
- f) The FY 20/21 budget included a miscellaneous revenue to offset a \$2.5M expense placeholder for unanticipated projects in the General CIP Fund budget. The placeholder was not needed during the year and therefore the revenue budget can be reduced to zero.
- g) The FY 20/21 budget mistakenly included an expense for an interfund loan that was paid off in a prior year. This budget adjustment corrects that oversight.
- h) The Town's Pension Funding Policy requires the Town to make a year-end payment to PSPRS equal to the Town's unfunded pension liability as shown in the most recent report from PSPRS. The report from PSPRS dated April 2021 showed the Town's Fire & Medical Pension Plan with a net pension liability of \$1,751,972. The Town sent a payment to PSPRS for this amount in June 2021. This budget adjustment accommodates that payment.
- i) The newly annexed Encanterra community was scheduled to receive new trash and recycling carts in the prior fiscal year (March 2020). However, the COVID-19 pandemic delayed these deliveries until October 2020; therefore, a budget adjustment is required to cover this expense that was expected to happen one year earlier.
- j) Contingency funds are sufficient to accommodate adjustments (g), (h), and (i).

In addition to the expenditure budget adjustments above, staff recommends adjustments to certain Transfer budgets to match actual activity during the year. While cash transfers are included when developing the budget, they are not expenditures that affect the Town's

spending authority for budgetary purposes - adjustments to transfers do not increase or decrease the Town's budget. However, in order to eliminate variances for financial reporting purposes, the following adjustments are recommended:

Adjustments to Transfer Budgets:

	Fund	Item	FY 20/21 Current Budget	FY 20/21 Requested Budget	Requested Increase (Decrease) to Transfers In	Requested Increase (Decrease) to Transfers Out
(a)	Construction Sales Tax	Operating Transfers In	\$ -	\$ 2,000,000	\$ 2,000,000	\$ -
	Transportation Development	Operating Transfers Out	6,879,362	8,879,362	-	2,000,000
(b)	Transportation Development	CIP Transfers In	-	6,058,844	6,058,844	-
	Construction Sales Tax	CIP Transfers Out	6,697,527	12,756,371	-	6,058,844
(c)	General CIP Fund	CIP Transfers In	-	106,752	106,752	-
	EMS Fund	CIP Transfers Out	-	106,752	-	106,752
(d)	General Fund	Operating Transfers In	-	59,809	59,809	-
	Parks & Recreation Trust Fund	Operating Transfers Out	-	59,809	-	59,809
(e)	Water Operating Fund	Interfund Loan Transfers In	749,117	-	(749,117)	-
	Construction Sales Tax	Interfund Loan Transfers Out	749,117	-	-	(749,117)
Total			\$ 15,075,123	\$ 30,027,699	\$ 7,476,288	\$ 7,476,288

Notes on Transfer Budget Adjustments:

- a) The Town's Series 2020 Excise Tax revenue bonds issued in June 2020 included \$2M of bond proceeds that should have been deposited into the Construction Sales Tax Fund but were mistakenly deposited into the Transportation Development Impact Fee Fund. Staff must move the \$2M to the Construction Sales Tax fund to match the correct funding source for the projects. This budget adjustment allows that transfer to happen.
- b) The Town's 10-Year Transportation Plan calls for both Construction Sales Tax and Transportation Impact Fees to pay the growth portion of planned road projects. For cash flow purposes, however, from FY 16/17 to FY 19/20, the growth portion of several road projects was paid for entirely with Transportation Impact Fees while all of the resources in the Construction Sales Tax Fund were used to pay down interfund loans related to paying off two developer agreements. The Town's intent was that the Construction Sales Tax Fund would eventually reimburse the Transportation Impact Fee Fund to keep the 10-Year Plan balanced. The interfund loans have now all been paid off, therefore this budget adjustment is required to allow a reimbursement to the Transportation Impact Fee Fund.
- c) The Town purchased a new fire truck in the previous fiscal year; however, some of the final equipment items did not arrive until FY 20/21. This budget adjustment approves the cash transfer required to cover the cost of the equipment.
- d) The Parks & Recreation Trust Fund was set up prior to 2004 to account for donations and contributions for several recreation programs. By 2008 the donated funds were spent, and this fund has since been used to account for infrequent recreation activities such as senior field trips. A small balance has accumulated over the years as the participants' fees were recorded as revenue to the fund but the expenses for the activities were paid out of the General Fund. Staff has determined that the fund is no longer necessary as both the revenues and expenses for the activities should be accounted for in the General Fund. This

budget adjustment allows staff to transfer the fund’s cash balance to the General Fund and close the fund.

- e) Related to Note (g) above, the FY 20/21 budget mistakenly included a cash transfer for an interfund loan that was paid off in a prior year. This budget adjustment corrects that oversight.

2. FY 21/22 Carryforward Adjustments

When the FY 21/22 annual budget was adopted, it was unknown at that time how much of the FY 20/21 unexpended budget would need to be carried forward to cover expenses in FY 21/22. The following are examples of carryforward expenses:

- 1) Purchases that have been legally obligated by an executed contract but the work has not been completed or the goods received by the end of the fiscal year.
- 2) Projects that have been authorized under a Delegation Resolution or other budget approvals by the Town Council.
- 3) Projects that were approved in a prior adopted budget but at fiscal year-end the project or service was not yet started or under contract.

Fund	Executed Contracts			Unencumbered Project Budgets	Total Approved Projects Under Way
	Delegation Resolution Projects	Other Approved Projects			
	General Fund	\$ 307,205	\$ 495,302		
EMS Fund	-	1,521,875	-	1,521,875	
HURF Fund	-	716,533	-	716,533	
Water Operating Fund	-	57,481	-	57,481	
Drainage & Transportation Fund	30,285,587	293,998	62,394,496	92,974,082	
General CIP Fund	11,687,507	1,562,067	16,872,124	30,121,698	
Water CIP Fund	4,631,188	2,113,282	10,825,546	17,570,016	
Wastewater CIP Fund	2,434,303	3,672,362	5,812,405	11,919,069	
	\$ 49,345,790	\$ 10,432,900	\$ 96,320,412	\$ 156,099,102	

The Town’s financial policies allow staff to automatically reallocate carry-forward budget authority, without formal Town Council approval, to projects that are already underway (items 1 and 2 above). As a result, staff has made the following adjustments to the FY 21/22 budget under this new policy and do not require Town Council approval:

Town Council approval is required to reallocate budget authority from contingency for projects that have previously received budget authorization but had not yet started by the end of FY 20/21 (items mentioned in 3 above). The list of these projects is shown on the following page:

Fund	Project / Purpose	Budget Carryforward Amount
Transportation CIP	A0009 - TC ALDECOA&DUNCAN:ELLS TO ELLS LOOP	\$ 4,106,444
Transportation CIP	A0601 - CHANDLER HGTS-HAWES TO ELLSWORTH	500,000
Transportation CIP	A1405 - POWER: CHANDLER HTS TO RIGGS	1,000,000
Transportation CIP	A1406 - POWER: RIGGS TO HUNT HWY	400,000
Transportation CIP	D0013 - VIA JARDINES WASH CROSSING	500,000
Transportation CIP	I0032 - QUEEN CREEK @ 188TH STREET	400,000
Transportation CIP	I0069 - SIGNAL@ OCOTILLO & SCOTTLAND	300,000
Transportation CIP	I0071 - ELLSWORTH @ SAN TAN BLVD (T.S.)	300,000
<i>Transportation CIP Total</i>		<i>7,506,444</i>
Water CIP	WA098 - PRV-OCOTILLO AND FULTON DR.	48,381
Water CIP	WA116 - MERIDIAN & QUEEN CREEK PRV	102,590
Water CIP	WA142 - POWER MASTER PLAN	120,000
Water CIP	WA149 - DUNCAN:ELLSWORTH TO ELLS LOOP +N.S	410,360
Water CIP	WA152 - QC RD:ELLSWORTH TO CRISMON	76,943
Water CIP	WA167 - CHANDLER HTS:SOSSAMAN TO HAWES	726,773
Water CIP	WA173 - POWER: CHANDLER HTS TO RIGGS	27,692
Water CIP	WA176 - OCOTILLO:SOSSAMAN TO HAWES	1,201,350
Water CIP	WA192 - MERIDIAN RD & COMBS PRV	102,590
Water CIP	WA205 - SR24 SLEEVING: IRONWOOD & MERIDIAN	175,000
Water CIP	WA254 - QC RD: CRISMON TO SIGNAL BUTTE	51,295
Water CIP	WA260 - WATER RESOURCES MASTER PLAN	205,180
Water CIP	WA800 - BARNEY FARMS GWEC	236,983
Water CIP	WA801 - HARVEST GWEC	426,774
<i>Water CIP Total</i>		<i>3,911,911</i>
Wastewater CIP	WW063 - ALDECOA: ELLSWORTH TO ELLSWORTH LOO	410,360
Wastewater CIP	WW064 - POWER: OCOTILLO TO CHANDLER HEIGHTS	125,120
Wastewater CIP	WW068 - MERIDIAN RD:COMBS TO RED FERN PH II	307,770
Wastewater CIP	WW072 - DUNCAN:ELLSWORTH TO ELLS LOOP	436,008
Wastewater CIP	WW073 - OCOTILLO:SIGNAL BUTTE TO MERIDIAN	78,272
Wastewater CIP	WW074 - CHANDLER HTS:HAWES TO ELLSWORTH	26,993
Wastewater CIP	WW091 - EMPIRE: 209TH TO 220TH	100,000
Wastewater CIP	WW205 - SR24 SLEEVING: IRONWOOD-MERIDIAN	315,000
Wastewater CIP	WW501 - RECHARGE LAKE CONSTRUCTION	150,000
Wastewater CIP	WW502 - FRISBEE PARK RECHARGE FACILITY	150,000
<i>Wastewater CIP Total</i>		<i>2,099,523</i>
Total Budget Carry-Forward Requested		\$ 13,517,878

Staff recommends these projects be re-authorized as they are expected to begin during FY 21/22. Reallocation from contingency does not increase the Town's total FY 21/22 budget; it is merely a reallocation of budget authority from one account to another.

Fiscal Impact:

FY 20/21 Year-End Budget Adjustments

The budget adjustments do not increase the spending authority for FY 20/21 but merely adjust revenue budgets to reflect actual activity during the year and reallocate \$1.7 million of expenditure authority between funds. The adjustments also match the budgets for Transfers to the actual amount required to cover actual activity during the fiscal year. The intention of making these adjustments is to improve the accuracy of the Town's financial statements by addressing budget-to-actual variances. End-of-year budget adjustments are a recommended accounting and budget "best practice."

FY 21/22 Carryforward

The total budget reallocation from contingency to various project budgets for projects not yet started totals \$13.5 million. These reallocations do not increase the spending authority for FY 21/22 but merely reallocates it so that these projects can get underway.

Alternatives:

FY20/21 End of Year Budget Adjustments

Council could choose not to approve these adjustments, which would result in budget-to-actual variances on the Town's financial statements and not following "best practices."

FY 21/22 Carryforward Budget Reallocation

The Town Council could choose to exclude any of the projects or services from this list. Any project removed would not be built or move forward.



Requesting Department

Finance

TO: HONORABLE MAYOR AND TOWN COUNCIL
THROUGH: JOHN KROSS, ICMA-CM, TOWN MANAGER
FROM: SCOTT MCCARTY, FINANCE DIRECTOR
RE: CONSIDERATION AND POSSIBLE APPROVAL AND RATIFICATION OF CHANGE ORDER NO. 7A, 8, 9, 10, AND 11 WITH N. HARRIS COMPUTER CORPORATION'S ADVANCED UTILITY SYSTEMS FOR SOFTWARE IMPLEMENTATION SERVICES WITH CORRESPONDING BUDGET AMENDMENT IN AN AMOUNT NOT TO EXCEED \$275,100.
DATE: October 6, 2021

Staff Recommendation:

Staff recommends approval of Change Order No. 7a, 8, 9, 10, and 11 with N. Harris Computer Corporation's Advanced Utility Systems for software implementation services, with corresponding budget amendment in an amount not to exceed \$275,100.

Relevant Council Goal(s):

Superior Infrastructure: KRA Technology



Effective Government: Intended Outcome: Increase effectiveness and efficiency of government services.

Proposed Motion:

Motion to approve Change Order No. 7a, 8, 9, 10, and 11 to amend the contract with N. Harris Computer Corporation Advanced Utility Systems for software implementation services, with a project budget amendment in an amount not to exceed \$275,100.

Discussion:

The approval of Change Order No. 7a, 8, 9, 10 and 11 is time sensitive. A delay in approving the change order would affect a number of planned activities including work efforts with other vendors that are developing interfaces to the new utility billing system.

In August 2020, staff brought Change Order No. 6 to the Town Council for approval. At that time, staff informed Council that another change order was forthcoming to reflect the acquisition of the Diversified Water Utilities Company and extend the project timeframe. The timing of that acquisition has impacted the scope of this project due to the additional software

configuration and data conversion services required to support the billing of the accounts that were acquired. Change Order No. 7a in the amount of \$182,350 relates to project extension for the acquisition of the Diversified Water Utilities and to extend the project timeframe for configuration and testing, including for the enhanced customer portal software and service order management system. Change Order No. 8 in the amount of \$43,750 provides for the mapping, configuration, and delivery of the Diversified accounts in CIS Infinity.

Town staff has been working with AUS and various other vendors to configure and test the billing system software and other integrated software systems. Through this process there are several critical items that have been identified that were not included in the original scope of work. Without these critical items, certain operations and overall functionality would be significantly limited / impaired. Change Order No. 9 in the amount of \$7,000 will provide meter latitude and longitude data needed for Sensus Analytics and to reflect the exact location of meter boxes. Change Order No. 10 in the amount of \$5,250 provides a credit card expiration notification to customers registered for auto pay in the new utility customer payment portal called Link Enterprise. Lastly, Change Order No. 11 in the amount of \$36,750 provides inspection mobile support for solid waste. The change orders are detailed further in the staff report.

As result of the aforementioned factors, Town staff has identified the need to extend the project timeframe to allow for thorough testing of all software components. Town staff is currently working with AUS to determine the impacts to the planned "Go Live" date and will come back to Council likely in November to secure additional AUS support and a definitive "Go Live" date.

Background

The Town of Queen Creek utilities include Water, Wastewater, Irrigation, and Solid Waste. The combined annual revenues from monthly billings for these three services is approximately \$36 million.

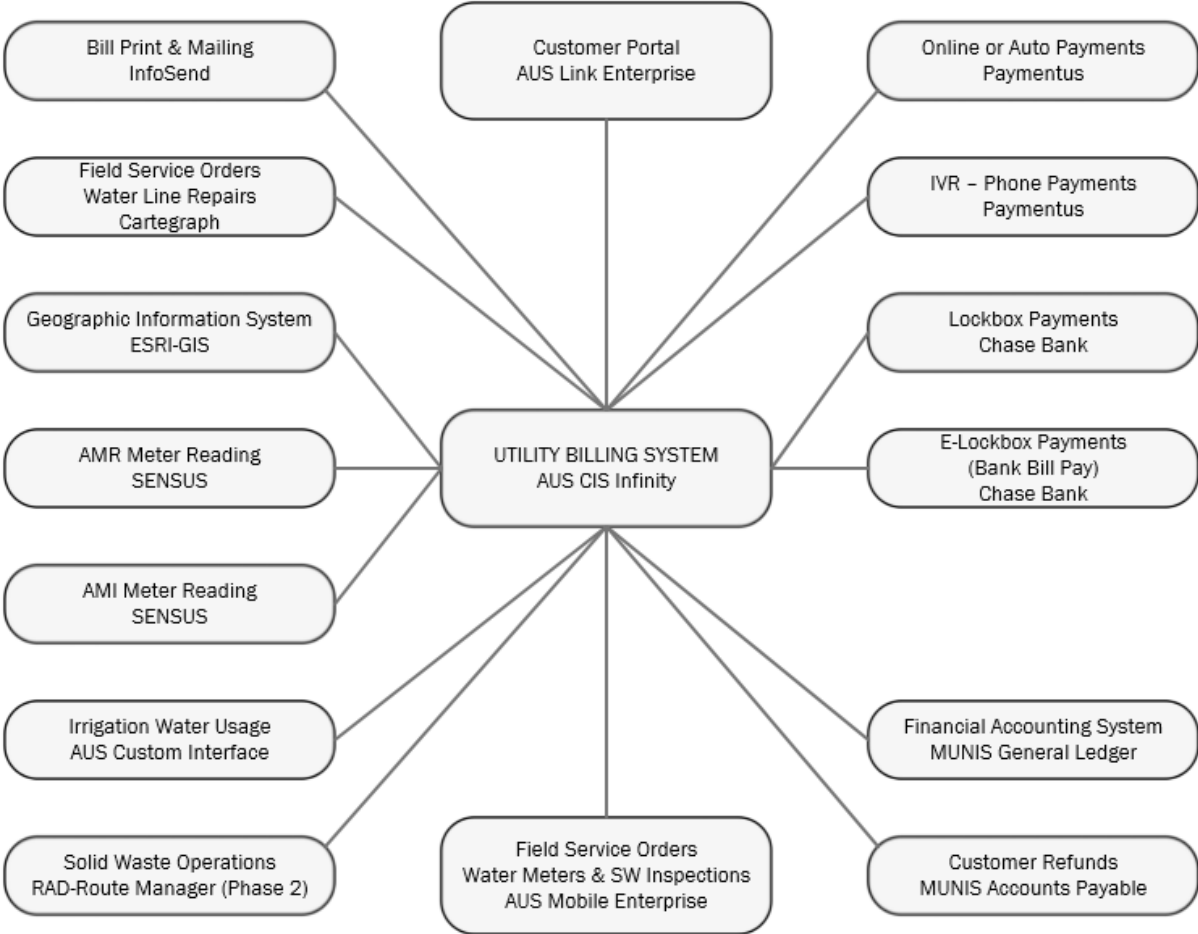
The Town currently utilizes InHance Software as its Utility Billing Software which the Town started using when the Queen Creek Water Company was purchased in 2008 with about 9,000 accounts. The software was originally acquired in 2002 by the Queen Creek Water Company, making it 19 years old. The software was intended to serve a maximum of 10,000 accounts.

Since that time, not only has technology advanced significantly but our customer base has also increased by 1300%. We currently have approximately 36,000 accounts, which includes non-Queen Creek residents because the Water utility service area is greater than the Town boundaries. The current population served by the Town utilities is over 100,000. With additional growth expected, it is essential to implement a system that can accommodate this growth as well as additional functionality (i.e. improved reporting and water meter inventory management). At buildout, we expect the number of accounts to be about 88,000 for the service area including the area acquired from the Diversified Water Utilities Company, representing a population of about 280,000 and total annual revenues estimated at approximately \$70 million. The new utility billing system has the demonstrated capability to

support the Town’s estimated number of accounts at buildout.

In July 2017, the Town contracted with N. Harris Computer Corporation’s Advanced Utility Systems (AUS) to license software, to provide software implementation services, and for ongoing software support and maintenance services. The software license agreement includes three components: (1) the core customer information/billing system software (named “CIS Infinity”); (2) the customer portal software (named “CIS Link Enterprise”); and (3) the field service order management software (named “CIS Mobile Enterprise”).

The implementation of the new billing system, including the new customer portal and field service order management system, is a significant and complex undertaking. The implementation effort includes building interfaces between these new systems and several other systems including: (1) ESRI GIS; (2) Munis Financials; (3) Chase Lockbox for mail-in payments and E-Lockbox for bank bill pay transactions; (4) Paymentus payment portal for online payments and IVR systems for telephone payments; (5) Cartegraph work order management system; (6) Sensus AutoRead AMR; (7) Sensus FlexNet AMI; and (8) InfoSend bill printing and mailing services. This new software is now one of the most complex software systems the Town operates. The following diagram depicts the various software components that are within the scope of this project and its complexity:



Change Order No. 7a and 8

The efforts to acquire the Diversified Water Utilities Company required necessary support from various project members and the overall effort had to be carefully coordinated with the new billing system implementation. In addition to internal staff resource requirements, the effort required additional time and support from AUS for system configuration, testing and data conversion. At buildout, the acquisition of the Diversified Water Utilities Company service area will add an estimated 15,000 accounts and \$12 million of annual revenue, based on the existing rate structure.

In an effort to configure the new Diversified accounts in CIS and continue project implementation and testing, including for the enhanced customer portal software and service order management system, with the guidance of the City Attorney, staff worked with AUS on a revision to the project timeline and tasks while staying under the spending authority as identified in Change Order No. 7a and Change Order No. 8. Staff is requesting ratification and approval by Town Council of these change orders.

Change Order No. 9 - Lat/Long Import

The Town of Queen Creek uses Sensus Analytics to manage meter data. A file that will be populated by our new CIS system will be imported daily into Sensus to populate meter data in Sensus Analytics. This file requires Meter Latitude and Longitude (GIS coordinates) data which the GIS Cartograph Id & Lat/Long Import interface will provide. This interface is an alternative process to tie the meter data to its related geographical coordinates. The interface will not only fulfill the Sensus file requirements, but will also allow for the exact Meter box locations to be identified and mapped in our new utility billing system CIS, enabling better insight to its meter location(s) for Field Service technicians to discover and repair.

Change Order No. 10 - Credit Card Expiration Notification Link Enterprise

Link Enterprise is the new utility customer payment portal. Customers will be able to sign up to make recurring payments using a credit card in the new payment system. The payment portal is currently not configured to send credit card expiration notifications to customers. With credit card expiration notification, customers will be notified a month in advance of when their credit card will expire so they can update credit card information in the system. This is a customer friendly feature that will assist our customers in avoiding late penalties and possible service interruption.

Change Order No. 11 - Inspection Mobile Support

The Town of Queen Creek has regulatory requirements mandated by Maricopa and Pinal Counties that require inspections of all solid waste and recycling containers twice a year, semi-annually. Part of the inspection process involves tracking violations and providing educational material to our residents in an effort to prevent future violations and to maintain clean recycling preventing hazardous waste contaminants in these containers. The inspection information is currently being tracked manually in our GIS system and in the future will be

tracked in our new utility billing system, CIS, using our new Mobile system, Servicelink. An integration between our GIS system and our CIS & Mobile system is required to track this inspection information geographically, efficiently enabling the Town to leverage all the historical information already captured and required for our reporting purposes. This integration will allow our inspectors to quickly lasso an area on a map indicating the inspection has occurred and to track violations related to these inspections enabling us to provide proper educational material electronically to our residents preventing future container contamination and/or violations. With this integration, the Town of Queen Creek will be able to find problematic areas related to Solid Waste and Recycling allowing us the opportunity to better communicate with the residents using a preventative and educational approach through social media platforms and other forms of communication.

Fiscal Impact:

The change order reflects a project extension to the current project, software implementation services, and critical items needed. Funding for the Change Order will come from water capital contingency and requires an amendment to the current project. The current project budget is \$2,384,475 which includes the contract with AUS and other project costs not associated with the contract, such as IT infrastructure and vendor integration. The current AUS contract amount is \$2,105,260. With this change order, the total project budget is \$2,659,575 and the total contract amount is \$2,380,360.

Alternatives:

Based on the increasing vulnerability of the current utility billing software and costs now exceeding \$2.1M invested in the new utility billing system implementation, there is no viable alternative that would achieve the goals already approved by the Town Council for the ongoing utility billing system.

Attachment(s):

1. Contract Change Order Summary
2. Change Order No. 7a, 8, 9, 10, and 11 to Software Implementation Services Agreement

 <h2 style="text-align: center;">CONTRACT CHANGE ORDER</h2>	CONTRACT NUMBER: 2017-090	CHANGE ORDER SUMMARY: 7A, 8, 9, 10, 11
		October 6, 2021

TO: N. Harris Computer Corporation
Vendor

FROM: Jessica Platt
Project Manager
Town of Queen Creek

RE: Utility Billing Software System – Additional Time and Support for System Configuration, Testing, Data Conversion, Lat/Long Import, Credit Card Expiration Notification and Inspection Mobile Support

The Change Order is changed as follows:

1. Summary of Change Orders:

- a. **Change Order #7A:** Partial project timeline extension of six months from November 11, 2020 go live date for project management and one new testing phase (ITC3) for acquisition of Diversified Water Utilities accounts and Solid Waste training work sessions per Attachment #1. Increase of \$182,350.00
- b. **Change Order #8:** Integration of Diversified Water Utilities data per Attachment #2. Increase of \$43,750.00
- c. **Change Order #9:** Lat/Long Import for Cartegraph Service Order per Attachment #3. Increase of \$7,000
- d. **Change Order #10:** Setup credit card expiration notifications for MyMeter per Attachment #4. Increase of \$5,250
- e. **Change Order #11:** Inspection mobile support per Attachment #5. Increase of \$36,750

2. Changes to the Contract Price for the Change Order Work

The original Contract Price was	\$ 1,463,128.00
Net Change by previously authorized Change Orders	\$ 642,132.00
The Contract Price prior to this Change Order was	\$ 2,105,260.00
The Contract will be <u>increased</u> by these Change Orders in the amount of	\$ 275,100.00
The new Contract Price including this Change Order will be	\$ 2,380,360.00

3. Changes to the Contract Time:

The original Contract Implementation timeline was 14 months implementation plus 1 month postlive.....	15 month:
Net additional months by previously authorized Change Orders.....	15.5 month:
Net fewer months by previously authorized Change Orders.....	0 month:
The Contract Final Implementation timeline prior to this Change Order was.....	30.5 month:
The Contract Implementation Time will be <u>increased</u> by.....	6 month:
The Contract Final Implementation time as of this Change Order therefore is.....	36.5 month:

Attachment: Contract Change Order Summary (AUS Change Orders)

Approvals (Harris is authorized to proceed with the change for the Town of Queen Creek):

Mayor

Date

Director

Date

Project Manager

Date

Vendor

Date

Attachment: Contract Change Order Summary (AUS Change Orders)

Attachment: Contract Change Order Summary (AUS Change Orders)



Town of Queen Creek, AZ CIS Infinity Change Order

Date: Mar-24-2021

Change ID: Change Order # 7a

Description: Partial Project Timelines Extension to May 2021

Attachment: Change Order No. 7a, 8, 9, 10, and 11 to Software Implementation Services Agreement (AUS Change Orders)



Authorization

Advanced Utility Systems is authorized to proceed with the change for the Town of Queen Creek.

Project Role	Team Member	Signature / Date of Signature
Town of Queen Creek Project Manager	Jessica Platt	<i>Jessica Platt</i> On behalf of: Scott McCarty
		Date: 03/29/2021
Advanced Utility Systems	Sue Martin	<i>Sue Martin</i>
		Date: Mar 22, 2021

Attachment: Change Order No. 7a, 8, 9, 10, and 11 to Software Implementation Services Agreement (AUS Change Orders)

Change Order 7a– Partial Project Timelines Extension to May 2021

Introduction

Town of Queen Creek (Queen Creek) and N. HARRIS COMPUTER CORPORATION (Harris) entered into a Software Implementation Services Agreement (the Agreement) on July 19, 2017. Task 1 (Change Control Process) of the Scope of Work provides that Harris' Advanced Utility Systems ("Advanced") will coordinate a joint effort with Queen Creek to document a Change Control process to manage project scope. The Change Control process will identify how changes are initiated and their impact on the project will be identified, documented and communicated to Queen Creek. Appropriate sign-off channels will be developed for Change Order approval. Based on these provisions, Advanced presents the following Change Order to Queen Creek.

Scope

This change order reflects a project extension of six months from November 11, 2020 go live date as indicated in change order 6 to the agreed partial timelines to May, 2021 to include project management and one new testing phase (ITC3) that supports the need to include the Town's recent acquisition of the Diversified Water Utilities accounts into CIS Infinity per Change Order 8 and supported retesting and validation of the data and configuration of CIS Infinity, Infinity Link Enterprise and Infinity Mobile Enterprise along with identified integrations that are critical path items for Go Live. Additionally, 20 hours are included to support retraining of solid waste as requested by the Town which was already delivered to continue movement in this area of testing. It also allows additional time for client owned configuration including but not limited to service orders, actions, security, form letter generation. At the end of April 2021, a project timeline reassessment will be completed to determine the feasibility of the remaining tasks required for a go live on August 2, 2021.

Details

In the spirit of agreement on Change Order 6, the following applies:

1. Discounted Rate of \$175/hour in lieu of current \$210/hour
2. Monthly hours set at 284 per month

Hours	Extension	Cost Basis
1704	Extend Project Implementation for 6 Months	\$357,840
20	Solid Waste Re-Training Work Sessions	\$3500
1724	Totals	\$361,340

Cost Sharing for Extension

Town of Queen Creek, Change Order #07a

ADVANCED UTILITY SYSTEMS

Advanced will absorb 682 of the additional hours excluding Solid Waste Retraining (\$3,500). The Town of Queen Creek will absorb 1042 hours at the discounted hourly rate (see below for cost to complete). Justification of the split is based on the outstanding effort required by both parties, extension of the hourly rate discount and sustaining resource commitments. A detailed project schedule will be provided that outlines the agreed to tasks and deliveries for both parties to support the timeline.

- Town of Queen Creek Estimated Cost to Complete*

Hours	Scope	Invoice \$
1022	Extend Project Implementation 6 Months Extension	\$178,850
20	Solid Waste Re-Training Work Sessions	\$3500
1042	Totals	\$182,350

Milestones & Payments

Software Implementation Services Agreement, Schedule 1, Fee Structure and Services, Payment Milestones: Revised Milestones

The following payment milestones will be added to the project and Invoiced.

Milestone #	Description	Expected Month	Amount
MP90	PM_ Month 31, 32, 33, 34 (December 2020 – March 2021)	March 2021 (Upon signing of CO)	\$60,000
MP91	PM_ Month 35	April 2021	\$15,000
MP92	Solid Waste – Retraining	March 2021	\$3500
MP93	Refresh ITC 3	March 2021	\$53,075
MP94	Completion of ITC3	April 2021	\$50,775
Total			\$182,350

* Net of applicable taxes and associated expenses

* Travel will be billed as incurred per the Software Implementation Services Agreement



Town of Queen Creek, AZ CIS Infinity Change Order

Date: Feb-16-2021
Change ID: Change Order # 8
Description: Diversified Water Utilities

Attachment: Change Order No. 7a, 8, 9, 10, and 11 to Software Implementation Services Agreement (AUS Change Orders)



Authorization

Advanced Utility Systems is authorized to proceed with the change for the Town of Queen Creek.

Project Role	Team Member	Signature / Date of Signature
Town of Queen Creek Project Manager	Jessica Platt	<i>Jessica Platt</i> On behalf of: <i>Scott McCarty</i> Date: 02/17/2021
Advanced Utility Systems	Sue Martin	<i>Sue Martin</i> Date: Feb 12, 2021

Attachment: Change Order No. 7a, 8, 9, 10, and 11 to Software Implementation Services Agreement (AUS Change Orders)

Change Order 8 – Diversified Water Utilities

Introduction

Town of Queen Creek (Queen Creek) and N. HARRIS COMPUTER CORPORATION (Harris) entered into a Software Implementation Services Agreement (the Agreement) on July 19, 2017. Task 1 (Change Control Process) of the Scope of Work provides that Harris' Advanced Utility Systems ("Advanced") will coordinate a joint effort with Queen Creek to document a Change Control process to manage project scope. The Change Control process will identify how changes are initiated and their impact on the project will be identified, documented and communicated to Queen Creek. Appropriate sign-off channels will be developed for Change Order approval. Based on these provisions, Advanced presents the following Change Order to Queen Creek.

Details

This change order will be limited to the following scope for the work effort to integrate the Diversified Water Utilities data

- 9 new water bill codes and the mapping of this information from Inhance to CIS Infinity
 - This includes the creation of the rates
 - Internal Testing / documentation updates
 - Proration rules
 - Transaction codes
- Configuration changes for water meter types pertaining to this change (if required)
- Configuration changes for water remote types pertaining to this change (if required)
- Updating the conversion process to extract additional information from enhance pertaining to this change
 - Updated conversion to include new information (deposits, financials, meter, services, rates, etc.)
 - Updated validation spreadsheet
 - Additional Integration Control and Quality Check validations (internal)
 - Project Management

Out of Scope

Any additional changes required other than outlined in the requirements above are considered Out of Scope and would be subject to a change which would follow the change order process outlined in the implementation's scope of work. This includes but not limited to the following:

- Changes to the financial structure (company/division/gls)
- Changes to Interfaces
- Changes to Bill print
- Changes to Services
- Changes to Service Orders
- Link and Mobile changes

- Estimate of Hours / Costs*

Hours	Scope	Invoice \$
250	Work Effort @\$175/hr	\$43,750.00
	Total	\$43,750.00

Milestones & Payments

Work effort and delivery is complete and was done in good faith prior to the signing. Therefore, full payment is due upon signing of this Change Order.

- * Net of applicable taxes and associated expenses
- * Travel will be billed as incurred per the Software Implementation Services Agreement

Attachment: Change Order No. 7a, 8, 9, 10, and 11 to Software Implementation Services Agreement (AUS Change Orders)

CO-009 – Lat/Long Import

Business Reason for Change:

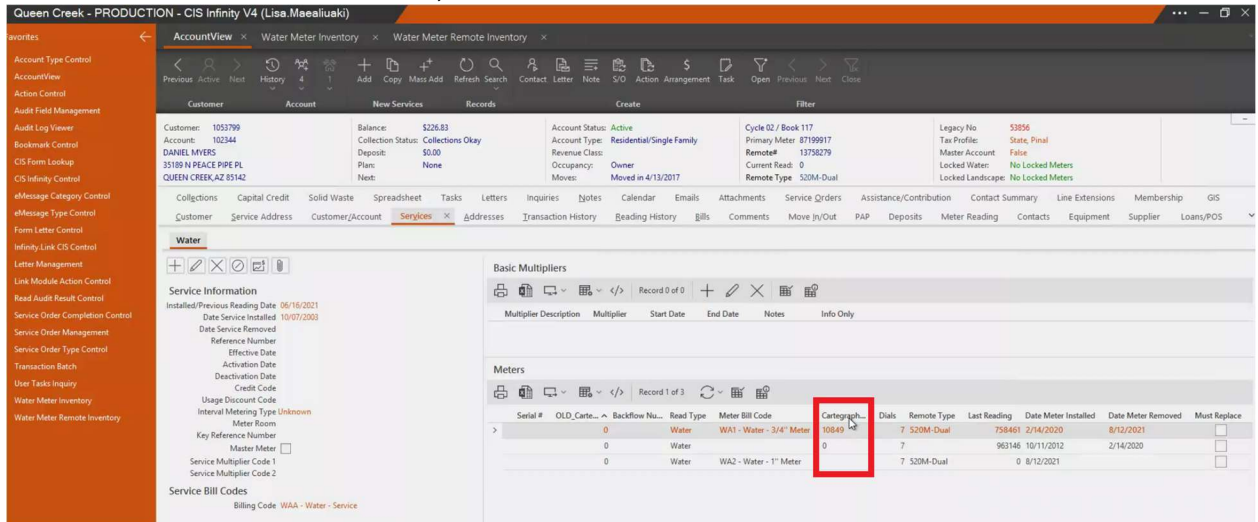
The latitude and longitude of the cartegraph ID is required on the Service Order. CO-009 requested an integration with Mobile and GIS to retrieve the details from GIS and populate in CIS. The effort could not be completed in time for go live.

An alternative process is a Lat/Long Import:

- CSR will enter the Cartegraph ID into CIS for new meter box / cartograph installs
- A nightly process updates the latitude/longitude via a new import file

Background Information:

- Cartegraph is associated with the address, not the meter. The meter is placed into a box, which has a cartegraph ID. If 2 meters reside at an address - then 2 cartegraph IDs are needed. If a meter changes, the cartegraph ID does not change.
- The value is at the meter level in CIS, not the account level.



- The cartegraph ID is unique to an address, and will not be on multiple addresses.

Requirements:

- Update the latitude and longitude for cartegraph IDs in the import file. If the cartegraph ID is on multiple records (i.e. historical records), the cartegraph ID will be updated.
- Format of the import file:

CartegraphID	Latitude	Longitude
1	33.23409215	-111.678816
2	33.24268068	-111.6284033
3	33.24058004	-111.6330977
4	33.24346842	-111.6251457

- The process will overwrite any lat/long value in CIS.
- Process will run nightly.

Effort/Assumptions:

- The effort for this request is 40 hours / \$7,000. Based on CR6, the hourly rate reduced to \$175/hr.
- This change is billable upon delivery of the CR.
- This change is not part of UAT entry criteria, but it needed for go live.

Approval:

Signed: _____
ToQC Project Director

Date: _____

Signed: _____
ToQC Project Manager

Date: _____

CO-010 - AI - Credit Card Expiration Notifications for My Meter (64982)

Scope:

The scope of this Change Order is to setup credit card expiration notifications for MyMeter.

Any customer that enters a credit card wallet item enters a CC expiration date. Once a month run a process to determine if there are any credit cards expiring the next month. If there are, send a notification to the email address for that wallet holder.

Effort/Assumptions:

- The effort for this request 30 hours / \$5,250.
- This change is billable upon delivery of the CR.
- Go Live will not be delayed if this change is not complete.
- This change will not impact project closure.

Approval:

Signed: _____
ToQC Project Director

Date: _____

Signed: _____
ToQC Project Manager

Date: _____

~~CR-009~~ - Queen Creek Inspection Mobile Support

Scope:

A single inspector is assigned four routes to be completed in a six-month time period. Once this time period expired the same four routes are assigned to the inspector and the process repeats. Each route contains between 10,000 -13,000 inspection locations. Every morning the inspector drives ahead of the garbage truck looking for violations (Overloaded bin, Mixed material, Hazardous waster, Commercial refuse, etc.). The inspector continues this process throughout the day or until the garbage truck catches them at which point the garbage will be picked up and can no longer be inspected. Most of the locations do not have violations and simply need to be marked as inspected. The inspector goal is to complete inspect every location every 6 months. When a violation is identified a work order will be created to record the types of violation and allow for notes and photo attachment to document the violation.

Utility metering will use the GIS to grab the cartegraph ID on new meter set orders. When a meter set goes out and is completed, the new process will use the service address to access GIS to grab the cartegraph ID associated with that address. This information will be sent back to CIS.

Requirements:

1. Work both online and offline
2. Display selected route or routes on the map
3. Create a work order from a waypoint on the map
4. Search for waypoints on the map by address and center map on waypoint for selection
5. Lasso select order and bulk mark the waypoints as inspected
6. Post the bulk marked waypoints to the CIS system as completed
7. Post Violation Order to the CIS system
8. Link with GIS to pull information based on service address.
9. Pull cartegraph ID from GIS for service address of install service order.
10. Pull the meter latitude & longitude values from GIS.
11. Post cartegraph ID, latitude and longitude values to the CIS system.

Scenario

1. CIS sends Meter Set service order to ServiceLink.
2. ServiceLink gets Cartegraph ID, meter latitude and longitude from GIS.
3. ServiceLink completes Meter Set service order and passed back meter and Cartegraph ID, meter latitude and longitude to CIS.
4. CIS creates the meter record and saves CartegraphID (BIF005.C_METERCUSTOM1), as well as meter latitude and longitude.

Mobile Approach:

Implement API client to consume routes and waypoints as well as posting completed items.
Update mapping UI to accommodate selecting waypoints (and bulk selection).

Assumption(s):

Changes need to be done on all BUs on test servers, AMI servers and Prod servers.

Effort/Assumptions:

- The effort for this request is 210hrs / \$36,750 hours. Based on CR6, the hourly rate reduced to \$175/hr
- 50% of the CR is billable upon approval (\$18,375).
- 50% of the CR is billable upon delivery of the change (\$18,375).
- This CR is not required for UAT.
- Go Live will not be delayed if this change is not completed.
- This change will not impact project closure.

Approval:

Signed: _____
ToQC Project Director

Date: _____

Signed: _____
ToQC Project Manager

Date: _____

Attachment: Change Order No. 7a, 8, 9, 10, and 11 to Software Implementation Services Agreement (AUS Change Orders)



Requesting Department

Town Manager

TO: HONORABLE MAYOR AND TOWN COUNCIL

THROUGH: JOHN KROSS, ICMA-CM, TOWN MANAGER

FROM: HEATHER WILKEY, INTERGOVERNMENTAL RELATIONS MANAGER

RE: CONSIDERATION AND POSSIBLE APPROVAL OF A PROFESSIONAL SERVICES CONTRACT WITH KUTAK ROCK, LLP IN AN AMOUNT NOT TO EXCEED \$60,000 FOR GOVERNMENT RELATIONS SERVICES FOR A ONE-YEAR TERM, WITH UP TO FOUR ONE-YEAR RENEWALS. (FY 21/22 BUDGETED ITEM)

DATE: October 6, 2021

Staff Recommendation:

Approval of a professional services contract with Kutak Rock, LLP in an amount not to exceed \$60,000 for government relations services for a one-year term, with up to four one-year renewals.

Relevant Council Goal(s):



Effective Government

Proposed Motion:

Move to approve professional services contract with Kutak Rock, LLP in an amount not to exceed \$60,000 for governmental relations services for a one year term, with up to four one-year renewals.

Discussion:

In June of 2021, the Town issued a Request for Proposals (RFP) No. 22-003 for government relations services to include support in working with the Office of the Governor, Arizona State Legislature and State Agencies on important policy issues in line with the Council's approved Legislative Guiding Principles and Corporate Strategic Plan. On July 28, 2021, four firms responded to the RFP for consideration and were evaluated pursuant to the Town's Purchasing Policy and the established scoring criteria. The evaluation panel consisted of representatives from the Town Manager's Office and Communications and Marketing with back-up support from Utilities. After review, the evaluation panel unanimously recommended Kutak Rock, LLP, as the highest scoring firm.

Kutak Rock, LLP has represented the Town for the past nine years. The scope of work for Kutak Rock's new contract per the RFP is detailed below and services would be delivered at the same

annual rate as calendar year 2021 of \$60,000. The new contract would take effect January 1, 2022, with up to four one-year renewal options:

- a. Provide consistent, “boots on the ground” representation of the Town of Queen Creek at the State Capitol during the Arizona Legislative Session.
- b. Strategize pathways for success for the execution of the Town’s legislative and public policy priorities; including, but not limited to, general issues of municipal interest, shared revenues, transportation and water resources/infrastructure.
- c. Monitor, track and report on state legislation and regulatory matters impacting the Town and municipal government across all branches of State government, including attending relevant hearings and meetings.
- d. Seek legislative sponsors and advocate for/against proposed legislation consistent with the Town’s legislative guiding principles and public policy priorities.
- e. Prepare, submit, coordinate and deliver testimony to the State and other legislative bodies with appropriate supplemental issue briefs supporting the Town’s stance on legislative/regulatory matters.
- f. Coordinate with relevant public and private organizations, including the League of Arizona Cities and Towns, in support of the advancement of the Town’s public policy and legislative priorities and shared objectives.
- g. Liaison with the Office of the Governor on legislative and regulatory matters of importance to the Town.
- h. Provide regular on and off-session reports customized to the Town’s needs. These may include legislative election reports, pre-session reports and post-session wrap-up reports.
- i. On an as-needed basis, liaison with members or support staff of Arizona’s Congressional delegation and/or federal officials.
- j. Supplement the Town’s team relative to federal policies/procedures in line with accomplishing the Town’s public policy objectives and/or awareness of grant opportunities for funding of the Town’s infrastructure.
- k. Comply with all Arizona Revised Statutes regarding lobbying activities.
- l. Perform special assignments, as agreed to by both the Town and the consultant/firm, to support the Town in the performance of effective government relations services.
- m. Assist the Town Council and leadership with relationship building with State Legislators at events such as the annual League of Arizona Cities and Towns conference.

Contracted government relations services for the Town are integral to the furtherance and success of Town priorities and initiatives at the State level. The requested services compliment staff’s expertise and relationships, providing a high level of access to fellow elected and appointed official’s offices.

Fiscal Impact:

The total not to exceed amount of \$60,000 is included in the FY21-22 Centralized Service budget and will require no budget adjustment in order to award this contract.

Alternatives:

The Town Council may choose not to approve the contract, but this action would result in a likely lack of adequate support and coverage during the 2022 Legislative Session in accomplishing the Town's legislative priorities.

Attachment(s):

1. RFP 22-003 Government Relations Services Contract - Kutak Rock

TOWN OF QUEEN CREEK
PROFESSIONAL SERVICES CONTRACT

This Contract is made and entered into effective as of the 1st day of January, 2022 (the "Effective Date"), by and between the Town of Queen Creek, an Arizona municipal corporation ("Town"), and Kutak Rock, LLP, an Arizona limited liability partnership ("Consultant"). Town and Consultant may be referred to in this Contract collectively as the "Parties" and each individually as a "Party."

RECITALS

WHEREAS, Town issued a Request for Proposal for Government Relations Services, RFP No. 22-003, (hereinafter "the RFP"); and,

WHEREAS, Consultant submitted a response to the RFP on or before July 28, 2021 ("Response"); and,

WHEREAS, Town received and evaluated responses in response to the RFP; and,

WHEREAS, Town has the power to execute this Agreement on behalf of Town; and,

WHEREAS, Consultant has the power to execute this Agreement on behalf of Consultant; and,

WHEREAS, Town desires to hire Consultant to provide those services specified hereinafter; and,

NOW THEREFORE, Town and Consultant do hereby agree as follows:

NOW THEREFORE, IN CONSIDERATION of the mutual terms, conditions, promises, covenants and payments hereinafter set forth, Town and Consultant agree as follows:

AGREEMENTS

ARTICLE 1. SCOPE OF SERVICES

Consultant shall provide the services described in the Scope of Services attached here to as Exhibit B (the "Services"). All work will be reviewed and approved by the Contract Administrator to determine acceptable completion. Review and approval by the Contract Administrator shall not relieve Consultant of any liability for defective, non-complying, improper, negligent or inadequate services rendered pursuant to this Contract.

ARTICLE 2. FEES

1. The amount paid to Consultant under this Contract shall not exceed \$60,000 annually as set forth in Exhibit B.

2. Monthly payments may be made to Consultant on the basis of a progress report prepared and submitted by Consultant for the work completed through the last day of the preceding calendar month. The Town reserves the exclusive right to determine the amount of

work performed and payment due the Consultant on a monthly basis. Consultant shall include with each invoice delivered to the Town such documentation as the Contract Administrator may require to make its determination of work performed and payment due and any such determination by the Town shall be for the purpose of payment and shall not be deemed an approval of any portion of the Services or a waiver of any of the Town's rights hereunder.

3. If for any reason the Consultant fails to fulfill in a timely and proper manner its obligations under this Contract, or if the Consultant violates any of the covenants, agreements, or stipulations of this Contract, the Town may withhold from payment due to the Consultant such amounts as are necessary to protect the Town's position for the purpose of set-off until such time as the exact amount of damages due to the Town from Consultant is agreed to by the parties in writing, or is determined by a court of competent jurisdiction.

ARTICLE 3. TERM OF CONTRACT

1. This Contract shall be in full force and effect when approved by the Town Council of Queen Creek, Arizona and signed by the Queen Creek Mayor as attested by the Town Clerk.

2. The term of the Contract shall commence on January 1, 2022 and shall continue for a period of one (1) year through December 31, 2022. The Town has the option, in the Town's sole discretion to renew the Contract for four (4) additional one year periods. If the Contract is renewed, the total length of the Contract shall not exceed five (5) years. Any of the one (1) year Contracts may be unilaterally extended by the Town for a period of thirty-one (31) days.

ARTICLE 4. TERMINATION OF CONTRACT

1. The Town has the right to terminate this Contract for cause or convenience or to terminate any portion of the Services which have not been performed by the Consultant.

2. In the event the Town terminates this Contract or any part of the Services as herein provided, the Town shall notify the Consultant in writing, and immediately upon receipt of such notice, the Consultant shall discontinue all Services, or the specific Services being terminated, as applicable, under this Contract.

3. Upon such termination, the Consultant shall immediately deliver to the Town any and all documents or work product generated by the Consultant under the Contract (collectively, the "Work Product"), together with all unused material supplied by the Town, applicable to the Services being terminated. Consultant shall be responsible only for such portion of the work as has been completed and accepted by the Town. Use of incomplete data by the Town shall be the Town's sole responsibility.

4. Upon receipt of notice of termination, Consultant shall apprise the Town of the Services it has completed but has not yet been paid for and shall submit the Services and appraisal to the Contract Administrator for evaluation.

5. The Consultant shall receive as compensation in full for Services performed and approved by the Contract Administrator to the date of such termination, a fee for the percentage of Services actually completed and accepted by the Town. This fee shall be in an amount to be mutually agreed-upon by the Consultant and the Town, based upon the Scope of Work set

forth in Exhibit B and the payment schedule set forth in Article 2 of this Contract. If mutual agreement between the Parties cannot be reached after reasonable negotiation, the Contract Administrator shall determine the percentage of satisfactory completion of each task set forth in the Scope of Work and the amount of compensation Consultant is entitled to for such work, and the Contract Administrator's determination in this regard shall be final. The Town shall make such final payment within 60 days after the latest of: (i) Consultant's completion or delivery to the Town of any portion of the Services not terminated; or (ii) Consultant's delivery to the Town of all Work Product and any unused material supplied by the Town, in accordance with Paragraph 3 of Article 4.

ARTICLE 5. ALTERATIONS OR ADDITIONAL SERVICES

The entire Scope of Services to be performed in accordance with this Contract is set forth in Exhibit B. Services which are not included in Exhibit B will be considered Additional Services, only if approved in writing by the Contract Administrator prior to their performance. The Consultant shall not perform such Additional Services without prior written authorization in the form of an approved change order or contract amendment from the Town. In the event the Consultant performs such claimed Additional Services without prior written authorization from the Town, it shall be conclusively presumed that the claimed Additional Services were included in the Scope of Services and Consultant shall not be permitted to request or receive any additional compensation for such claimed Additional Services.

ARTICLE 6. ASSIGNMENT AND SUBCONTRACTING

1. This Contract may not be assigned in whole or in part without the prior written consent of the Town, and any such attempted assignment shall be null and void and a material breach of this Contract, and shall transfer no rights to the purported assignee.

2. The Consultant may engage such subconsultants or professional associates as Consultant may deem necessary or desirable for the timely and successful completion of this Contract. However, the use of such subconsultants or professional associates for the performance of any part of the Services specified in Exhibit B shall be subject to the prior written approval of the Town. Consultant will submit a complete list of subconsultants on Exhibit C and will update the information on the list during the term of the Contract, should the status or identity of said subconsultants change. Employment of such subconsultants or professional associates in order to complete the work set forth in Exhibit B shall not entitle Consultant to additional compensation beyond that set forth in Article 2. The Consultant shall be responsible for and shall warrant all Services including work delegated to such subconsultants or professional associates.

ARTICLE 7. COMPLETENESS AND ACCURACY

The Consultant shall be responsible for and shall and hereby does warrant the completeness, accuracy and quality of all work done pursuant to the Contract including, but not limited to the Services, the Work Product, and the reports, survey work, plans, supporting data and special provisions prepared or compiled pursuant to Consultant's obligations under this Contract and shall correct at Consultant's expense all errors or omissions which may be discovered therein. Town's acceptance or approval of the Consultant's Services shall in no way relieve the Consultant of any of Consultant's responsibilities hereunder.

ARTICLE 8. OWNERSHIP OF DOCUMENTS

All documents including but not limited to data computation, studies, reports, design notes and any original drawings which are prepared in the performance of this Contract are to be and remain the property of the Town and are to be delivered to the Contract Administrator before final payment under this Contract is made to the Consultant or upon termination of this Contract for any reason. To the extent any such documents or the Work Product is deemed to be the property of Consultant, Consultant hereby assigns all of Consultant's right, title and interest (including any applicable copyrights) in such documents and Work Product to the Town.

Notwithstanding the above, computer software (including without limitation financial models, compilations of formulas and spreadsheet models), prepared by Consultant are Instruments of Service of Consultant and shall remain the property of Consultant. Consultant shall likewise retain all common law, statutory and other reserved rights, including the copyright thereto.

ARTICLE 9. INDEMNIFICATION

1. To the fullest extent permitted by law, the Consultant shall ~~defend~~, indemnify, save and hold harmless the Town and its officials, officers, employees and agents (collectively "Indemnitees") from and against any and all damages, claims, losses, liabilities, actions or expenses (including, but not limited to, attorneys' fees, court costs, and the cost of appellate proceedings) (collectively, "Claims") relating to, arising out of or alleged to have resulted from the performance of Services pursuant to this Contract including, but not limited to, any such performance by any subconsultant. The Consultant's duty to defend, hold harmless and indemnify Indemnitees pursuant to this section shall arise in connection with any claim, damage, loss or expense that is attributable to bodily injury, sickness, disease, including death, or to injury to, impairment, or destruction of property including loss of use resulting therefrom, caused in whole or in part by the acts, errors, mistakes, omissions, work or services of the Consultant or anyone for whose acts the Consultant may be legally liable. It is the specific intention of the Parties that the Indemnitee shall be indemnified by Consultant from and against all Claims other than those arising from the Indemnitees' sole negligence. The Consultant will be responsible for primary loss investigation and defense and judgment costs where this Indemnification applies.

2. In the event that any action or proceeding shall at any time be brought against any of the Indemnitees by reason of any Claim referred to in this Article, the Consultant, at Consultant's sole cost and upon at least 10 day's written notice from Town, shall defend the same with counsel acceptable to Town, in Town's sole discretion.

3. The Consultant's obligations under this Article shall survive the expiration or earlier termination of this Contract.

4. The insurance provisions set forth in this Contract are separate and independent from the indemnity provisions of this Article and shall not be construed in any way to limit the scope and magnitude of this Indemnification, nor shall this Indemnification be construed in any way to limit the scope, magnitude or applicability of the insurance provisions.

ARTICLE 10. INSURANCE

Consultant shall secure and maintain during the life of this Contract, the insurance coverages set forth on Exhibit A.

ARTICLE 11. WARRANTIES

1. The Consultant shall be responsible for and shall and hereby does warrant that all Services provided shall: (i) be of good quality; (ii) be provided by properly trained, qualified, and licensed workers, subconsultants, and/or subvendors; (iii) conform to the requirements of this Contract (including all applicable descriptions, specifications, drawings and samples); (iv) be free from defects; (v) be appropriate for the intended purpose; (vi) meet or exceed all specifications, requirements and legal regulations, statutes and/or codes that apply thereto, including, without limitation, all federal, state, county, and Town rules regulations, ordinances and/or codes that may apply; and (vii) be fully covered by Consultant's warranties running in favor of the Town under this Contract.

2. Immediately upon notice from the Contract Administrator thereof, Consultant shall correct or replace as required by the Contract Administrator, at Consultant's expense, all defects, noncompliance, or inadequacies which may be discovered in any of the Services provided under this Contract. The Town's acceptance or approval of the Services shall in no way relieve the Consultant of any of Consultant's responsibilities hereunder. Unless a longer period is provided in the Contract Documents, this obligation to correct or replace shall continue for a period of two (2) years after acceptance of the specific Services.

ARTICLE 12. DISCLOSURES BY CONSULTANT.

1. The Consultant shall reveal fully and in writing any financial or compensatory agreements which the Consultant has with any prospective contractor prior to the Town's publication of requests for proposals or comparable documents.

2. The Consultant hereby warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for the Consultant, to solicit or secure this contract, and that the Consultant has not paid or agreed to pay any person, company, corporation, individual or firm other than a bona fide employee working solely for the Consultant any fee, commission, percentage, gift or any other consideration contingent upon or resulting from the award or making of this contract.

3. The Consultant shall comply with Executive Order No. 11246 entitled "Equal Opportunity Employment" as amended by Executive Order no. 11375, and supplemented Department of Labor Regulations 41 CFR, Part 16.

ARTICLE 13. CONTRACT ADMINISTRATOR

The Town's Contract Administrator for this Contract shall be the Town Manager or his/her designee(s).

ARTICLE 14. NOTICE

All notices or demands required to be given, pursuant to the terms of this contract, shall be given to the other Party in writing, delivered in person, sent by facsimile transmission, deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested or deposited with any commercial air courier or express service at the addresses set forth below, or to such other address as the Parties may substitute by written notice, given in the manner prescribed in this paragraph.

Town: John Kross, Town Manager
22350 South Ellsworth Road
Queen Creek, AZ 85142
Facsimile: (480) 358-3189

With a copy to: Dickinson Wright PLLC
1850 N Central Avenue, Suite 1400
Phoenix, Arizona 85004
Attn: Scott A. Holcomb
Email: SHolcomb@dickinsonwright.com

Consultant: Marcus B. Osborn
Kutak Rock, LLP
8801 N. Scottsdale Road #300
Scottsdale, AZ 85253
Facsimile: (480) 429-5001
Email: marcus.osborn@kutakrock.com

A notice shall be deemed received on the date delivered, if delivered by hand, on the day it is sent by facsimile transmission, on the second day after its deposit with any commercial air courier or express services or, if mailed, three (3) working days (exclusive of United States Post Office holidays) after the notice is deposited in the United States mail as above provided, and on the delivery date indicated on receipt, if delivered by certified or registered mail. Any time period stated in a notice shall be computed from the time the notice is deemed received. Notices sent by facsimile transmission shall also be sent by regular mail to the recipient at the above address. This requirement for duplicate notice is not intended to change the effective date of the notice sent by facsimile transmission. E-mail is not an acceptable means for meeting the requirements of this section unless otherwise agreed in writing.

ARTICLE 15. GENERAL PROVISIONS

A. RECORDS AND AUDIT RIGHTS. Consultant's records (hard copy, as well as computer readable data), and any other supporting evidence deemed necessary by the Town to substantiate charges and claims related to this contract shall be open to inspection and subject to audit and/or reproduction by Town's authorized representative to the extent necessary to adequately permit evaluation and verification of cost of the work, and any invoices, change orders, payments or claims submitted by the Consultant or any of his payees pursuant to the execution of the contract. The Town's authorized representative shall be afforded access, at reasonable times and places, to all of the Consultant's records and personnel pursuant to the provisions of this article throughout the term of this contract and for

a period of three years after last or final payment.

B. INCORPORATION OF RECITALS AND EXHIBITS. The Recitals, Exhibits and Appendices attached hereto are acknowledged by the Parties to be substantially true and correct, and hereby incorporated as agreements of the Parties.

C. ATTORNEYS' FEES. In the event either Party brings any action for any relief, declaratory or otherwise, arising out of this Contract, or an account of any breach or default hereof, the prevailing Party shall be entitled to receive from the other party reasonable attorneys' fees and reasonable costs and expenses (including expert witness fees), determined by the arbitrator or court sitting without a jury, which fees shall be deemed to have accrued on the commencement of such action and shall be enforced whether or not such action is prosecuted through judgment.

D. ENTIRE AGREEMENT. This Contract constitutes the entire understanding of the Parties and supersedes all previous representations, written or oral, with respect to the services specified herein.

E. GOVERNING LAW. This Contract shall be governed by and construed in accordance with the substantive laws of the State of Arizona, without reference to conflict of laws and principles. Exclusive jurisdiction and venue for any action brought to enforce or construe any provision of this Contract shall be proper in the Superior Court of Maricopa County, Arizona and both Parties consent to the sole jurisdiction of, and venue in, such court for such purposes.

F. INDEPENDENT CONTRACTOR. The services Consultant provides under the terms of this Contract to the Town are that of an Independent Contractor, not an employee, or agent of the Town. As an independent contractor, Consultant shall: (a) have discretion in deciding upon the method of performing the services provided; (b) not be entitled to worker's compensation benefits from the Town; (c) not be entitled to any Town sponsored benefit plan; (d) shall select the hours of his/her work; (e) shall provide his/her own equipment and tools; and (f) to the extent required by law, be responsible for obtaining and remaining licensed to provide the Services.

G. TAXES. Consultant shall be solely responsible for any and all tax obligations which may result out of the Consultant's performance of this contract. The Town shall have no obligation to pay any amount for taxes, of any type, incurred by the Consultant. The Town will report the value paid for these Services each year to the Internal Revenue Service (I.R.S.) using Form 1099. The Town shall not withhold income tax as a deduction from contractual payments. Consultant acknowledges that Consultant may be subject to I.R.S. provisions for payment of estimated income tax. Consultant is responsible for consulting the local I.R.S. office for current information on estimated tax requirements.

H. AMENDMENTS. Any amendment, modification or variation from the terms of this Contract shall be in writing and signed by all Parties hereto.

I. COMPLIANCE WITH LAW. The Consultant specifically agrees and hereby warrants to the Town that in the performance of the Services, Consultant and anyone acting on Consultant's behalf, including but not limited to Consultant's subconsultants, will comply with all state, federal and local statutes, ordinances and regulations, and will obtain all permits and

licenses applicable for performance under this contract.

J. SEVERABILITY. In the event that any provision of this Contract shall be held to be invalid and/or unenforceable, the remaining provisions shall be valid and binding upon the Parties.

K. WAIVER. None of the provisions of this Contract shall be deemed to have been waived by any act or knowledge of any Party or its agent or employees, but only by a specific written waiver signed by an authorized officer of such Party and delivered to the other Party. One or more waivers by either Party of any provisions, terms, conditions, or covenants of this Contract, or any breach thereof, shall not be construed as a waiver of a subsequent breach by the other Party.

L. COUNTERPARTS. This Contract may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, binding on all of the Parties. The Parties agree that this Contract may be transmitted between them via facsimile. The Parties intend that the faxed signatures constitute original signatures and that a faxed contract containing the signatures (original or faxed) of all the Parties is binding upon the Parties.

M. COMPLIANCE WITH IMMIGRATION LAWS AND REGULATIONS.

Pursuant to the provisions of A.R.S. §41-4401, the Consultant warrants to the Town that the Consultant and all its subconsultants are in compliance with all Federal Immigration laws and regulations that relate to their employees and with the E-Verify Program under A.R.S. §23-214(A). Consultant acknowledges that a breach of this warranty by the Consultant or any of its subconsultants is a material breach of this Contract subject to penalties up to and including termination of this Contract or any subcontract. The Town retains the legal right to inspect the papers of any employee of the Consultant or any subconsultant who works on this Contract to ensure compliance with this warranty.

The Town may conduct random verification of the employment records of the Consultant and any of its subconsultants to ensure compliance with this warranty.

The Town will not consider Consultant or any of its subconsultants in material breach of the foregoing warranty if Consultant and its subconsultants establish that they have complied with the employment verification provisions prescribed by 8 USCA § 1324(a) and (b) of the Federal Immigration and Nationality Act and the e-verify requirements prescribed by Arizona Revised Statutes § 23-214(A).

The provisions of this Article must be included in any contract the Consultant enters into with any and all of its subconsultants who provide services under this Contract or any subcontract. As used in this Section M "services" are defined as furnishing labor, time or effort in the State of Arizona by a contractor or subcontractor. Services include construction or maintenance of any structure, building or transportation facility or improvement to real property.

N. ISRAEL BOYCOTT PROVISION. To the extent possible, *Consultant* certifies to Town that it is not currently engaged in and agrees for the duration of the contract not to engage in a boycott of Israel as defined in A.R.S. § 35-393

O. CANCELLATION FOR CONFLICT OF INTEREST. Pursuant to the provisions of A.R.S. § 38-511, the Town may cancel any contract or agreement, without penalty or obligation if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the Town is, at any time while the contract or any extension thereof is in effect, an employee of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract.

P. LICENSES. Consultant shall maintain in current status all Federal, State, and Local licenses and permits required for the operation of the business conducted by Consultant and the Services.

Q. PERMITS AND RESPONSIBILITIES. Consultant shall, without additional expense to the Town, be responsible for obtaining any necessary licenses and permits and for complying with any applicable Federal, State and Municipal Laws, codes and regulations in connection with the execution of the work.

R. LIENS. Consultant shall cause all materials, service or construction provided or performed under the resultant contract to be free of all liens, and if the Town requests, Consultant shall deliver appropriate written releases, in statutory form of all liens to the Town.

S. PATENTS AND COPYRIGHTS. All services, information, computer program elements, reports and other deliverables, which may be patented or copyrighted and created under this contract are the property of the Town and shall not be used or released by Consultant or any other person except with the prior written permission of the Town.

T. WORKPLACE COMPLIANCE. The Contractor understands and acknowledges the applicability to it of the American with Disabilities Act, the Immigration Reform and Control Act of 1986 and the Drug Free Workplace Act of 1989.

U. PRIORITY OF DOCUMENTS. In the event of a conflict between the terms of this Contract and the terms of any other document related to the Services, including but not limited to Scope of Services, the terms of this Contract shall prevail. In the event of a conflict between the terms of any bid document (RFP, RFQ, IFB) and the terms of a response, the terms of the bid document will control.

ARTICLE 16. FUNDS APPROPRIATION

If the term of this Contract or provision of any Services hereunder extends beyond the current fiscal period of the Town and the Town Council does not appropriate funds to continue this Contract and pay for charges hereunder, the Town may terminate this Contract at the end of the current fiscal period. The Town agrees, to the extent reasonably practical, to give written notice of such termination pursuant to Article 14 of this Contract at least thirty (30) days prior to the end of the current fiscal period and will pay to the Consultant approved charges incurred through the end of such period.

THE REST OF THIS PAGE INTENTIONALLY LEFT BLANK.

In witness whereof, the parties hereto have executed and caused to be signed by their duly authorized representatives, this Contract on the date first written above.

TOWN OF QUEEN CREEK:

Approval of Town Council:

Approval of Contract Administrator:

Gail Barney, Mayor

John Kross, Town Manager

ATTEST:

Maria Gonzalez, Town Clerk

REVIEWED AS TO FORM:

Dickinson Wright PLLC
Town Attorneys

KUTAK ROCK, LLP:

Marcus B. Osborn
Senior Government Relations Director

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak Rock 2021 Contract)

EXHIBIT A

INSURANCE

1. The Consultant shall secure and maintain during the life of this Contract, the insurance coverage set forth in this Attachment 15, which shall include statutory workman's compensation, comprehensive general and automobile liability, Consultant's liability insurance and errors and omissions professional liability. The comprehensive general and automobile liability limits shall be no less than one million dollars (\$1,000,000.00) combined single limit. The Consultant's general liability limits shall be no less than one million dollars (\$1,000,000.00) for each occurrence and one million dollars (\$1,000,000.00) policy aggregate naming the Town as an additional insured. The minimum amounts of coverage for Consultant's professional liability shall be one million dollars (\$1,000,000.00). In other than errors and omissions professional liability, and workman's compensation, the Town shall be named as an additional insured. All insurance coverage shall be written through carriers licensed in Arizona, or on an approved non-admitted list of carriers published by the Arizona Department of Insurance, and possessing an A.M. Best rating of at least A or better through Lloyd's of London. Should coverage be written on a claims-made basis, the Consultant shall provide, prior to commencement of any work, an initial certificate of insurance evidencing required coverage limits from date of contract execution through date of policy expiration. Subsequently, a certificate of insurance or a renewal quotation accompanied by evidence of premium payment shall be presented a minimum of thirty (30) days prior to date of expiration of current certificate. Such certificate or evidence of continuous coverage shall be provided on a periodic basis for a minimum of two (2) years after completion of contract, and shall contain a certification that the claims period for such insurance is retroactive to the effective date of this Contract. In the event the Consultant fails to provide such certificate of coverage retroactive to the beginning date of this Contract, the Town may, but shall not be required to, purchase insurance, if available, to protect itself against any losses which would have been covered by the errors and omissions policy Consultant is required to maintain under this Article. If the Town elects to purchase the insurance under this provision, Consultant shall be liable to the Town for all costs incurred by the Town for purchasing such insurance.

2. The Consultant shall submit to the Town a certificate of insurance evidencing the coverage and limits stated in the foregoing paragraph **within ten (10) days** of award of this Contract. Insurance evidenced by the certificate shall not expire, be canceled, or materially changed without thirty (30) days prior written notice to the Town, and a statement to that effect must appear on the face of the certificate and the certificate shall be signed by a person authorized to bind the insurer. The amount of any errors and omissions deductible shall be stated on the face of the certificate. The Contract Administrator may require the Consultant to furnish a financial statement establishing the ability of Consultant to fund the deductible. If in the sole judgment of the Contract Administrator the financial statement does not establish the Consultant's ability to fund the deductible, and no other provisions acceptable to the Contract Administrator are made to assure funding of the deductible, the Contract Administrator may, in his/her sole discretion, terminate this Contract and the Town will have no further obligation to the Consultant.

3. Additional Insurance Requirements: The Consultant is primarily responsible for the risk management of its Services under this Contract, including but not limited to obtaining and maintaining the required insurance and establishing and maintaining a reasonable risk control and safety program. Town reserves the right to amend the requirements herein at any time during the Contract subject to at least 30 days written notice. The Consultant shall require any and all subcontractors to maintain insurance as required herein naming Town and Consultant as "Additional Insured" on all insurance policies, except Worker's Compensation, and this shall be reflected on the Certificate of

Insurance. The Consultant's insurance coverage shall be primary insurance with respect to all other available sources. Coverage provided by the Consultant shall not be limited to the liability assumed under the Indemnification provision of this Contract. To the extent permitted by law, Consultant waives all rights of subrogation or similar rights against Town, its council members, agents, representatives, officers, officials, and employees. All insurance policies, except Workers' Compensation required by this Contract, and self-insured retention or deductible portions, shall name, to the fullest extent permitted by law for claims arising out of the performance of this Contract, Town of Queen Creek, its council members, agents, representatives, officers, officials and employees as Additional Insureds. The Town reserves the right to require complete copies of all insurance policies required by this Contract at any time. Failure to maintain the insurance policies as required by this Contract, or to provide evidence of renewal, is a material breach of contract.

EXHIBIT B**SCOPE OF SERVICES**

Overview of Scope of Services: This Section contains a brief description of the types of services the Town expects to be performed, under direction of the Town Manager's Office, and is not a comprehensive listing of all services that may be required.

- a. Provide consistent, "boots on the ground" representation of the Town of Queen Creek at the State Capitol during the Arizona Legislative Session.
- b. Strategize pathways for success for the execution of the Town's legislative and public policy priorities; including, but not limited to, general issues of municipal interest, shared revenues, transportation and water resources/infrastructure.
- c. Monitor, track and report on state legislation and regulatory matters impacting the Town and municipal government across all branches of State government, including attending relevant hearings and meetings.
- d. Seek legislative sponsors and advocate for/against proposed legislation consistent with the Town's legislative guiding principles and public policy priorities.
- e. Prepare, submit, coordinate and deliver testimony to the State and other legislative bodies with appropriate supplemental issue briefs supporting the Town's stance on legislative/regulatory matters.
- f. Coordinate with relevant public and private organizations, including the League of Arizona Cities and Towns, in support of the advancement of the Town's public policy and legislative priorities and shared objectives.
- g. Liaison with the Office of the Governor on legislative and regulatory matters of importance to the Town.
- h. Provide regular on and off-session reports customized to the Town's needs. These may include legislative election reports, pre-session reports and post-session wrap-up reports.
- i. On an as-needed basis, liaison with members or support staff of Arizona's Congressional delegation and/or federal officials.
- j. Supplement the Town's team relative to federal policies/procedures in line with accomplishing the Town's public policy objectives and/or awareness of grant opportunities for funding of the Town's infrastructure.
- k. Comply with all Arizona Revised Statutes regarding lobbying activities.
- l. Perform special assignments, as agreed to by both the Town and the consultant/firm, to support the Town in the performance of effective government relations services.
- m. Assist the Town Council and leadership with relationship building with State

Legislators at events such as the annual League of Arizona Cities and Towns conference.

Consultant shall provide all labor, material, equipment, and transportation necessary to perform the services in accordance with the terms, conditions and specifications of this RFP. Staff will not allow non-Town personnel access to any Town-owned equipment and no equipment will be provided under this contract.

The logo for Kutak Rock, featuring the company name in a bold, blue, sans-serif font.

Proposal to Provide Government Relations Services to The Town of Queen Creek

RFP No. 22-003

July 2021

Kutak Rock LLP

8601 North Scottsdale Road, Suite 300
 Scottsdale, AZ 85253
 office 480.429.5000

KUTAKROCK

Marcus B. Osborn, Ph.D.

8601 North Scottsdale Road, Suite 300 | Scottsdale, AZ 85253
 direct 4480.429.4862
 marcus.osborn@kutakrock.com

July 27, 2021

Ms. Myrna Quihuis, CPPB
 Procurement Officer, Town of Queen Creek
 22358 S. Ellsworth Road
 Queen Creek, AZ 85142

Re: Proposal to Provide Government Relations Services in Response to RFP No. 22-003

Dear Ms. Quihuis:

Kutak Rock LLP (“Kutak Rock”) is pleased to submit the enclosed proposal in response to the Request for Proposal (“RFP”) to provide government relations services to the Town of Queen Creek (the “Town”). Having represented the Town since 2012, we are honored to once again be considered for this opportunity. We believe that our knowledge and depth of experience in Arizona is unparalleled.

Kutak Rock is a national law firm with more than 540 lawyers with offices in Scottsdale, Arizona, as well as 17 other cities nationwide. Founded in 1965, the firm serves local, regional, and national clients in a multidisciplinary practice, including a robust government affairs group.

We are well-qualified to represent the Town as an outside provider of government relations services. Our Arizona office, which includes more than 40 lawyers, maintains a legislative consulting group composed of nonlawyer professionals and lawyers who have decades of experience representing clients, including cities and towns, before the Arizona state legislature, executive branch, administrative agencies, and county and municipal leaders. As the enclosed proposal explains, our government affairs group offers clients expertise across a spectrum of activities related to governmental advocacy. As necessary, members of the group call on the firm’s Arizona attorneys for assistance in understanding the ancillary legal issues that affect clients’ businesses and operations.

In consultation with the Town, for any federal issues, we may partner with Nexxus Consulting, a Washington, D.C. based government and public affairs firm. This partnership will give us the expanded expertise of Bob Holmes and Ana Ma, who both have an extensive background in federal public policy, public affairs and lobbying. With more than 50 years of experience, Mr. Holmes and Ms. Ma have in-depth practical knowledge of the unique issues facing the Town at the federal level of government.

Our firm will provide exemplary client service to the Town. We will strive to be proactive and responsive, creatively solving problems and emphasizing a collaborative approach to ensure our joint resources deliver successful, value-maximizing solutions. We pride ourselves on promptly delivering services clients expect, at the price and high quality they unfailingly demand.

We confirm we have reviewed and understand all elements of the RFP. We are agreeable to engaging with the Town and have read the contractual language indicated in the professional consultant agreement and have noted exceptions in our proposal.

We are pleased to have this opportunity to respond to your solicitation. If you have any questions about the proposal or wish to obtain further information about our firm, please contact me at 480.429.4862 or at marcus.osborn@kutakrock.com.

Very truly yours,



Marcus B. Osborn

Enclosure

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Proposal to Provide Government Relations Services to the Town of Queen Creek, Arizona

Introduction

Kutak Rock is pleased to present an integrated proposal designed to provide a bipartisan approach that combines the benefits and experience of a national law firm with state and federal government relations and public affairs expertise. Our goal is to provide the Town with a team that can aggressively provide bipartisan government relations activities while creating a positive environment for Queen Creek through thoughtful public affairs endeavors.

Kutak Rock has represented the Town since 2012. We are honored to once again be considered for this opportunity to provide government relations services.

Firm Background

Kutak Rock is a national law firm with more than 540 attorneys and an office in Scottsdale, Arizona, as well as locations in Atlanta, Chicago, Denver, Fayetteville, Irvine, Kansas City, Little Rock, Los Angeles, Minneapolis, Omaha, Philadelphia, Richmond, Rogers, Spokane, Springfield, Washington, D.C., and Wichita. Founded in 1965, the firm provides exemplary client service by being proactive and responsive, creatively solving problems and emphasizing a collaborative approach to ensure our national resources deliver successful, value-maximizing solutions for each of our clients.

Kutak Rock maintains experience in a broad range of areas, including government affairs, federal practice, corporate law, corporate finance, employee benefits, public finance, securities and investment products, real estate, litigation, intellectual property and technology law, healthcare, labor and employment, securitizations, tax, tax credits, banking, bankruptcy, insurance, antitrust, and environmental law.

Our Scottsdale office, which includes more than 40 lawyers, maintains a legislative consulting group composed of non-lawyer professionals and lawyers who have decades of experience representing clients before the Arizona state legislature, executive branch, administrative agencies, and county and municipal leaders.

Kutak Rock has represented federal, state, and local governmental entities, nonprofit organizations, every major investment banking firm in the United States, numerous insurance companies, major international and domestic money center banks, national real estate syndicators and developers, major national franchising enterprises, and numerous other financial and business institutions.

Kutak Rock is differentiated by our fundamental commitment to delivering high-quality legal and government affairs services at a fair price. Our definition of value—achieving the desired outcome while using resources efficiently—fosters predictability and cost-effectiveness. We are committed to being intelligent about our clients' business, mindful of their ever-evolving business objectives, and focused on meeting the unique challenges and opportunities they face.

Firm Relevant Experience, Qualifications and References

1. History of Success

Kutak Rock represents more than 30 clients on legislative/regulatory monitoring, advocacy, and political affairs. Our clients cover a broad spectrum of industries including local governments, healthcare, insurance, technology, educational products, workers' compensation insurance, and public finance. The firm is responsible for coordinating coalitions of industry groups of clients and non-clients for the property casualty insurance industry and among health insurers. We are experienced in developing coalitions and building consensus within industries that commonly are fierce economic competitors.

Cities and towns must deal with numerous complex issues like economic development, transportation, taxation, public finance, public pensions, public safety, planning and zoning, public works and utilities. Kutak Rock has significant experience and success advocating on behalf of local government entities and working with various stakeholders including the League of Arizona Cities and Towns on multiple municipal-related issues.

- *Town of Queen Creek Case Studies*

For the past nine legislative sessions, Kutak Rock has represented the Town of Queen Creek before the Legislature and the executive branch.

In both 2020 and 2021 Kutak Rock successfully worked with various stakeholders to defeat proposed legislation that would impact the Town's acquisition of fourth priority Colorado River water from the Cibola Valley area in La Paz County. Utilizing our firm's relationships with House and Senate leadership, along with several key rank and file members, we were able to prevent HB 2405 Colorado River Fourth Priority Water (*Cobb*) in 2020 and HB 2456 Colorado River Fourth Priority Water (*Cobb*) in 2021 from receiving a committee hearing.

Both bills stipulated that a person with a claim for rights to use any amount of the fourth priority Colorado River water that is subject to the federal Boulder Canyon Project Act and that was allocated by the U.S. Bureau of Reclamation for agricultural, municipal and industrial uses for Colorado River communities is prohibited from transferring or otherwise conveying that claim for use of that water to any location or use other than an agricultural, municipal or industrial use in a Colorado River community. As a result of our close relationships with leadership in both legislative chambers, we prevented these onerous bills from moving forward.

During the 2018 Legislative session, Kutak Rock, on behalf of the Town of Queen Creek successfully defeated HB 2514 HURF Distribution; Cities; Towns; Counties (*Cook*). By way of background, the bill would have swept Arizona Highway User Revenue Funds (HURF) to benefit cities and towns with a population less than 7,500. The proposed legislation would have been a loss of 1.3 percent of the Town's HURF allocation. While this amount may not have seemed significant to larger cities and towns, changing the HURF formula would have continued the bad precedent of sweeping HURF funds. Both the AZ Cattlemen's Association and the Home Builders Association of Central Arizona were in support of the bill.

We met with key legislative members, including senators Kate Brophy McGee and Bob Worsley, and Representative Vince Leach. We successfully argued that HURF monies were insufficient to satisfy the needs of Arizona municipalities and counties because the gas tax has not been raised since 1991 when it was

increased to 18 cents; the purchasing power of that 18 cents amounted to 6 cents in today's dollars. Additionally, we argued that there needed to be dedicated funding source for the Department of Public Safety to prevent future HURF sweeps.

By allocating monies to rural cities and counties, as prescribed in HB 2514, the Legislature would have continued the practice of sweeping HURF funds, this time sweeping from urban cities and counties. This would have set a precedent where any constituent group could request legislation sweeping HURF funds for that group's benefit.

In 2019 Kutak Rock successfully ran HB 2464 Water Infrastructure Finance; Municipal Approval (*Shope*) on behalf of the Town of Queen Creek. The legislation increased the population threshold from 50,000 to 150,000 people, allowing the Town of Queen Creek to pursue WIFA funding for water and waste water improvements, without voter approval when taxpayer funds are not utilized. WIFA financing provides a low-cost source of financing for small waste and drinking water projects by providing low-interest loans to growing communities like Queen Creek. This legislation eliminated the requirement for cities and towns under 150,000 to seek voter approval of WIFA-financed projects if the project is financed using only utility customer revenues. Additionally, HB 2464 retained the public vote requirement for all projects that utilize taxpayer dollars. The bill was signed into law by Governor Ducey (Laws 2019, Chapter 33).

In 2017 Kutak Rock actively pushed HB 2251 ADOT; Meridian Road Extension. This legislation required ADOT to work with interested parties to extend Meridian Road southbound across state trust land, in consultation with the State Land Department and any affected county or municipality. The expansion of Meridian Road is critical to the economic development and growth of the Town of Queen Creek, especially given the rapid growth of the San Tan Valley. Governor Ducey signed the bill into law that year (Chapter 142, Laws 2017).

In 2015 Kutak Rock spearheaded efforts that sought to permanently amend A.R.S. § 9-821.01 with the majority of vote calculation set forth in Laws 2014, Chapter 256. In 2013 the consolidated election statute needed to be modified so the Town could conduct its expenditure authority election without reverting to the state formula limits. Kutak Rock lobbied the legislation and worked to ensure that it was included in an omnibus elections reform bill (Chapter 105, Laws 2015) that successfully passed. When a third party challenged the constitutionality of the underlying bill, Mr. Lieberman of Kutak Rock represented the Town in the litigation. A settlement was reached with the plaintiffs that protected the needed statutory language. The expenditure authority legislation demonstrated how the integration of effective lobbying and litigation can be effective at protecting a local government's interest.

- *County Supervisors Association Advocacy*

In FY2017, while at the County Supervisors Association of Arizona (CSA), Daniel Romm was able to help secure \$18.3 million in net financial relief for counties through his lobbying and advocacy efforts.

Mr. Romm worked with lawmakers, the Governor's Office, and various stakeholders to reduce the state mandate for counties to fund the Arizona Department of Juvenile Corrections (ADJC). In 2015 the state shifted 25% of the Arizona Department of Juvenile Corrections costs to 15 counties, costing \$12 million. Counties already pay millions locally for juvenile detention and court costs. Additionally, more than 98% of juvenile referrals are treated locally and just 1.7% go to ADJC. While the state kept the 25% county payment, they provided a one-time \$8 million appropriation to help mitigate these costs.

Mr. Romm also helped to secure the continuation of “Flexibility Language” in the budget to allow counties the ability to shift money around to meet their financial obligations. The confluence of state cost and program shifts with the expanded restrictions on accessing the tax base has made this a necessary tool.

Mr. Romm worked to secure budget language that would allow for revenue-generating county/state inmate housing contracts. He also helped to protect \$550,000 in lottery funds for the state’s 10 smallest counties.

Additionally, Mr. Romm advocated on behalf of CSA to secure \$6.13 million in funding to help reimburse counties for the cost of running the Presidential Preference Election.

2. Local Government Expertise

With a national platform of more than 540 attorneys, the firm has experience across the full range of issues affecting local governments. Clients turn to us for advice on a wide range of issues, including water resources and environmental issues, natural disasters, transportation infrastructure, agriculture, energy, climate legislation and tax and budget matters.

- *State Shared Revenue*

Cities and towns in Arizona are partners with the State in a shared revenue program which passes through funds to Arizona’s municipalities from a few dedicated revenue sources. Our staff has experience and a dedicated track record of successfully fighting on behalf of municipalities to protect their share of State Transaction Privilege Tax, State Income Tax, and Highway User Revenues.

- *Transportation Infrastructure*

Kutak Rock is the market leader in the financing, development, leasing and protection of successful infrastructure projects—we are America’s project finance counsel. Our extensive work with local governments has granted us an appreciation for, and understanding of, the unique set of funding and policy needs, challenges and opportunities that local governments face. The firm has handled more than 1,125 transportation financings (including airport, mass transit, port, and toll road bonds) totaling over \$80 billion. Additionally, the firm, through our Government Affairs practice, has secured millions in federal funding through crucial grant applications and direct appropriations to infrastructure projects nationally. This extensive transportation project knowledge is invaluable in federal project and policy discussions.

- *Water Management*

Water and wastewater utilities provide essential public services, usually on a substantially self-supporting basis. Because of their vital public importance and complexity, we regard their financing transactions as one of the purest and highest forms of public finance. The firm has provided bond counsel services in more than 1,030 bond issues for water and sewer facilities having an aggregate principal amount exceeding \$21.5 billion. We have taken part in water and sewer project financings for issuers large and small—for states and major metropolitan areas, as well as townships and villages.

Our attorneys are experienced with the relevant state statutory and constitutional principles affecting utility borrowing, and are familiar with the regulatory, fiscal and operational aspects of the business

conducted by the clients we serve. A national practice like Kutak Rock's encompasses many matters affecting the properties and services operated by water and wastewater utilities, including:

- Water and water rights
 - Ratemaking
 - Environmental concerns of both water and wastewater systems
 - Public contracting and liability concerns
 - State laws affecting intergovernmental affairs
 - State and federal grants
 - Project finance
- *Natural Disasters*

Kutak Rock's Governmental Affairs leaders have successfully developed, lobbied for and secured Congressionally approved emergency funding for damage caused by natural disasters as well as significant appropriations and grants for natural disaster risk mitigation. Further, principals of the Government Affairs group have direct experience within key agencies of the federal government, managing and coordinating with affected communities and counties and their disaster coverage and recovery plans. These efforts include risk mitigation as well as economic recovery agreements and grants.

3. Bipartisan Relationships

The long-term success of our government affairs practice reflects our ability to work substantively and pragmatically with policymakers across the spectrum. We prefer to focus on substantial issues rather than the political goal affiliation. We approach our work in a bipartisan fashion, as good ideas are not the exclusive domain of either party. This will allow the Town to connect with the key decisionmakers regardless of political affiliation.

In addition to our strong relationships with legislative members and their respective staffs, our team has a strong relationship with the Governor's office and staff. We commonly work on projects for our clients in which the Governor's office is a crucial decisionmaker, and we have been successful with both Democrat and Republican administrations. Our relationships throughout the Governor's office with the Chief of Staff, Deputy Chief of Staff, and relevant policy advisors on the legislative team, are strong, robust, and bipartisan.

Working with our clients, we were successfully able to get 13 bills signed into law the past two session, despite the contentious political environment and close margins in both the AZ House and AZ Senate. All 13 of those bills were supported with overwhelming bipartisan support.

Bipartisan Bill Signed into Law in 2020 and 2021 (initiated by Kutak Rock clients):

- SB 1038 (Chapter 9, Laws 2020): Insurance Policies; Transfers; Affiliated Insurers
- SB 1040 (Chapter 61, Laws 2020): Insurers; Notices; Methods of Delivery
- SB 1041 (Chapter 62, Laws 2020): Travel Insurance
- SB 1062 (Chapter 65, Laws 2020): Insurance Transactions; Discrimination; Exceptions
- SB 1090 (Chapter 67, Laws 2020): Insurance Adjusters; Claims Certificate
- SB 1293 (Chapter 37, Laws 2020): DOI; DFI; Omnibus
- SB 1523 (Chapter 4, Laws 2020): Mental Health Omnibus

- SB 1557 (Chapter 90, Laws 2020): Annuity Transactions; Requirements
- HB 2119 (Chapter 24, Laws 2021): Health Care Insurance; Amendments
- HB 2242 (Chapter 161, Laws 2021): Agency Actions: Procedures; Fee Awards
- SB 1044 (Chapter 357, Laws 2021): Credit for Reinsurance
- SB 1049 (Chapter 5, Laws 2021): Insurance; Omnibus
- SB 1495 (Chapter 378, Laws 2021): Annuity Contracts; Nonforfeiture Interest Rate

4. Proposed Team

Kutak Rock will deploy a team approach to providing the services described in the RFP. Our core lobbying team members are **Dr. Marcus Osborn** and **Mr. Daniel Romm**, who work collaboratively with clients. While we have a robust list of clients, the anticipated government affairs workload is well within our capacity.

Dr. Osborn, Senior Government Relations Director in the Kutak Rock Scottsdale office, will serve as the project manager and serves in a similar role for many of the firm's lobbying clients. He will oversee and direct the activities of the team for the Town. Mr. Romm, Government Relations Director in the Scottsdale Kutak Rock office, will provide direct support and bring extensive government affairs experience. **Ms. Jennifer Kraham**, a Scottsdale Kutak Rock office partner who concentrates her practice in legislative bill drafting, insurance, and corporate law, would be available to assist in connection with related issues.

Kutak Rock would assign a team of experienced partners from our Scottsdale office, including **Ms. Kelly McGuire** and **Mr. Marc Lieberman**, to assist Dr. Osborn and Mr. Romm as necessary on legislative consulting matters.

Ms. McGuire, who leads the Scottsdale office's public finance group, provides policy guidance on public finance-related issues. Including Ms. McGuire, the firm's Scottsdale office houses a group of eight bond attorneys who conduct the firm's public finance practice in Arizona. The firm represents state and local governmental bodies, investment bankers, and credit and liquidity providers in a diverse public finance practice that encompasses virtually every form of debt financing. In its history, Kutak Rock has served as bond counsel in more than 425 Arizona bond issues having an aggregate principal amount in excess of \$6.6 billion. The firm has often served as bond counsel to numerous Arizona industrial development authorities, including those for the Cities of Phoenix and Tucson and the Counties of Maricopa and Pima.

Mr. Lieberman is the head of the firm's institutional investments group. Kutak Rock is one of the few firms in the nation with a practice group specifically devoted to public pension investment transactions and operations. The firm represents some of the State of Arizona's largest pension funds, including the Arizona Public Safety Personnel Retirement System, the Arizona Elected Officials' Retirement Plan, the Arizona Corrections Officer Retirement Plan, and the Arizona Police Officer and Firefighter Cancer Insurance Plan.

Our team has a solid understanding of the time commitment and effort required to effectively represent the County's interests, even at an elevated activity level.



Marcus B. Osborn, Ph.D.

Senior Government Relations Director

Kutak Rock

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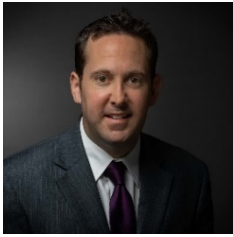
Dr. Osborn brings more than 20 years of state government affairs experience to bear. During his career, he has worked on a wide variety of high-profile issues including significant changes in Arizona’s environmental protection laws, regulatory reform, tax structure, and employment laws. Dr. Osborn currently chairs the Greater Phoenix Chamber of Commerce’s Workforce Committee, which works on education and workforce issues for the Chamber.

Dr. Osborn’s lobbying career began in the early 1990s when he was a lobbyist for the Arizona Chamber of Commerce and advocated on behalf of the business community on a broad spectrum of issues. From the Chamber, he was recruited to direct government relations activities at the Arizona Department of Commerce. During his tenure at the Department of Commerce, he successfully lobbied the Greater Arizona Development Authority concerning legislation providing an infrastructure financing mechanism for rural communities. He also represented the Arizona Department of Environmental Quality before the Legislature and executive branch and helped enact significant legislation in the areas of air quality, waste programs, and water quality as well as improvements to the Water Infrastructure Financing Authority.

Since 1998 Dr. Osborn has represented an array of clients at the Legislature and executive agencies. His areas of experience include insurance, public transit, transportation, education, economic development, tax policy, environment, infrastructure, financing authorities, polling, ambulance certificates of necessity, employment law, public records, campaign management, healthcare, regulatory reform, and education. He has authored academic works and book chapters on lobbying, developed strategic government relations plans for multiple organizations, and lectured on strategic planning for government relations. Dr. Osborn has a strong record of public service. Appointed by Governor Janet Napolitano, he was a member of the Governor’s Regulatory Review Council and was appointed by Governor Brewer to serve as the Chairman of the Struggling Schools Committee which helped guide the Governor’s submittal for the Race to the Top Funds. In 2014 Dr. Osborn was elected to the Madison Elementary School Board.

Dr. Osborn is an expert in interest group influence and has served as an expert witness in several election court cases. Most notably, Dr. Osborn was an expert in *McComish v. Bennett* on the prevailing side, where the U.S. Supreme Court found the matching fund provisions of the Clean Elections Act unconstitutional. He has taught as an adjunct faculty member at Northern Arizona University, teaching graduate courses in organizational theory, human resource management, and leadership.

Dr. Osborn holds a doctorate and a master’s degree in public administration from Arizona State University and has undergraduate degrees in history and political science from the University of Arizona. He has also completed Senior Executive study at Harvard’s Kennedy School of Government. He is a member of the Arizona Chamber of Commerce and Industry and on the Board of Trustees for the Arizona Alliance of Non-Profits.



Daniel A. Romm

Government Relations Director
Kutak Rock
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Mr. Romm has extensive knowledge of the legislative process working on behalf of regulated industries and other various organizations as a government affairs professional and lobbyist for more than 15 years. He has worked on several difficult and controversial legislative and regulatory issues relating to transportation, public finance, insurance, labor management, planning and zoning, state budgeting, environmental regulations, and technology.

Prior to his time at Kutak Rock, Mr. Romm was the Senior Legislative Liaison at the County Supervisors Association of Arizona, representing Arizona's 61 elected county supervisors at the Arizona State Legislature. Mr. Romm previously served as the Legislative Liaison and Public Information Officer at the Arizona Department of Housing under Governor Jan Brewer and Governor Doug Ducey. Additionally, he was a government affairs associate for an Arizona-based lobbying firm, serving various business and local government clients. Mr. Romm was the Government Affairs Manager for GS1/EPCGlobal, a nonprofit international standards organization. He covered all 50 states and Capitol Hill regarding privacy concerns surrounding the use of EPC/RFID tags, a technology widely used in healthcare and in the retail supply chain. Mr. Romm earned his bachelor's degree in political science at the University of Arizona.



Jennifer L. Kraham

Partner
Kutak Rock
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Ms. Kraham concentrates her practice primarily in the areas of insurance regulation, corporate law, and legislative drafting. She has authored more than 50 legislative proposals in the areas of pension reform, insurance regulation, and solar energy policy in the past five years and drafts legislation and lobbies on behalf of the insurance industry before the Arizona State Legislature.

Ms. Kraham regularly assists clients on a national level in connection with the preparation and submission of regulatory filings, defending against complaints from regulators, and analyzing coverage issues. Her practice encompasses all aspects of insurance regulation, including assisting clients with obtaining regulatory approval for the formation, acquisition, merger, and expansion of insurance companies. Ms. Kraham routinely counsels insurance companies and insurance agency clients with respect to requirements under federal and state insurance laws, licensing compliance issues, rate and policy form matters, reinsurance issues, and general corporate matters. She earned a bachelor's degree, *cum laude*, from the University of Florida and a law degree, with honors, from American University, Washington College of Law. Ms. Kraham's memberships include the Scottsdale Bar Association, the Maricopa County Bar Association, and the Arizona Women Lawyers Association.



Kelly A. McGuire

Partner
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Ms. McGuire's practice focuses exclusively on public finance and typically involves transactions utilizing conduit insurers. She serves as bond counsel, issuer's counsel, underwriter's counsel, disclosure counsel, and purchaser's counsel in tax-exempt and taxable financing transactions throughout the country. Ms. McGuire has expertise in the issuance of multifamily housing revenue bonds (including 4% LIHTC) and charter school financing transactions. She has also served as bond counsel in waste-to-energy and off-balance-sheet student housing transactions. Ms. McGuire earned a bachelor's degree, *cum laude*, from the University of Arizona and a law degree from The University of Arizona James E. Rogers College of Law. She is a member of the National Association of Bond Lawyers.



Marc R. Lieberman

Partner
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Mr. Lieberman serves as outside general, investment, and fiduciary counsel for many large statewide public pension plans throughout the U.S. He also represents numerous public pension plans, sovereign wealth funds, insurers, and banks in connection with their alternative investments. Several administrators of state-wide pension systems have recognized him as one of "the most knowledgeable and experienced public pension lawyer in this State."

A Board Certified Specialist in Real Estate Law (Arizona Board of Legal Specialization), Mr. Lieberman regularly documents real estate investments of his clients. Currently, those investments include office buildings, health spas, master planned communities, hotels, golf courses, shopping centers, convenience store/gas stations, restaurants, historic renovations, raw land, and condominium towers across the country, amounting to more than \$1.5 billion. He has also documented scores of land banking transactions and, to date, he and his Group have negotiated over \$6 billion in private equity and hedge deals, documenting between \$100 million and \$300 million of these transactions monthly. Mr. Lieberman's clients include some of the State of Arizona's largest pension funds, such as the Arizona State Retirement Plan, the Arizona Public Safety Personnel Retirement System, the Arizona Elected Officials' Retirement Plan, the Arizona Corrections Officer Retirement Plan, and the Arizona Police Officer and Firefighter Cancer Insurance Plan.

Mr. Lieberman currently serves as a member of the Arizona Supreme Court Committee on Character and Fitness. He is a former member of the Arizona Judicial Review Performance Commission, past Chair of the Appellate Section of the State Bar of Arizona, a former Judge Pro Tempore on the Arizona Court of Appeals, and past Chair of the Editorial Board of *Arizona Attorney Magazine*. Mr. Lieberman is also a fellow for the Arizona Foundation for Legal Services and Education, served as President for the Thurgood Marshall Inn of Court, and served as

Chair of several other task forces and committees. He is a frequent lecturer on investment-related issues, and has written numerous articles on investment topics. Mr. Lieberman earned a bachelor's degree from Indiana University and a law degree from DePaul University College of Law, where he served as Notes Editor of the *DePaul Law Review*.

5. Kutak Rock Client References

We have included three client references and two legislative references in Appendix A.

6. Legislative Clients

Below are clients for which Kutak Rock currently provides legislative services:

- 7710 Insurance
- Allstate Insurance Company
- America's Health Insurance Company
- American Council of Life Insurers
- American Family Life Assurance Company
- American Family Life Insurance Company
- American Family Mutual Insurance Company
- American International Group Inc.
- Arizona Association Health Underwriters
- Arizona Captive Insurance Association
- Bankruptcy Trustees Association of Arizona
- Blue Cross and Blue Shield of Arizona
- Chubb INA Holdings, Inc.
- Claims and Litigation Management Alliance
- Coterie Advisory Group, Inc.
- Equip Management Partners
- Farmers Insurance Group of Companies
- Federal Home Loan Bank of San Francisco
- Government Employees Insurance Company
- Harkins Administrative Services, Inc.
- Houghton Mifflin Harcourt
- Liberty Mutual Insurance Group
- Massachusetts Mutual Life Insurance Inc.
- Metropolitan Life Insurance Company
- Mutual Insurance Company of Arizona
- National Association of Insurance and Financial Advisors
- National Home Service Contract Association
- Nationwide Mutual Insurance Company
- NWEA
- Prudential Financial, Inc.
- Town of Queen Creek
- RELX, Inc.

- Salt River Project
- Sun Health Senior Living
- Sun Health Services
- Surplus Lines Association of Arizona
- Western Mutual Insurance Company

7. Kutak Rock Offices

Kutak Rock maintains an office in Scottsdale, Arizona, and has locations in Atlanta, Chicago, Denver, Fayetteville, Irvine, Kansas City, Little Rock, Los Angeles, Minneapolis, Omaha, Philadelphia, Richmond, Rogers, Spokane, Springfield, Washington, D.C., and Wichita.

8. Subcontractor for Federal Issues

Upon consultation with the Town, Kutak Rock will utilize a subcontractor, Nexus Consulting (“Nexus”), for federal issues. We would coordinate with partners **Bob Holmes** and **Ana Ma**.

The Nexus team has more than 50 years of combined experience at the federal, state, county levels, Executive branch agencies and in private practice. Mr. Holmes’ background includes six years as a senior staff member to a U.S. Representative from Arizona, 11 years as the Managing Director of Landry, Creedon & Associates federal practice in Washington, D.C. and eight years as the founder and managing partner of Nexus Consulting.

Ana Ma began her career working for Pima County where she was raised. She went on to become a senior state party official in Arizona, Chief of Staff for an Arizona Congressman, as well as Chief of Staff to the Secretary of Labor and Small Business Administrator. Most recently, she served as the Chief of Staff/Chief Operating Officer for one of the largest, most powerful and most politically active non-profits in the United States. Ana Ma has been a partner with Nexus since May 2016.

Both partners have developed long-standing relationships in their direct involvement and experience in Arizona politics and public and private sector issues. They have acquired the experience, education and ability to effectively represent clients, particularly those located in or associated with Arizona.

We have included a list of Nexus’ past representative projects in Appendix B.



Bob Holmes

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Bob Holmes founded Nexus in 2011 and is a Partner their Washington, D.C. office. Prior to founding Nexus, Mr. Holmes was the managing director of the Washington office for Landry, Creedon & Associates—the legacy company of Nexus Consulting—which he opened in 2001. He represents a diverse client base on matters before Congress, the Administration and the various Executive Branch agencies. Mr. Holmes’ prior experience as senior advisor to an Arizona Congressman provided a unique understanding of Native American,

transportation, funding and other issues that has been a great asset in his representation of clients for the firm.

Mr. Holmes works on a variety of issues at the federal level related to Native American issues, appropriations, transportation, tax law, telecommunications, energy and natural resources. He has been responsible in obtaining more than \$200 million in federal funding for the firm's various clients, including funding for various infrastructure projects such as flood control projects, transportation, transit and airport projects. He has successfully shepherded multiple bills into law including fair tax treatment for Alaska Natives (public Law 107-016), the conveyance of irrigations canals from the BIA to the SRP-MIC (Public Law 106-568), binding arbitration for all contracts on tribal lands (Public Law 108-329), and the Yavapai land exchange (Public Law 109-110) that personally benefited the firm's clients.

Prior to his service with Nexus and Landry-Creedon, Mr. Holmes spent six years with Congressman J.D. Hayworth working on a variety of issues related to Indian country and Arizona, including appropriations, transportation, telecommunications, and energy and natural resources. Mr. Holmes was instrumental in the formation of the Native American Caucus, a non-partisan Congressional Member Organization (CMO) to educate Members of Congress about the important trust responsibility the federal government has to Native Americans. He has been serving Arizona interests since 1995.



Ana M. Ma

Partner
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Ana Ma joined Nexus in 2016, bringing more than two decades of experience in the public and private sectors as an advisor on national policy and political strategy. She also brought an extensive network of connections and relationships cultivated from numerous political campaigns at every possible level, from local school boards to numerous presidential campaigns.

Before joining Nexus, Ms. Ma lent her strategic management skills to the Human Rights Campaign, where she served as its chief of staff and chief operating officer. During her tenure, Ms. Ma guided the organization through major milestones and crucial turning points. Among them, the groundbreaking 2015 Supreme Court ruling that made same-sex marriage a national right, and critical updates to the Military Equal Opportunity policy to ensure parity to gay and lesbian service members.

Prior to the Human Rights Campaign, Ms. Ma served as chief of staff at the U.S. Department of Labor. There she worked on a wide range of issues including worker safety and wage and hour enforcement, youth employment and mine safety. She also oversaw the program to help reintegrate veterans into the workplace. In 2013, Ms. Ma was named by National Journal as one of the top 250 Decision Makers in the Obama administration.

From 2009-2011, Ms. Ma served as chief of staff at the U.S. Small Business Administration, where she oversaw the expansion of the small business loan programs, entrepreneurship opportunities, and the broadening of small business international trade.

Prior to her roles in the Obama Administration, Ms. Ma spent six years as senior counsel and chief of staff to U.S. Rep. Raúl M. Grijalva. She provided strategic guidance on issues including health care, environmental protection and immigration reform. She also provided critical direction during the early expansion plans for the Mariposa Port of Entry in Nogales, Arizona, one of the nation's busiest land ports and the main agricultural entry point from Mexico. Ms. Ma continues to serve as an informal counsel to Grijalva, as well as many members within the Arizona congressional delegation and across Capitol Hill.

Ms. Ma grew up in Tucson, Arizona, and graduated with a political science degree from the University of Arizona.

Nexus Client and Legislative References

We have included three client references and two legislative references for Nexxus in Appendix C.

Nexus Federal Client List

- Coconino County
- Delaware North Corporation
- City of Douglas
- City of Flagstaff
- Ghost Management Group
- City of Globe
- Lowell Observatory
- City of Maricopa
- Mountain Capital Partners
- Northern Arizona Intergovernmental Public Transportation Authority (NAIPTA)
- Pima County
- Salt River Project
- Town Superior
- City of Tolleson

Method of Approach

1. Recommended Approach

The Kutak Rock team provides a full-service, bipartisan government affairs group whose members have long-established relationships with the Legislature, Executive Branch, administrative agencies, and county and municipal leaders. Our primary team of non-lawyers, Dr. Osborn and Mr. Romm, have almost 50 years of Arizona lobbying experience and maintain governmental contacts at all levels of Arizona government. These public policy specialists provide the level of legislative, legislative-related, and regulatory services the firm's clients require.

The Kutak Rock team will utilize our vast resources, established relationships and experience to advance the Town's government affairs goals which include protecting local funding. This means no sweeps, unfunded mandates, fees to pay state agencies, or other reductions to state shared revenue. We will work diligently to

support transportation improvements and promote economic development opportunities by supporting innovative land use strategies, economic development tools, all while protecting local control. We will monitor annexation and incorporation related legislation to ensure efforts are consistent with the Town's planning area, while protecting the Town's opportunity to provide adequate input. In addition, we will advocate on behalf of the Town to support policies that ensure that they will have affordable, long-term access to water.

Range of Services Offered

In addition to the services outlined in the Scope of Services, and described more fully in our response to question 2, the following are key capabilities that the Kutak Rock team will utilize to advance the Town of Queen Creek's government affairs goals.

- *Legislative Bill Drafting*

During the legislative session it is helpful to maintain an active presence throughout the day, as the legislative process is very dynamic. Kutak Rock has developed a system that allows our core lobbyists to stay focused at the Capitol, even when amendments and bill modifications are required. Ms. Kraham is an integrated part of the government affairs team and has significant expertise in legislative bill drafting. She has drafted complex legislation and amendments in the areas of insurance, public pensions, public finance, energy, tort law, and education. Every year, Ms. Kraham drafts multiple pieces of legislation for the firm's clients. She works as part of our integrated lobbying team and is well versed in the legislative process and the surrounding politics.

- *Regulatory Agencies and Relevant Transportation and Environmental Governing Bodies*

Kutak Rock has decades of experience tracking the regulatory and policy making activities of boards and commissions. Dr. Osborn is an expert at rulemaking and has drafted significant portions of the rulemaking provisions of the Administrative Procedures Act. Appointed by then Governor Janet Napolitano, he served on the Governor's Regulatory Review Council (GRRC) and has gone on to serve under the next two Governors. Dr. Osborn is an expert on influencing the rulemaking process and has reviewed rules from nearly every agency that is subject to the GRRC review.

- *Policy and Political Analysis*

Our team has a deep understanding of Arizona state policy and political issues and we translate this expertise into useful intelligence for our clients. We provide regular updates about changes in the political landscape and how such changes might impact our clients. In addition, we prepare specific issue briefs or policy papers that enhance our clients' capability to produce meaningful documents to send to policy experts or elected officials. During the legislative session we customize weekly legislative tracking reports in a format that is the most useful to the client. Additionally, all members of the team are available 24/7, whether by phone or email, to answer any questions our clients might have.

- *Proactive Legislation*

We research legislative ideas, draft legislation, secure legislative sponsors, build coalitions, and guide legislation through the lawmaking process. We are experienced at testifying and working with legislative counsel and staffs of both Republicans and Democrats to achieve our clients' goals. Our team has worked on some of the most difficult public policy issues facing Arizona.

- *Stakeholder Review*

We have extensive relationships in the business and advocacy communities, and we are able to evaluate policy plans of key stakeholder organizations. Our team facilitates discussions with local and federal government consultants, governmental associations like the League of Arizona Cities and Towns, conservative and progressive advocacy groups, environmental and transportation advocacy organizations, and business groups to assess their policy agendas as they relate either directly or indirectly to our clients' legislative agendas.

- *Budget Expertise*

The budget process in Arizona has become extremely challenging to track and lobby as many of the budget deals are made behind closed doors. Kutak Rock has worked successfully in this environment. We have deep relationships with key budget influencers, we follow issues from the beginning of the budget process to the end, and we are prepared to respond to last-minute proposals.

- *File Lobbying Reports*

If it is the client's preference, we can take responsibility for filing all relevant lobbying reports, including information on any reportable expenditures with the Secretary of State. As a law firm partnering with an experienced government affairs firm, we can ensure that these reports are completed accurately and in a timely manner.

- *Public Finance*

If a client needs to develop innovative capital funding ideas, we can bring our national-scale public finance expertise to bear. Kutak Rock has a significant public finance group based in Scottsdale, which is chaired by Ms. McGuire. She has worked with local governments and public agencies in drafting public finance legislation and currently serves as bond counsel for the Arizona Finance Authority, the Arizona Department of Transportation, and works frequently with Governor Ducey's Administration on public finance issues.

2. Approach to Scope of Services

- Provide consistent, "boots on the ground" representation of the Town of Queen Creek at the State Capitol during the Arizona Legislative Session.*

We provide the Town with "boots on the ground" expertise in Arizona-based Dr. Osborn, Mr. Romm, Ms. Kraham, Ms. McGuire and Mr. Lieberman and would plan to represent the Town at the State Capitol during the Arizona Legislative Session. We have the knowledge, experience and relationships critical to effective government relations, and a highly- collaborative team that will aggressively advocate on the Town's behalf. Kutak Rock's government and municipal relationships at all levels of government are unparalleled in the state of Arizona and we are committed to using our experience and relationships for the Town's full benefit.

- Strategize pathways for success for the execution of the Town's legislative and public policy priorities; including, but not limited to, general issues of municipal interest, shared revenues, transportation and water resources/infrastructure.*

Kutak Rock works closely with our clients to help facilitate discussions relating to the development of the client's annual or multi-year government affairs agenda, taking into consideration both immediate and

long-term goals/objectives as well as the local, legislative, and political climate. We provide clients with sound advice on strategic timing of legislative initiatives, positive and negative consequences of legislation, and how such activities are consistent or inconsistent with the client's priorities. In addition, our team can facilitate the development of government relations and public affairs plans to help large and small organizations build both the internal and external infrastructure required to be effective policy advocates.

- c. *Monitor, track and report on state legislation and regulatory matters impacting the Town and municipal government across all branches of State government, including attending relevant hearings and meetings.*

Kutak Rock has the capacity to track legislation and provide timely updates for clients. Our government affairs team actively tracks all relevant bills moving through the Legislature and provides timely information to effectively promote our clients' interests. By continually meeting with legislators, executive branch members, trade associations, stakeholders, and other representatives, we can anticipate the legislative initiatives and budget priorities before they are made public. When the Legislature is in session, we provide our clients with a weekly tracking report and regular briefings on an as-needed basis. Prior to session, we work with our clients to understand their priorities and help identify which bills need attention. Similarly, we work with the Governor's office, legislative leadership, and Appropriations Committee Chairs in both chambers to understand their budget priorities and how those priorities impact our clients' interests. It is important to understand the entire budget, not just the parts of the budget that directly impact our clients. We provide this broader perspective, which improves the effectiveness of efforts to improve the fiscal health and stability of our clients.

Kutak Rock will customize reports so they are easy to understand and relevant to our clients' needs, and we can assemble policy information that is tailored to specific areas of interest. We also assist clients in identifying viable bills that need attention. It makes little sense to waste resources on bills that are not going to move through the legislative process.

- d. *Seek legislative sponsors and advocate for/against proposed legislation consistent with the Town's legislative guiding principles and public policy priorities.*

Success in the legislative arena is measured not only by the strategic passage of legislation, but also by the effectiveness of your strategic defense—defeating harmful proposals, amending them in your favor, exempting the county out of the proposal, preempting efforts, or encouraging a change of heart. Whether pushing for the passage or defeat of legislation or policy initiative, Kutak Rock would leverage its relationships with decision makers and congressional or administration advocates to drive the Town's interests forward.

- e. *Prepare, submit, coordinate and deliver testimony to the State and other legislative bodies with appropriate supplemental issue briefs supporting the Town's stance on legislative/regulatory matters.*

We will seek and identify opportunities for the Town to testify on the Town's priority legislation. These opportunities will relate directly to your specific, near-term funding and policy objectives and may also be used for the more general purpose of bringing your reputation to the attention of the Congress to position your programs for future funding. Kutak Rock will prepare representatives of the Town for testimony on priority legislation or our firm will lend the testimony on the Town's behalf.

Because of our depth of knowledge about your issues, concerns, and proactive asks, when it becomes necessary for us to step in to testify, we will effectively bring forth your message to members of Congress. Each member of our team is experienced and very adept at speaking before congressional and administrative committees.

- f. Coordinate with relevant public and private organizations, including the League of Arizona Cities and Towns, in support of the advancement of the Town's public policy and legislative priorities and shared objectives.*

Kutak Rock has been recognized for our efforts to mobilize grassroots and grassroots movements and to build coalitions using the knowledge, skills, and experience across the firm. Under the current political environment, most complex and moderately complex legislation requires a combination of developing coalitions and the ability to mobilize impacted parties to increase the legislative awareness of a particular issue. Our team is frequently involved in developing coalitions among different levels of government as well as organizing community and business leaders to join together for a common objective. We work closely with our clients to identify the right stakeholders and assist to arrange the logistics of meetings, events, and similar forums to achieve a desired outcome or agenda.

- g. Liaison with the Office of the Governor on legislative and regulatory matters of importance to the Town.*

Our team has a strong relationship with the Governor's Office and staff. We commonly work on projects for our clients in which the Governor's Office is a crucial decisionmaker, and we have been successful with both Democrat and Republican administrations. Our relationships through the Governor's Office with the Chief of Staff, Deputy Chief of Staff, and relevant policy advisors on the legislative team, are strong, robust, and bipartisan.

- h. Provide regular on and off-session reports customized to the Town's needs. These may include legislative election reports, pre-session reports and post-session wrap-up reports.*

As a component of Kutak Rock's ongoing communication with regard to pending and proposed legislation and policy initiatives, we will provide detailed and comprehensive regular reporting of all matters of interest to and affecting the County, both on and off-session. We regularly provide clients with legislative election reports, pre-session reports and post-session wrap-up reports and would be happy to do so for the Town. We have included sample reports in Appendix D.

- i. On an as-needed basis, liaison with members or support staff of Arizona's Congressional delegation and/or federal officials.*

Kutak Rock/Nexus Consulting will develop a schedule for meetings with the appropriate personnel at federal agencies. We will prepare all briefing materials, schedule the meetings, and accompany you on these visits as appropriate. We will advise you on all necessary follow-up work to these meetings including letters, additional background information, telephone calls, further communications and subsequent meetings.

- j. Supplement the Town's team relative to federal policies/procedures in line with accomplishing the Town's public policy objectives and/or awareness of grant opportunities for funding of the Town's infrastructure.*

Our dedicated team is proud of its work and long history of advocating for Arizona interests (including several municipalities) and the many successes that we have helped our clients achieve. We have advocated

successfully for a variety of clients at the federal level to pass or amend legislation and to receive millions of dollars in federal appropriations funding and federal grant awards directly benefiting our clients in Arizona. We know both the appropriations and grant processes and how to use our contacts to put our clients in the best possible position for success.

k. Comply with all Arizona Revised Statutes regarding lobbying activities.

We are very familiar with the Arizona Revised Statutes regarding lobbying activities and confirm that we would comply with all.

l. Perform special assignments, as agreed to by both the Town and the consultant/firm, to support the Town in the performance of effective government relations services.

We understand that government relations encompass countless efforts and initiatives, including many not specifically stated in the RFP. We would be happy to discuss special assignments with the Town.

m. Assist the Town Council and leadership with relationship building with State Legislators at events such as the annual League of Arizona Cities and Towns conference.

We understand the importance of relationship building with State Legislators. One strategic lobbying and government relations tool we can implement is a Relationship Map that identifies key and emerging legislators and the level of relationship that is maintained with these individuals. The goal of the Relationship Map is to provide a master list of all policymakers and their relative influence and interest in matters impacting our clients. The map describes which staff, lobbyists, and stakeholders have the best relationship with a particular individual. If no relationship exists, a plan is developed to establish a relationship with that policymaker. Each member is evaluated on the relative level of influence and their intensity of support/opposition for our clients' interests. In addition, the Map includes information about the policymakers' policy interests. The Relationship Map can provide a foundation for our clients' outreach strategy and will help determine recommendations for the risks and opportunities through legislative action.

3. Communication

Kutak Rock will provide regular monitoring of the Legislature, the Executive branch, Corporation Commission, other administrative agencies, key stakeholders and policymakers' activity including the introduction of legislation and policy proposals. We will also make reports and presentations to the Intergovernmental Relations Manager and staff as needed. The Kutak Rock Government Affairs practice is centered around public policy advocacy and as a result we maintain a continual presence at the Capitol and with key policymakers and influencers. This constant presence will allow the Town to receive real time updates on policy action related to affordable housing policy. Our goal is to provide you with insights and intelligence about potential policy action before the action occurs to allow the Town the opportunity to review and react to proposed changes. During the legislative session, we will provide regular reports and communication in a format that best meets your needs. Kutak Rock uses an electronic bill tracking system and we will identify legislation that directly impacts the Town's interest.

4. Sample Reports

We have included the following sample documents in Appendix D:

- 2021 Arizona Legislative Preview
- 2021 Arizona Legislative Summary Report – AZ Property and Casualty Insurance Industry
- 2020 AZ General Election Review
- Town of Queen Creek 2019 Session Summary Report

5. Conflicts of Interest

Our firm completes a bi-level conflict of interest check before accepting any engagement. The attorney proposing a new engagement identifies the firm's potential clients and all persons who might be related to or adversely affected by the engagement and provides that information to a designated support staff person. The information is then checked against a computerized data base that contains all the firm's current and past engagements, and any common parties are identified. In addition, each day the firm electronically circulates a listing of all new matters and all related and adverse parties; each attorney and associated professional is required to review the list and note any possible conflicts. The proposed engagement is not accepted until the proposing attorney and his or her department chair determine that no potential conflict exists. If a conflict between clients arises after the firm has accepted the engagement, the firm proceeds as required by applicable professional standards, typically after consultation with all affected parties.

A check of the firm's comprehensive client matter records conducted during the preparation of this proposal turned did not turn up any matters in which the Town was listed as an adverse party. Moreover, we are not aware of any circumstance that would likely give rise to a conflict of interest between our representation of the Town and our representation of any current client in the event the Town selects our firm to serve as its government relations counsel.

Cost Proposal

We have included our cost proposal as Appendix E.

Required Forms

We have included the following completed forms in Appendix F:

- A. Authorization to Submit Response and Required Certifications
- B. Addendum Acknowledgement
- C. Organizational Information
- D. Firm and Key Personnel Licenses/Registration
- E. Exceptions to RFP Requirements and/or Contract Provisions
- F. Proprietary and/or Confidential Information
- G. W-9 Form/Taxpayer I.D. Number
- H. Legal Worker Certification
- I. Non-Collusion Affidavit
- J. Conflict of Interest Certification
- K. Anti-Lobbying Certification

- L. Certification Regarding Debarment, Suspension, Proposed Debarment, and other Responsibility Matters
- M. Insurance Requirements

Appendix A: Kutak Rock Client and Legislative References

ATTACHMENT 5: PAST PERFORMANCE REFERENCE FORM

Submitting Firm: Kutak Rock LLP

Submit at least three (3) references from current and/or past clientele. Information should include a description of provided services. Additionally, please include the name and contact information for two (2) former or current state officials with whom you/your firm has worked and who can speak to your experience and expertise in providing state government relations services.

Company Name: Blue Cross Blue Shield of Arizona

Contact Person: Charles Bassett, Vice President, Government Relations and Public Policy

Address: 2444 N. Las Palmaritas Drive, Phoenix, AZ 85021

Phone Number: (602) 864-4350

Email Address: charles.bassett@azblue.com

Solicitation/Project # (if applicable): _____

Budget: _____

Date of Completion: Ongoing

Brief Description (clearly identify similarities to the services being proposed in the Response):

State government affairs and public policy

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak Rock 2021 Contract)

ATTACHMENT 5: PAST PERFORMANCE REFERENCE FORM

Submitting Firm: Kutak Rock LLP

Submit at least three (3) references from current and/or past clientele. Information should include a description of provided services. Additionally, please include the name and contact information for two (2) former or current state officials with whom you/your firm has worked and who can speak to your experience and expertise in providing state government relations services.

Company Name: Nationwide Mutual Insurance Company

Contact Person: Angela Doss, Senior Director State Government Relations

Address: 8777 N. Gainey Center Drive #250, Scottsdale, AZ 85258

Phone Number: (480) 365-5414

Email Address: dossa@nationwide.com

Solicitation/Project # (if applicable): _____

Budget: _____

Date of Completion: Ongoing

Brief Description (clearly identify similarities to the services being proposed in the Response):

State government affairs and public policy

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak Rock 2021 Contract)

ATTACHMENT 5: PAST PERFORMANCE REFERENCE FORM

Submitting Firm: Kutak Rock LLP

Submit at least three (3) references from current and/or past clientele. Information should include a description of provided services. Additionally, please include the name and contact information for two (2) former or current state officials with whom you/your firm has worked and who can speak to your experience and expertise in providing state government relations services.

Company Name: RELX, Inc.

Contact Person: Gabby Reed, Government Affairs Manager, Rocky Mountain Region

Address: 1150 18th Street, SW, Suite 600, Washington, D.C. 20036

Phone Number: (202) 403-7893

Email Address: gabby.reed@relx.com

Solicitation/Project # (if applicable): _____

Budget: _____

Date of Completion: Ongoing

Brief Description (clearly identify similarities to the services being proposed in the Response):

State government affairs and public policy

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak Rock 2021 Contract)

ATTACHMENT 5: PAST PERFORMANCE REFERENCE FORM

Submitting Firm: Kutak Rock LLP

Submit at least three (3) references from current and/or past clientele. Information should include a description of provided services. Additionally, please include the name and contact information for two (2) former or current state officials with whom you/your firm has worked and who can speak to your experience and expertise in providing state government relations services.

Company Name: (Legislative Reference)

Contact Person: Senator David Livingston, Legislative District 22

Address: 1700 W. Washington, Phoenix, AZ 85007

Phone Number: (602) 926-4178

Email Address: dlivingston@azleg.gov

Solicitation/Project # (if applicable): _____

Budget: _____

Date of Completion: _____

Brief Description (clearly identify similarities to the services being proposed in the Response):

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak Rock 2021 Contract)

ATTACHMENT 5: PAST PERFORMANCE REFERENCE FORM

Submitting Firm: Kutak Rock LLP

Submit at least three (3) references from current and/or past clientele. Information should include a description of provided services. Additionally, please include the name and contact information for two (2) former or current state officials with whom you/your firm has worked and who can speak to your experience and expertise in providing state government relations services.

Company Name: (Legislative Reference)

Contact Person: Senator Karen Fann, Senate President, Legislative District 1

Address: 1700 W. Washington, Phoenix, AZ 85007

Phone Number: (602) 926-5874

Email Address: kfann@azleg.gov

Solicitation/Project # (if applicable): _____

Budget: _____

Date of Completion: _____

Brief Description (clearly identify similarities to the services being proposed in the Response):

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak Rock 2021 Contract)

Appendix B: Nexxus Consulting Past Representative Projects

Nexxus Consulting Past Representative Projects

As an example of our experience providing federal lobbying services to various clients the following is a list of projects relevant to the services requested by the Town of Queen Creek:

Rio de Flag Flood Control Project (Energy and Water Appropriations): Representing Flagstaff, Nexxus partners have successfully lobbied for more than \$30 million in federal funding for this flood control project. On behalf of the City, we have drafted and submitted testimony on the City's behalf and have drafted and successfully inserted legislative language to increase the authorization amount for the project from \$24 million to \$54 million and to its current \$102 million authorization.

State Route 347 Grade Separation Project: The Nexxus team worked with the City of Maricopa on a comprehensive plan to find funding from ADOT and the federal government. We advised Mayor Price to attend every ADOT State Transportation Board meeting over a period of five years and worked with the Board to find funding for this important project. Concurrently, we worked with our congressional delegation to fund the remainder of the project through the TIGER grant program. In June 2015, the State Transportation Board included the SR 347 Grade Separation Project on its Five-Year Plan for \$35.5 million. In October 2015, the federal government funded the project with a \$15 million TIGER grant. At the time, it was only the fourth TIGER grant to be funded in Arizona.

Expanded Office Space and New Buses for Northern Arizona Intergovernmental Public Transportation Authority (NAIPTA): In 2017, Nexxus worked with NAIPTA to secure \$13.95 million in funding from the 5339 program (Bus and Bus Facility) to expand administrative offices and secure new hybrid buses for the agency. NAIPTA has expanded from serving approximately 100,000 passengers in 2001 to more than 2.6 million passengers in 2018. This growth warranted new and expanded office space to accommodate new employees. With the exponential increase in ridership, it also necessitated the purchase of new larger capacity, articulated buses on popular routes that were leaving up to 1,000 passengers per month at bus stops because buses were full. With these new buses and office space, efficiencies were improved and ridership continues to increase year-over-year in a town of approximately 75,000 residents.

Camp Navajo: In 2008, the City of Flagstaff traded land with the BNSF Railroad to expand a bridge along Fourth Street. This railroad corridor is the only way to and from Camp Navajo Depot. As such, this line is critical to the success of the Depot. Unfortunately, the railroad land that the City acquired contained a reversionary clause that didn't transfer to the new existing rail line. The City was unaware of this reversionary interest in the land until 2014, which could have caused disruption to the munitions that are stored and shipped from Camp Navajo. Nexxus partners worked closely with Senator McCain, then-Chairman of the Senate Armed Services Committee, his staff and others to insert a provision in the National Defense Authorization Act (NDAA) that transferred the reversionary interest to the new parcel thus protecting Camp Navajo from disruption in the future.

Inner Basin Pipeline Reconstruction: In 2012, Nexxus partners worked with the Federal Emergency Management Agency (FEMA) and Arizona Department of Emergency Management (ADEM) to secure reimbursement funding of nearly \$4 million to reconstruct the pipeline and provide a dependable and sustainable water source for Flagstaff. We also worked closely with the Forest Service to successfully waive NEPA requirements for a portion of the project that was located on federal land and could have needlessly delayed reconstruction for several years. The negotiations involved visits from top FEMA officials from the Region IX office in San Francisco and visits to top agency officials in Washington, DC.

Coconino County/Forest Health: As part of the Secure Rural Schools (SRS) law, Congress created Resource Advisory Councils (RAC) to allow local participation in doling out federal dollars to local national forests. The Coconino Forest RAC has received approximately \$300,000 annually. Because of stringent rules, the RAC hasn't been able to meet the quorum requirements, which has resulted in lost funding and potential opportunities for the County. Nexxus worked with the Forest Service and successfully obtained a waiver to allow for an additional year to use those funds.

Additionally, because of the dysfunction of the RACs, Nexxus worked with the House and Senate Agriculture and Natural Resources Committees to pursue legislation to reform RACs to make them functional. Among other reforms, it reduced the size of the RACs from 15 members to 9 and allows the Regional Forester to appoint members to the RAC, instead of headquarters in Washington. This language was part of a broader forest health bill, H.R. 2898, that passed the House and was added to the 2018 Farm bill.

Lower Santa Cruz River Watershed: On behalf of the City of Maricopa, Nexxus began working on a solution to the Lower Santa Cruz River watershed in November 2009 when then-Mayor Smith sent a letter to Los Angeles District Corps Commander, Colonel Magness, requesting a reconnaissance study for the project. In the FY 2012 Energy and Water Appropriations bill, the FPMS study was funded by the Corps to begin initial studies of the flood plain. In FY 2013, the Lower Santa Cruz River watershed project became one of only nine "new starts" across the U.S. We continue to work with our congressional delegation to fund this important project. Since 2014, the project has received \$2.42 million.

Avondale Wastewater Treatment Facility Expansion: The Environmental Protection Agency (EPA) mandates expansion of a wastewater treatment facility when it reaches 90 percent capacity. Because of this unfunded mandate, Nexxus successfully lobbied for federal funding to complete the required expansion through the State and Tribal Assistance Grant (STAG) program. The lobbying effort included enlisting support from various Members of the Arizona Congressional Delegation, the Environmental Protection Agency (EPA) and State and Tribal Assistance Grant (STAG) program office, as well as the House and Senate Appropriations Committee and Subcommittee on VA, HUD, EPA and Independent Agencies.

The three most relevant, completed projects include the Rio de Flag Flood Control Project, the State Route 347 Grade Separation Project and the NAIPTA Office Expansions and Bus Procurement Project.

Rio de Flag Flood Control Project (Energy and Water Appropriations):

PROJECT BACKGROUND: A large flood could displace nearly half of Flagstaff’s approximately 75,000 residents. It is estimated that approximately 1,500 structures valued at more than \$950 million could be destroyed by a catastrophic flood, including Northern Arizona University and the Burlington Northern and Santa Fe Railway. The project is critical to the City’s safety, economic growth and prosperity.

FUNDING HISTORY:

- Fiscal Year 2002 – \$750,000 (sponsored/supported by Congressmen Hayworth, Pastor, and Senator Kyl)
- Fiscal Year 2003 – \$1 million
- Fiscal Year 2004 – \$3.5 million (sponsored/supported by Congressmen Renzi, Pastor, and Senator Kyl)
- Fiscal Year 2005 – \$3.5 million
- Fiscal Year 2006 – \$4 million
- Fiscal Year 2007 – \$5.486 million
- Fiscal Year 2008 – \$1.69 million
- Fiscal Year 2009 – \$1.5 million
- Fiscal Year 2010 – \$3.003 million (sponsored/supported by Representatives Kirkpatrick and Pastor)
- Fiscal Year 2012 - \$2.5 million (sponsored/supported by Congressmen Gosar and Pastor)
- Fiscal Year 2014 – \$1.6 million
- Fiscal Year 2016 – \$1.25 million
- Fiscal Year 2017 – \$1 million
- Fiscal Year 2018 – \$1.3 million
- Fiscal Year 2020 – \$52 million
- TOTAL = \$84,079,000**

DESCRIPTION OF WORK: Lobbied Members of the Arizona Congressional delegation, the House and Senate Appropriations Committee and Subcommittee on Energy and Water, Army Corps of Engineers and the Office of Management and Budget (OMB) to fight for funding this flood control project. We also drafted and submitted testimony on the City’s behalf and drafted and successfully inserted legislative language to increase the authorization amount for the project from \$24 million to \$54 million and to its current \$102 million authorization. The project is currently in its final phase.

PROJECT DATE – June 2001 to Present
PROFESSIONAL STAFF: Bob Holmes and Ana Ma

CONTACT: Coral Evans
Mayor
211 W Aspen Avenue
Flagstaff, AZ 86001
928.600.6104

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock 2021 Contract

State Route 347 Grade Separation Project

PROJECT BACKGROUND: SR-347 is Maricopa’s “Main Street” and is the area's primary north-south corridor and most direct route to the Phoenix area. Originally paved in the 1950's, the roadway was upgraded to a five-lane facility in the early 1990's, when the population of Maricopa and surrounding communities was less than 1,000 people. The 2010 Census estimated the City of Maricopa population at 43,486 with 4,081% growth since 2000 and it continues to grow. The Union Pacific Rail Road’s (UPRR) Sunset Line crosses SR-347 in the center of the Maricopa community. The Sunset Line is one of UPRR's key transcontinental freight corridors and currently over 60 trains per day pass through the UPRR/SR-347 intersection at speeds in excess of 50 mph through Maricopa. Couple this with the fact that 35,000 cars pass this grade separation each day and there have been six fatalities at the grade separation over the last 20 years, it was time to ensure the safety of this growing city with a safe and economic overpass.

FUNDING HISTORY:

Fiscal Year 2016 -- \$35.5 million (ADOT – Five-Year Transportation Plan)

Fiscal Year 2016 -- \$15 million (TIGER grant)

TOTAL = \$50,500,000

CONTACT: Christian Price
 Mayor
 39700 West Civic Lane
 Maricopa, Arizona 85138
 520.316.6803

DESCRIPTION OF WORK: The Nexxus team worked with the City on a comprehensive plan to find funding from ADOT and the federal government. On the advice of Nexxus, Mayor Price attended every ADOT State Transportation Board meeting over a period of five years and worked with the Board to find funding for this important project. Concurrently, we worked with our congressional delegation to fund the remainder of the project through the TIGER grant program. Every member of the Arizona congressional House delegation – Republican and Democrat – signed a letter of support for the project. In June 2015, the State Transportation Board included the SR 347 Grade Separation Project on its Five-Year Plan for \$35.5 million. In October 2015, the federal government funded the project with a \$15 million TIGER grant. At the time, it was only the fourth TIGER grant to be funded in Arizona.

This was a project in which we turned a failure into a success and how we learned through failure to make the project successful through the seven unsuccessful applications we made for a TIGER grant.

As Pinal County’s second largest and fastest growing city, Maricopa was desperately pursuing a federal, state and local strategy to fund a proposed \$50 to \$60 million grade separation project where Union Pacific’s double tracked Sunset line crosses through the heart of the City and literally divides it in two.

In 2009, Nexxus was hired to help navigate the solution after years of unsuccessful prodding by the City. Shortly after hiring Nexxus, the fiscal year 2011 Transportation Appropriations bill included \$250,000 for the initial design of this project. When Congress reconvened in January 2011, Congress banned earmarks and the funding disappeared.

Undeterred, Nexxus pursued federal grants for this project and centered in on the newly created Transportation Investment Generating Economic Recovery (TIGER) grant program. In 2011, we submitted our first grant application and weren't a finalist. Instead of giving up, we met with and participated in phone conferences with the Department of Transportation's grant reviewers to learn how we could make our application stronger.

The following year, the Arizona Department of Transportation told us that they couldn't fund a project where the environmental reviews hadn't been cleared. The federal government stated that they couldn't conduct the environmental reviews without funding. It was the classic chicken and the egg scenario.

We arranged a meeting between City officials, Victor Mendez, former ADOT Director and then-Federal Highway Administration (FHWA) Administrator to help resolve this situation. He ordered his team, including FHWA State Director Karla Petty and ADOT Director John Halikowski, to begin environmental reviews on the project.

While work on the environmental reviews began, Nexxus outlined a strategy for the City to ensure the project's success. At our urging, we suggested that the Mayor (and staff) attend every ADOT State Transportation Board meeting held monthly to push this project onto the State's Five-Year Plan. To this day, Mayor Price hasn't missed an ADOT Board meeting and is one of the most influential non-Board members. Our plan also included gathering local, community, state, regional, and congressional support for the project.

Despite failing to receive a TIGER grant in 2012, the City was gradually increasing its chances of success. In 2013, for the first time, Maricopa's State Route 347 became a finalist for a TIGER grant. During this time, we continued participating in phone conferences with the grant reviewers to learn ways in which we can improve our chances of receiving a grant. We learned from our mistakes and resolved to improve our grant every year.

In 2014, we submitted a TIGER grant application and a letter of support from all nine members of the Arizona congressional House delegation. It is very rare when the entire congressional delegation – Democrat and Republican – signs a letter of support for a particular project, but it proved the depth of support we were building for this project.

In 2015, with Nexxus's help, the City was able to secure \$35.5 million in the State's Five-Year Plan. We also received a commitment that the expedited Environmental Assessment (EA) would be completed by the end of the year. When we applied for a TIGER grant, we worked for six years to complete everything that was tasked of us. In October 2015, Maricopa was rewarded with a \$15 million TIGER grant as a culmination of its hard work and persistence.

The key was perseverance. Despite numerous setbacks and failures, Nexxus and the City fought for this grant every year despite repeated setbacks and, at the end of the day, won hard fought ADOT and federal dollars for the City and its resident's benefit.

As you may know, in November 2017, ADOT broke ground for the State Route 347 grade separation project. It was opened to the public in July 2019 and will alleviate traffic congestion along this busy corridor that approximately 35,000 cars per day pass over and spur economic development in this growing area of the County.

Landing a TIGER grant was a monumental task. Here are some important facts about TIGER VI (2015), which outlines the very competitive nature of the program.

1. 39 projects in 34 states received the \$500 million in funding.
2. The Department received 627 eligible applications from 50 states and several U.S. territories, including Tribal governments, requesting 20 times the \$500 million available for the program, or \$10.1 billion for needed transportation projects.
3. The State Route 347 grade separation project is the Department's featured project under its safety section and in its press release. <http://www.transportation.gov/briefing-room/secretary-foxx-announces-500-million-in-39-tiger-grants>
4. 43 percent of the awards were to rural (vs. urban) recipients, which is the highest total ever (17 total rural projects vs. 22 urban projects).
5. The grade separation is the 11th highest funded project overall at \$15 million and 5th largest rural project of the 39 projects that received funding in this round of TIGER.
6. The largest TIGER award was \$25 million and the smallest award was \$1 million.
7. The average award was approximately \$12.8 million.
8. 31 of the 39 projects received between \$10 and \$20 million.

At Nexxus, we pride ourselves on success and we strive for it every day. Nevertheless, we have learned valuable lessons from our setbacks that inspire us to become more creative, more innovative and harder working for our clients. This is but one example of the persistence and perseverance we will provide to the City of Douglas should we represent you.

PROJECT DATE: July 2009 through June 2016

PROFESSIONAL STAFF: Bob Holmes

NAIPTA Office Expansion and Bus Procurement project:

PROJECT BACKGROUND: When NAIPTA was formed in 2001, only 100,000 passengers rode public transit. When Nexxus was hired to help the growing transit agency in 2011, just over 1,000,000 passengers rode the bus system. Since then, Nexxus has helped the agency acquire over \$30 million in federal and state funding to increase the capacity of its bus barn from four buses to 25 buses with a \$10 million federal grant, build and expand its administrative offices and acquire additional buses for its growing system. Since 2011, ridership has increased by more than 150 percent to 2.7 million riders. Two of the reasons for this huge increase was \$2 million in funding for five new articulated hybrid buses in 2015 and approximately \$14 million

for new administration office space and buses in 2017.

FUNDING HISTORY:

Fiscal Year 2015 -- \$2,202,522 (hybrid buses)

Fiscal Year 2017 – \$13.95 million (multi-modal hub/additional administrative offices/buses)

TOTAL = \$16,152,522

CONTACT: Erika Mazza
 CEO and General Manager
 NAIPTA
 3773 N Kaspar Dr
 Flagstaff, AZ 86001
 928.699.8914

DESCRIPTION OF WORK: In 2015, it became apparent that NAIPTA was losing passengers because of the lack of frequency on its most popular bus routes and the fact that buses were reaching capacity. Nexxus worked closely with the transit agency to determine a strategy to rectify this. Newer, larger articulated buses added to this route would allow NAIPTA to increase frequency and passenger loads. Nexxus worked closely with our representatives – Congressmen O’Halloran and Gosar – to secure a letter of support for a 5339 grant (Bus and Bus Facility Grant program). We also worked with the Federal Transit Administration (FTA) and the Arizona Department of Transportation (ADOT) to secure support and funding for this project. The successful outcome of this grant resulted in five new articulated buses that allowed for increased frequency on popular routes and increased capacity on buses. This also helped to increase ridership by more than 100,000 passengers in one year.

Similarly, because of large growth in the system and an influx of new employees to handle this growth, it became necessary to add critical new office space and more buses to increase efficiency and service to City residents. With the help of Nexxus, NAIPTA was awarded \$13.95 million to add these critical components to the system. With added office space for increased staff and new buses, NAIPTA saw a huge year-over-year increase of more than 300,000 additional riders in 2018. Before the addition of new buses, NAIPTA was leaving up to 1,000 riders a day at bus stops because of a lack of space on the bus. With larger capacity articulated buses and added frequency on the system’s most popular routes, there were substantial increases in ridership that continue to today.

PROJECT DATE: June 2015 through September 2017

PROFESSIONAL STAFF: Bob Holmes

Appendix C: Nexus Consulting Client and Legislative References

ATTACHMENT 5: PAST PERFORMANCE REFERENCE FORM

Submitting Firm: Kutak Rock LLP (Nexus Consulting Reference)

Submit at least three (3) references from current and/or past clientele. Information should include a description of provided services. Additionally, please include the name and contact information for two (2) former or current state officials with whom you/your firm has worked and who can speak to your experience and expertise in providing state government relations services.

Company Name: City of Maricopa, Arizona

Contact Person: Christian Price, Mayor

Address: 39700 W Civic Center Plaza, Maricopa, AZ 85138

Phone Number: (520) 316-6803

Email Address: Christian.price@maricopa-az.gov

Solicitation/Project # (if applicable): _____

Budget: _____

Date of Completion: _____

Brief Description (clearly identify similarities to the services being proposed in the Response):

Secured \$35.5 million in state funds and \$15 million in a TIGER
grant to build the State Route 347 grade separation project that split
the City in two.

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak Rock 2021 Contract)

ATTACHMENT 5: PAST PERFORMANCE REFERENCE FORM

Submitting Firm: Kutak Rock LLP (Nexus Consulting Reference)

Submit at least three (3) references from current and/or past clientele. Information should include a description of provided services. Additionally, please include the name and contact information for two (2) former or current state officials with whom you/your firm has worked and who can speak to your experience and expertise in providing state government relations services.

Company Name: Northern Arizona Intergovernmental Public Transportation Authority (NAIPTA)

Contact Person: Heather Dalmolin, CEO & General Manager

Address: 377 N. Kaspar Drive, Flagstaff, AZ 86004

Phone Number: (928) 699-8914

Email Address: hdalmolin@naipta.az.gov

Solicitation/Project # (if applicable): _____

Budget: _____

Date of Completion: _____

Brief Description (clearly identify similarities to the services being proposed in the Response):

Secured federal funding for two important projects in this timeframe:

1) \$13.95 million for a multi-modal hub, additional administrative offices

and articulated buses to carry additional passengers; and 2) \$17.25 million

in a Bus and Bus Facility grant for the Downtown Connection Center and

additional electric buses for the fleet. 3) In addition, we helped NAIPTA obtain \$7.3 million in CARES Act funding.

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak Rock 2021 Contract)

ATTACHMENT 5: PAST PERFORMANCE REFERENCE FORM

Submitting Firm: Kutak Rock LLP (Nexus Consulting Reference)

Submit at least three (3) references from current and/or past clientele. Information should include a description of provided services. Additionally, please include the name and contact information for two (2) former or current state officials with whom you/your firm has worked and who can speak to your experience and expertise in providing state government relations services.

Company Name: Coconino County

Contact Person: Matt Ryan, Chairman, Coconino County Board of Supervisors

Address: 219 E. Cherry Ave., Flagstaff, AZ 86001

Phone Number: (928) 640-7287

Email Address: myran@coconino.az.gov

Solicitation/Project # (if applicable): _____

Budget: _____

Date of Completion: _____

Brief Description (clearly identify similarities to the services being proposed in the Response):

Nexus partnered with the County to reform Resource Advisory Cour 3
(RACs), which allow localities to form partnership organizations to dole out
federal funds in heavily forested regions to ensure local input in decisions.
RACs became dysfunctional organizations that were not meeting their goa
because of federal constraints. Ultimately, on behalf of the County, our ref
proposal was rolled into the Farm bill that became law and has allowed RA
to function more effectively. More recently, Nexus helped the County recei
more than \$6 million in CARES Act funding.

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak Rock 2021 Contract)

ATTACHMENT 5: PAST PERFORMANCE REFERENCE FORM

Submitting Firm: Kutak Rock LLP (Nexus Consulting Reference)

Submit at least three (3) references from current and/or past clientele. Information should include a description of provided services. Additionally, please include the name and contact information for two (2) former or current state officials with whom you/your firm has worked and who can speak to your experience and expertise in providing state government relations services.

Company Name: (Legislative Reference)

Contact Person: Congressman Andy Biggs

Address: 171 Cannon House Office Building, Washington, DC 20515

Phone Number: 202.225.2541

Email Address: _____

Solicitation/Project # (if applicable): _____

Budget: _____

Date of Completion: _____

Brief Description (clearly identify similarities to the services being proposed in the Response):

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak Rock 2021 Contract)

ATTACHMENT 5: PAST PERFORMANCE REFERENCE FORM

Submitting Firm: Kutak Rock LLP (Nexus Consulting Reference)

Submit at least three (3) references from current and/or past clientele. Information should include a description of provided services. Additionally, please include the name and contact information for two (2) former or current state officials with whom you/your firm has worked and who can speak to your experience and expertise in providing state government relations services.

Company Name: (Legislative Reference)

Contact Person: Senator Kyrsten Sinema

Address: 317 Hart Senate Office Building, Washington, DC 20510

Phone Number: 202.224.4521

Email Address: _____

Solicitation/Project # (if applicable): _____

Budget: _____

Date of Completion: _____

Brief Description (clearly identify similarities to the services being proposed in the Response):

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak Rock 2021 Contract)

Appendix D: Sample Reports

2021 AZ Legislative Session Preview

January 2021



Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak

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55th Arizona State Legislature Set to Convene

The 55th Arizona State Legislature will convene on Monday, January 11th with Governor Doug Ducey set to deliver his 7th State of the State address before a joint House and Senate legislative floor session. The Governor will layout his accomplishments over the last six years and outline his agenda for his remaining two years in office.

Despite the pandemic, revenue collections for the state are surprisingly higher than anticipated. Legislative budget analysts believe that the state could end the 2022 fiscal year with an excess of \$800 million in the bank, in addition to \$1 billion in the state’s rainy day fund. However, due to the uncertainty about the economy, as it relates to COVID-19, lawmakers are expected to remain fairly cautious when it comes to any major spending measures.

Some legislative members have floated the possible idea of once again passing a “skinny budget” that will essentially retain baseline spending levels from the previous fiscal year and adjourn the session as early as possible; however, leadership remains hopeful that the safety protocols they have put in place will be able to mitigate risks and allow for a full legislative session with no disruptions.

All legislative activity this session will continue to be super politically charged. Republicans are currently holding onto small margins in both the House (1 seat) and Senate (1 seat). Even the smallest legislative issue will have the potential to become a political football. If just one Republican lawmaker is incapacitated, the partisan math changes dramatically. At that stage, lawmakers will be forced to make a rare demonstration of bipartisanship, or more likely, policymaking will grind to a halt.

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak

2021 Major Issues

1 COVID-19 Response

- Protecting businesses from COVID-19-related lawsuits will be the business community's top legislative priority.
- Several Republican lawmakers will look to strip Governor Ducey of the broad powers he assumed when he declared a state of emergency back in March.
- As a follow up to his Executive Order, Governor Ducey will be pushing for permanent payment parity for telemedicine.
- As a follow up to the Governor's Executive Order, the liquor industry will be looking to make permanent the ability for on-premise retailers to sell alcoholic beverages for off-premise consumption.
- In addition to the recent federal aid, legislators will look to provide further assistance and relief for struggling Arizona renters and landlords.
- The Legislature will be tasked with distributing COVID-19 relief funds to assist K-12 schools and universities with reopening and provide financial assistance to childcare and other early childhood education centers.
- The Legislature may also consider efforts to increase unemployment insurance benefits with Republicans looking to gradually increase benefits over time while paying off any trust debt.

2 Election Reform

- Republican lawmakers plan to introduce a number of bills that will regulate ballot by mail voting and toughen the existing ballot harvesting law.
- Senate Elections Chair, Michelle Ugenti-Rita will introduce legislation to prohibit voters from dropping off mail-in ballots at polling places.
- Ugenti-Rita also plans to address the list of voters who are permanently registered to vote by mail by eliminating those who do not vote in four successive elections.

3 Criminal Justice Reform

- Arizona has the fifth highest imprisonment rate in the nation.
- The 55th Arizona Legislature will consider a number of proposals which include reducing sentences for low-level felony offenders, additional funding for educational and rehabilitative programs, and eliminating the requirement that prisoners must be functionally literate to qualify for time off.
- Other potential options include establishing public-private partnerships to help current inmates re-enter society, prohibiting the use of drug offenses as prior offenses for the purposes of sentencing someone convicted of a non-drug offense to a longer prison term and the creation of a citizen oversight board for the Department of Corrections.

2021 Major Issues (continued)

4 Expansion of Gaming

- Arizona is one of 28 states that have not passed legislation legalizing gambling on sports online or in-person.
- Arizona will begin seriously discussing legalizing sports betting early in 2021 and it is almost certain that online wagering will be a forefront issue.
- Recent legislative efforts have fallen short because the tribes are concerned that they will lose their sovereignty when it comes to gaming and they do not want to rely on the state for approval of their operations; however, the Gaming Compact is set to expire in 2022 and the Legislature is expected to renegotiate and modernize gaming operations in the state.

5 2022 Budget

- Despite the pandemic, revenue collections have been much higher than anticipated.
- The Joint Legislative Budget Committee is projecting a surplus of over \$800M for FY 2022.
- Senate President Fann has indicated that legislators may try to revive some one-time spending initiatives from 2020.
- However, due to remaining uncertainty about the economy, as it relates to COVID-19, lawmakers are expected to be fairly conservative when it comes to new spending measures.

6 2020 Unfinished Business

- Legislative leadership will look to fast track a number of bills that failed to pass last session because of COVID-19.
- Many of these bills will be prioritized early on in the first few weeks of the legislative session.
- Most of these bills are noncontroversial and should receive bipartisan support.

2021 Legislative COVID-19 Safety Protocols

- Anyone who enters the House and Senate buildings must have their temperature checked and wear a mask at all times.
- Anyone who is sick or has knowingly been exposed to COVID-19 is prohibited from entering the building.
- Individuals must observe 6 feet of social distancing when possible and refrain from any handshakes or any physical contact during committee hearings and legislative gatherings.
- The Senate and the House will allow visitors, but only to attend scheduled meetings with lawmakers or staff, or to attend committee hearings.
- Visitors will only be allowed in 10 minutes before hearings, and must leave the building immediately after it's over.

Key Session Dates & Deadlines

January 2021

Monday, 1/11 – Session Begins

Thursday 1/14 – House 7-bill Introduction Limit Begins at 5:00 p.m.

Tuesday 1/19 – Senate Bill Request Deadline (5:00 p.m.)

Monday 1/28 – Senate Bill Intro Set Preparation Deadline (5:00 p.m.) / House Bill Request Deadline (5:00 p.m.)

February 2021

Monday 2/1 – Senate Bill Introduction Deadline (5:00 p.m.)

Friday 2/5 – House Bill Intro Set Preparation Deadline (5:00 p.m.)

Monday 2/8 – House Bill Introduction Deadline (5:00 p.m.)

Friday 2/19 – Last Day to Hear Senate Bills in Senate Committees / Last Day to Hear House Bills in House Committees

March 2021

Friday 3/26 – Last Day to Hear Senate Bills in House Committees / Last Day to Hear House Bills in Senate Committees

April 2021

Friday 4/16 – Last Day for Conference Committees (By House and Senate Rule)

Tuesday 4/17 – 100th Day of Session (Target Sine Die Date)

Members of the 55th Arizona State Legislature

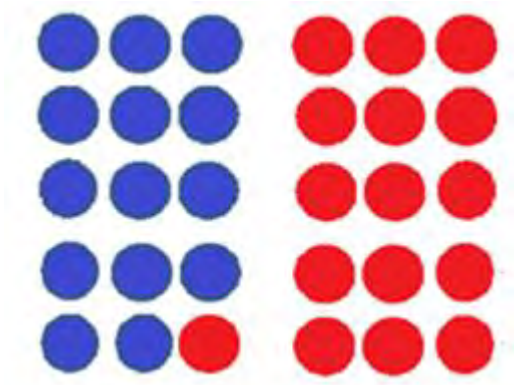
LD 1	LD 7	LD 13	LD 19	LD 25
President Karen Fann (R) Rep. Judy Burges (R) Rep. Quang Nguyen (R)	Sen. Jamescita Peshlakia (D) Rep. Arlando Teller (D) Rep. Myron Tsosie (D)	Sen. Sine Kerr (R) Rep. Timothy Dunn (R) Rep. Joanne Osborne (R)	Sen. Lupe Contreras (D) Rep. Diego Espinoza (D) Rep. Lorenzo Sierra (D)	Sen. Tyler Pace (R) Speaker Rusty Bowers (R) Rep. Michelle Udal (R)
LD 2	LD 8	LD 14	LD 20	LD 26
Sen. Rosanna Gabaldon (D) Rep. Andrea Dalessandro (D) Rep. Daniel Hernandez (D)	Sen. T.J. Shope (R) Rep. Frank Pratt (R) Rep. David Cook (R)	Sen. David Gowan (R) Rep. Gail Griffin (R) Rep. Becky Nutt (R)	Sen. Paul Boyer (R) Rep. Judy Schwiebert (D) Rep. Shawna Bolick (R)	Sen. Juan Mendez (D) Rep. Melody Hernandez (D) Rep. Athena Salman (D)
LD 3	LD 9	LD 15	LD 21	LD 27
Sen. Sally Ann Gonzales (D) Rep. Andres Cano (D) Rep. Alma Hernandez (D)	Sen. Victoria Steele (D) Rep. Randall Friese (D) Rep. Pamela Powers Hannley (D)	Sen. Nancy Barto (R) Rep. Steve Kaiser (R) Rep. Justin Wilmeth (R)	Sen. Rick Gray (R) Rep. Beverly Pingerelli (R) Rep. Kevin Payne (R)	Sen. Rebecca Rios (D) Rep. Reginald Bolding (D) Rep. Diego Rodriguez (D)
LD 4	LD 10	LD 16	LD 22	LD 28
Sen. Lisa Otondo (D) Rep. Charlene Fernandez (D) Rep. Joel John (R)	Sen. Kirsten Engel (D) Rep. Stephanie Stahl Hamilton (D) Rep. Domingo DeGrazia (D)	Sen. Kelly Townsend (R) Rep. Jacqueline Parker (R) Rep. John Fillmore (R)	Sen. David Livingston (R) Rep. Ben Toma (R) Rep. Frank Carroll (R)	Sen. Christine Marsh (D) Rep. Kelli Butler (D) Rep. Aaron Lieberman (D)
LD 5	LD 11	LD 17	LD 23	LD 29
Sen. Sonny Borrelli (R) Rep. Regina Cobb (R) Rep. Leo Biasiucci (R)	Sen. Vince Leach (R) Rep. Mark Finchem (R) Rep. Bret Roberts (R)	Sen. J.D. Mesnard (R) Rep. Jeff Weninger (R) Rep. Jennifer Pawlik (D)	Sen. Michelle Ugenti-Rita (R) Rep. Joseph Chaplik (R) Rep. John Kavanagh (R)	Sen. Martin Quezada (D) Rep. Richard Andrade (D) Rep. Cesar Chavez (D)
LD 6	LD 12	LD 18	LD 24	LD 30
Sen. Wendy Rogers (R) Rep. Brenda Barton (R) Rep. Walter Blackman (R)	Sen. Warren Petersen (R) Rep. Doug Hoffman (R) Rep. Travis Grantham (R)	Sen. Sean Bowie (D) Rep. Mitzi Epstein (D) Rep. Jennifer Jermaine (D)	Sen. Lela Alston (D) Rep. Jennifer Longdon (D) Rep. Amish Shah (D)	Sen. Tony Navarrete (D) Rep. Robert Meza (D) Rep. Raquel Teran (D)

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak

AZ Senate

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Democrats

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Republicans



AZ Senate Majority Leadership



President Karen Fann (R)



Majority Leader Rick Gray (R)



Majority Whip Sonny Borrelli (R)

Senator Karen Fann (R-Prescott) will continue to serve as Senate President for another two-year term. Additionally, Senator Rick Gray (R-Peoria) will continue in his role as the Senate Majority Leader and Senator Sonny Borrelli (R-Lake Havasu City) will remain the Senate Majority Whip. Despite early rumblings of a possible challenge, the Senate GOP leadership team was unanimously reelected.

AZ Senate Minority Leadership



Minority Leader Rebecca Rios (D)



Assistant Minority Leader Lupe Contreras (D)



Minority Co-Whip Martin Quezada (D)



Minority Co-Whip Victoria Steele (D)

Senator Rebecca Rios (D-Tucson) will replace retiring Senator David Bradley, as the next Senate Minority Leader. Rios was unopposed for the position after Senator Lela Alston (D-Phoenix) decided against running. She is no stranger to legislative leadership, previously serving as Minority Leader in the House, just a few years ago. Senator Lupe Contreras (D-Glendale) will remain the assistant minority leader, while Senators Martin Quezada (D-Phoenix) and Victoria Steele (D-Tucson) are the new co-whips. They replace Senators Lisa Otondo (D-Tucson) and Jamescita Peshlakai (D-Tuba City).

Meet the Freshman Senate Members in the 55th AZ Legislature

District	New Member
LD-02	Rosanna Gabaldon (D)*
LD-06	Wendy Rogers (R)
LD-08	T.J. Shope (R)*
LD-10	Kirsten Engel (D)*
LD-12	Warren Petersen (R)*^
LD-15	Nancy Barto (R)*^
LD-16	Kelly Townsend (R)*
LD-28	Christine Marsh (D)

* Currently a member of AZ House

^ Former senator returning to the chamber

Senate Standing Committees

Senate Appropriations

(Meets on Tuesdays at 2PM)

- Senator David Gowan (R) -Chair
- Senator Vince Leach (R) -Vice Chair
- Senator Sine Kerr (R)
- Senator David Livingston (R)
- Senator Kelly Townsend (R)
- Senator Michelle Ugenti-Rita (R)
- Senator Lela Alston (D)
- Senator Lisa Otondo (D)
- Senator Sean Bowie (D)
- Senator Tony Navarrete (D)

Senate Commerce

(Meets on Wednesdays at 2PM)

- Senator. J.D. Mesnard (R) -Chair
- Senator Michelle Ugenti-Rita (R) -Vice Chair
- Senator Sonny Borrelli (R)
- Senator David Livingston (R)
- Senator Tyler Pace (R)
- Senator Tony Navarrete (D)
- Senator Jamescita Peshlakai (D)
- Senator Rosanna Gabaldon (D)
- Senator Sean Bowie (D)

Senate Education

(Meets on Tuesdays at 2PM)

- Senator Paul Boyer (R) - Chair
- Senator T.J. Shope (R) - Vice Chair
- Senator Nancy Barto (R)
- Senator Rick Gray (R)
- Senator Tyler Pace (R)
- Senator Sally Ann Gonzales (D)
- Senator Jamescita Peshlakai (D)
- Senator Christine Marsh (D)

Senate Finance

(Meets on Wednesdays at 9AM)

- Senator David Livingston (R) - Chair
- Senator Vince Leach (R) - Vice Chair
- Senator Paul Boyer (R)
- Senator J.D. Mesnard (R)
- Senator Warren Petersen (R)
- Senator Michelle Ugenti-Rita (R)
- Senator Sean Bowie (D)
- Senator Lela Alston (D)
- Senator Kirsten Engel (D)
- Senator Juan Mendez (D)

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak

Senate Government

(Meets on Monday at 2PM)

- Senator Michelle Ugenti-Rita (R) - Chair
- Senator Kelly Townsend (R) - Vice Chair
- Senator Sonny Borrelli (R)
- Senator J.D. Mesnard (R)
- Senator Warren Petersen (R)
- Senator Juan Mendez (D)
- Senator Martin Quezada (D)
- Senator Jamescita Peshlakai (D)

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak

Senate Health & Human Services

(Meets on Wednesday at 9AM)

- Senator Nancy Barto (R) - Chair
- Senator Tyler Pace (R) - Vice Chair
- Senator Wendy Rogers (R)
- Senator T.J. Shope (R)
- Senator Kelly Townsend (R)
- Senator Tony Navarrete (D)
- Senator Sally Ann Gonzales (D)
- Senator Rosanna Gabaldon (D)

Senate Judiciary

(Meets on Thursday at 9AM)

- Senator Warren Petersen (R) - Chair
- Senator Wendy Rogers (R) - Vice Chair
- Senator Nancy Barto (R)
- Senator Sonny Borrelli (R)
- Senator Vince Leach (R)
- Senator Kirsten Engel (D)
- Senator Lupe Contreras (D)
- Senator Martin Quezada (D)

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak

Senate Natural Resources, Energy & Water

(Meets on Wednesday at 2PM)

- Senator Sine Kerr (R) - Chair
- Senator T.J. Shope-Vice Chair
- Senator David Gowan
- Senator Rick Gray
- Senator Wendy Rogers
- Senator Lisa Otondo
- Senator Victoria Steele
- Senator Kirsten Engel
- Senator Juan Mendez

Senate Rules Committee

(Meets on Monday at 1PM)

- Senator Karen Fann (R) - Chair
- Senator Rick Gray (R) - Vice-Chair
- Senator Sonny Borrelli (R)
- Senator Vince Leach (R)
- Senator Martin Quezada (D)
- Senator Rebecca Rios (D)
- Senator Lela Alston (D)

Senate Transportation & Public Safety

(Meets on Monday at 2PM)

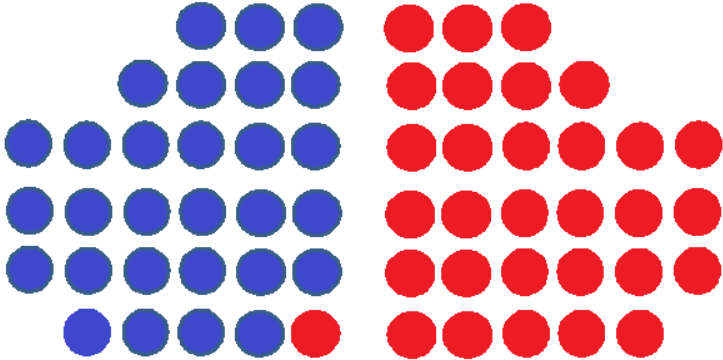
- Senator Tyler Pace-Chair
- Senator T.J. Shope-Vice Chair
- Senator Paul Boyer
- Senator Rick Gray
- Senator Sine Kerr
- Senator Rosanna Gabaldon
- Senator Christine Marsh
- Senator Lisa Otonodo
- Senator Victoria Steele

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak

AZ HOUSE

29
Democrats

31
Republicans



AZ House Majority Leadership



Speaker Rusty Bowers (R)



Majority Leader Ben Toma (R)



Majority Whip Leo Biasiucci (R)

Representative Rusty Bowers (R-Mesa) was selected to serve another term as Speaker of the Arizona House of Representatives. Ben Toma (R-Peoria) was selected as the next Majority Leader and Representative Leo Biasiucci (R-Lake Havasu City) be the next Majority Whip.

AZ Senate Minority Leadership



Minority Leader Reginald Bolding (D)



Assistant Minority Leader Jennifer Longdon (D)



Minority Whip Domingo DeGrazia (D)

Representative Reginald Bolding (D-Laveen) was selected as the new House minority leader, replacing Charlene Fernandez (D-Yuma) who decided not to seek the position. Representative Jennifer Longdon (D-Phoenix) is the new assistant minority leader and Representative Domingo DeGrazia (D-Tucson) will be the new minority whip.

Meet the Freshman House Members in the 55th AZ Legislature

District	New Member
LD-01	Judy Burges (R)^
LD-01	Quang Nguyen (R)
LD-02	Andrea Dalessandro (R)*
LD-04	Joel John (R)
LD-06	Brenda Barton (R)^
LD-10	Stephanie Stahl Hamilton (D)
LD-12	Doug Hoffman (R)

District	New Member
LD-15	Steve Kaiser (R)
LD-15	Justin Wilmeth (R)
LD-16	Jacqueline Parker (R)
LD-20	Judy Schwiebert (D)
LD-21	Beverly Pingerelli (R)
LD-23	Joseph Chaplik (R)
LD-26	Melody Hernandez (D)

* Currently a member of AZ Senate
 ^ Former legislator returning to the chamber

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak

House Standing Committees

House Appropriations

(Meets on Wednesday at 2PM)

- Representative Regina Cobb (R) - Chair
- Representative John Kavanagh (R) – Vice Chair
- Representative Jake Hoffman (R)
- Representative Steve Kaiser (R)
- Representative Quang Nguyen (R)
- Representative Becky Nutt (R)
- Representative Joanne Osborne (R)
- Representative Michelle Udall (R)
- Representative Randy Friese (D)
- Representative Reginald Bolding (D)
- Representative Alma Hernandez (D)
- Representative Raquel Teran (D)

House Commerce

(Meets on Tuesday at 2PM)

- Rep. Jeff Weninger (R) - Chair
- Rep. Steve Kaiser (R) - Vice Chair
- Rep. Joseph Chaplik (R)
- Rep. David Cook (R)
- Rep. Becky Nutt (R)
- Rep. Justin Wilmeth (R)
- Rep. Pamela Powers Hannley (D)
- Rep. Diego Espinoza (D)
- Rep. Charlene Fernandez (D)
- Rep. Robert Meza (D)

House Criminal Justice Reform

(Meets on Wednesday at 2PM)

- Representative Walt Blackman (R) - Chair
- Representative Shawna Bolick (R) - Vice Chair
- Representative Joel John (R)
- Representative Bret Roberts (R)
- Representative Ben Toma (R)
- Representative Diego Rodriguez (D)
- Representative Reginald Bolding (D)
- Representative Alma Hernandez (D)
- Representative Raquel Teran (D)

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House Education

(Meets on Tuesday at 2PM)

- Representative Michelle Udall (R) - Chair
- Representative Beverly Pingerelli (R) - Vice Chair
- Representative Joel John (R)
- Representative Quang Nguyen (R)
- Representative Frank Pratt (R)
- Representative Bret Roberts (R)
- Representative Jennifer Pawlik (D)
- Representative Daniel Hernandez (D)
- Representative Athena Salman (D)
- Representative Judy Schwiebert (D)

House Government & Elections

(Meets on Tuesday at 9AM)

- Representative John Kavanaugh (R) - Chair
- Representative Jake Hoffman (R) - Vice Chair
- Representative Judy Burges (R)
- Representative Frank Carroll (R)
- Representative John Fillmore (R)
- Representative Kevin Payne (R)
- Representative Jeff Weninger (R)
- Representative Athena Salman (D)
- Representative Kelli Butler (D)
- Representative Jennifer Jermaine (D)
- Representative Jennifer Pawlik (D)
- Representative Stephanie Stahl Hamilton (D)
- Representative Raquel Teran (D)

House Health & Human Services

(Meets on Monday at 2PM)

- Representative Joanne Osborne (R) - Chair
- Representative Regina Cobb (R) -Vice Chair
- Representative Joseph Chaplik (R)
- Representative Jacqueline Parker (R)
- Representative Justin Wilmeth (R)
- Representative Kelli Butler (D)
- Representative Randy Friese (D)
- Representative Alma Hernandez (D)
- Representative Amish Shah (D)

House Judiciary Committee

(Meets on Wednesday at 9AM)

- Representative Frank Pratt (R) - Chair
- Representative Jacqueline Parker (R) - Vice Chair
- Representative Walt Blackman (R)
- Representative Mark Finchem (R)
- Representative Quang Nguyen (R)
- Representative Beverly Pingerelli (R)
- Representative Cesar Chavez (D)
- Representative Domingo DeGrazia (D)
- Representative Melody Hernandez (D)
- Rep. Diego Rodriguez (D)

House Land, Agriculture & Rural Affairs

(Meets on Monday at 2PM)

- Representative Tim Dunn (R) - Chair
- Representative Joel John (R) - Vice Chair
- Representative Brenda Barton (R)
- Representative David Cook (R)
- Representative Gail Griffin (R)
- Representative Frank Pratt (R)
- Representative Lorenzo Sierra (D)
- Representative Andrea Dalessandro (D)
- Representative Mitzi Rodriguez (D)
- Representative Arlando Teller (D)

House Military & Public Safety

(Meets on Monday at 2PM)

- Representative Kevin Payne (R) - Chair
- Representative Quang Nguyen (R) - Vice Chair
- Representative Walt Blackman (R)
- Representative Judy Burges (R)
- Representative John Fillmore (R)
- Representative Mark Finchem (R)
- Representative John Kavanagh (R)
- Representative Bret Roberts (R)
- Representative Jennifer Jermaine (D)
- Representative Richard Andrade (D)
- Representative Myron Tsosie (D)
- Representative Daniel Hernandez (D)
- Representative Melody Hernandez (D)
- Representative Jennifer Longdon (D)

House Natural Resources, Energy & Water

(Meets on Tuesday at 2PM)

- Representative Gail Griffin (R) - Chair
- Representative Judy Burges (R) - Vice Chair
- Representative Frank Carroll (R)
- Representative Tim Dunn (R)
- Representative Mark Finchem (R)
- Representative Jacqueline Parker (R)
- Representative Andres Cano (D)
- Representative Andrea Dalessandro (D)
- Representative Aaron Lieberman (D)
- Representative. Stephanie Stahl Hamilton (D)

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House Rules

(Meets on Monday)

- Representative Becky Nutt (R) - Chair
- Representative Travis Grantham (R) - Vice Chair
- Representative Leo Biasiucci (R)
- Representative Rusty Bowers (R)
- Representative Ben Toma (R)
- Representative Diego Espinoza (D)
- Representative Domingo DeGrazia (D)
- Representative Mitzi Epstein (D)

House Transportation

(Meets on Wednesday at 2PM)

- Representative Frank Carroll (R) - Chair
- Representative Justin Wilmeth (R) - Vice Chair
- Representative Brenda Barton (R)
- Representative Leo Biasiucci (R)
- Representative David Cook (R)
- Representative Kevin Payne (R)
- Representative Frank Pratt (R)
- Representative Richard Andrade (D)
- Representative Robert Meza (D)
- Representative Amish Shah
- Representative Arlando Teller (D)
- Representative Myron Tsosie (D)

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House Ways & Means

(Meets on Wednesday at 9AM)

- Representative Shawna Bolick (R) - Chair
- Representative Brenda Barton (R) - Vice Chair
- Representative Regina Cobb (R)
- Representative Tim Dunn (R)
- Representative Travis Grantham (R)
- Representative Steve Kaiser (R)
- Representative Mitzi Epstein (D)
- Representative Andres Cano (D)
- Representative Pamela Powers Hannley (D)
- Representative Lorenzo Sierra (D)



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2021 Legislative Session Report



A Review of Laws and Proposed
Legislation for the Property & Casualty
Insurance Industry
55th Arizona Legislature
1st Regular Session

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak Rock 2021 Contract)

2021 LEGISLATIVE SUMMARY
Review of Property and Casualty Insurance Related
Laws and Proposed Legislation by the 2021 Legislature

This publication contains brief summaries, arranged by subject of legislation generally impacting the property and casualty insurance industry that were enacted or proposed during the First Regular Session of Arizona’s 55th Legislature.

The effective date for most new laws is 90 days after the Legislature adjourned, Sine Die (September 29, 2021). However, some bills contain alternative effective dates and those are noted in the bill summary. During the session, there were 1,774 bills introduced, and 474 of those bills were sent to the Governor for consideration. He has signed 446 of the bills into law and vetoed 28.

This report provides a hyperlink to the chaptered version of enacted legislation as well as a link to the version of bills that did not pass.

If you have any questions about a bill, please contact Marcus Osborn at (480) 429-4862 or Daniel Romm at (480) 429-4852.

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Scottsdale, AZ 85253-2738
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2021 LEGISLATIVE SESSION SUMMARY

The 55th Arizona State Legislature, 1st Regular Session, adjourned Sine Die at 4:54 PM on Wednesday, June 30, 2021 after a marathon 171 days. The session included a special session to combat and prevent wildfires in addition to a rather contentious budget impasse over tax cuts and spending priorities. This was by far the longest legislative session since Governor Ducey took office in 2015 and the longest since 1990 (172 days).

During the course of the legislative session, there were 1,774 bills introduced, and 474 of those bills were sent to the Governor for consideration. He signed 446 of the bills into law, and vetoed 28. Unless otherwise specified, the effective date for new laws is September 29, 2021, which is 90 days after adjournment Sine Die. However, some bills contain alternative effective dates and those are noted in the specific bill summaries.

ANOTHER ONE FOR THE RECORDS

At 171 days, the 2021 legislative session was the third longest legislative session on record since 1965. Only 1990 and 1988 (when lawmakers were fighting over the impeachment of then Governor Evan Mecham) lasted longer, at 172 and 173 days, respectively. Additionally, aside from being the third longest legislative session on record, this year we witnessed the most pieces of legislation introduced and signed in a single session.

The main reason for the surge in legislation was due to the limited number of bills that were passed and signed into law last year as result of the COVID-19 legislative work stoppage. Last year, Arizona set a record for the fewest number of bills signed into law at only 90. On average, going back to 1960, Arizona governors typically sign around 300 bills a year.

MO' MONEY MO' PROBLEMS

Just a year ago, Arizona's financial future looked bleak with predictions of a billion-dollar budget deficit that would force steep spending cuts, state employee terminations, funding cuts to schools and potential canceling or scaling back of various infrastructure projects. Despite this one-time gloomy outlook, Arizona has found itself flush with cash, more than anyone could have imagined a year ago at the height of the COVID-19 disruptions.

The state's current positive economic forecast was made possible because of a big increase in revenue from income and sales taxes, which occurred in Arizona despite fears the pandemic would hammer state revenues. Additionally, Governor Ducey took a measured approach to constraints on business operations during the pandemic, unlike states like California that were fully shut down for months on end. As a result, our state has seen one of the fastest recoveries in the nation. That growth afforded Arizona a significant budget surplus of nearly \$2 billion.

Arizona also received more than \$16 billion from the latest federal relief package, the American Rescue Plan. Of that amount, the state government received \$12.2 billion. On top of that,

2021 Legislative Session Report – Property & Casualty Insurance Industry

Arizona had already received \$38 billion from previous federal relief payouts from the CARES Act, which included funds for things like protective gear for K-12 schools, increased unemployment benefits for the jobless, stimulus checks for citizens, and forgivable loans for businesses.

Nevertheless, despite the abundance of money flowing into the state, whenever there is a significant surplus, passing a budget becomes even harder than dealing with a deficit. When there's cash on hand, every legislative member has their own spending priorities and plenty of "good ideas" on how that money should be spent. This often can drag things out and make for a rather contentious and long legislative session. Add in the element of slim majorities in both legislative chambers, and at 171 days, this proved to be very true.

LARGEST INCOME TAX CUT IN STATE HISTORY

As part of the FY 2022 budget, the Arizona Legislature passed the largest income tax cut in state history. This legislative tax package will gradually cut the state's income tax rate to 2.5 percent over the next three years.

The measure, passed along partisan lines, cuts income tax rates for all Arizonans, who currently pay rates between 2.59 percent and 8 percent, based on income. Tax savings range from \$4 for those with the lowest incomes to \$350,000 for those with the highest incomes. Arizona currently taxes income under a progressive rate structure, starting at 2.59 percent up to 4.5 percent.

The ballot last November carried an initiative to add a 3.5 percent surtax on earnings above \$250,000 for single filers/\$500,000 for joint filers to pay for K-12 Education. It narrowly passed, meaning the combined top rate was set to hit 8 percent, higher than all of Arizona's neighbors except California (Nevada and Texas have no income tax). While the state's highest earners must still pay a 3.5 percent surcharge, the new tax package caps their total tax liability at 4.5 percent, meaning only 1 percent of their taxes will go into the General Fund while the full 2.5 percent that everyone else pays will go into the General Fund.

Education groups have expressed concerns over this massive tax cut and its implications on future K-12 education spending. Various groups are currently laying the groundwork to collect signatures to send to the ballot a veto referendum that would halt and then overturn the tax cut.

COVID-19 PROTOCOLS

The Arizona Legislature implemented a number of COVID-19 safety guidelines for the 2021 legislative session. Prior to the Center for Disease Control's authorization of COVID-19 vaccines, staff and many legislators were concerned about the prospects of the session turning into a super-spreader event; however, many were leery of the pandemic limiting public participation during the session. Therefore, leadership sought to find a happy balance to allow for public input.

2021 Legislative Session Report – Property & Casualty Insurance Industry

In the House, committee chairmen were given broad latitude by leadership as to how they would take public comment on legislation. Some chairmen allowed for both in person and virtual testimony, while a number of others would only permit in person testimony.

The Senate was much more restrictive in their protocols. A uniform set of rules allowed anyone to testify remotely, provided they email the designated email address for each committee with 24-hour notice and logged into the automated request-to-speak system. The Senate did not allow in-person testimony through the legislative session.

Additionally, both the House and Senate issued guidelines with some precautions, such as requiring masks and temperature checks on entry.

2020 ELECTION AUDIT

Since mid-December, Senate Republicans had been trying to get access to ballots and other election materials from Maricopa County, the state’s most populous county, to conduct an audit of the 2020 presidential election results. They argued that an audit was necessary to help boost voter confidence for the state’s future elections; however, the Maricopa County Board of Superiors maintained that the Arizona Senate did not have the authority to make such a request. The County Board of Supervisors argued that the ballots were secret, and the machines needed to remain secure, and they fought a subpoena issued by Senate Republicans.

In the early weeks of the session, Senate Republicans attempted to hold the Republican majority-controlled Board in contempt, for failure to turn over ballots; however, that attempt failed when Republican Senator Paul Boyer voted against the resolution, killing it.

Nevertheless, despite the contempt resolution failing, the Senate won a court order on February 26th granting the Senate access to the ballots and tabulation machines.

In April, the Senate officially initiated the recount of 2.1 million ballots in Maricopa County. While both Republicans and Democrats have criticized the recount, which has received nationwide attention, the controversial audit is continuing to take place.

ELECTION BILLS

There were 23 controversial election bills introduced this past legislative session. Several of the bills put more restrictions on early voting and vote by mail, which is used by 80 percent of Arizona voters.

Early voting in Arizona started in 1991. It grew in popularity when the county’s recorders established the permanent early voting list. This is when voters sign up for the list to receive a ballot in the mail for each election automatically. It is called PEVL for short.

SB 1485 (signed by Governor), sponsored by Senator Michelle Ugenti-Rita, stipulated that any voter who misses two federal elections in succession will be purged from the list. It also changed

the name from PEVL to EVL (Early Voting List) since a person’s name is no longer technically permanently on the list.

Additionally, SB 1003 (signed by Governor) reduced the cure period for missing and mismatched signatures on early voting ballots. Currently voters in Arizona have until the fifth business day after the election to correct their ballot. SB 1003 requires voters to now make the necessary adjustments by 7 PM on Election Day.

Another bill that got some traction this session, but inevitably failed was SB 1713, sponsored by Senator J.D. Mesnard. SB 1713 required a voter to write a voter verification number or driver’s license number on the outside of a mail-in envelope. It is another step voters must take and if they make a mistake, the vote does not count. Under the current law, the voter is identified by a signature match.

Nationally, somewhere between 250 and 300 separate bills were introduced in states across the country that would make modifications to current voting practices.

BALLOT INITIATIVE REFORM

In November 2022, voters in Arizona will decide on a ballot measure to allow the Arizona Legislature to amend or repeal voter-approved ballot initiatives in cases where the Arizona Supreme Court or U.S. Supreme Court declare that a portion of the ballot initiative is unconstitutional or illegal.

The Legislature passed this ballot referral entirely along party lines in both the House and Senate.

In Arizona, the Legislature must propose a ballot measure to amend or repeal voter-approved ballot initiatives. Initiatives often include severability clauses, meaning that if the courts declare a provision to be unconstitutional, other provisions can remain valid.

Arizona is one of two states (the other being California) that prohibits the Legislature from repealing or amending a ballot initiative unless voters approve the changes through a new ballot measure. Arizona has an exception for changes that further an initiative’s purpose. Arizona adopted this restriction on legislative alterations in 1996 with the approval of Proposition 105, also known as the Voter Protection Act, which requires a super majority, $\frac{3}{4}$ vote of the entire Legislature.

An example of an Arizona ballot initiative that has been partially, but not entirely, struck down is Proposition 200 (1998). It established the Arizona Citizens Clean Election Commission (CCEC) and a public campaign finance system. The U.S. Supreme Court struck down a provision of Proposition 200 that triggered matching funds to candidates based on their opponent’s spending. The remainder of the law stayed in effect.

AZ PASSES EXPANSION OF GAMING

After years of resistance from tribes around the state, on April 15th, Governor Ducey signed House Bill 2772, legalizing daily sports fantasy and sports betting in Arizona.

HB 2772 was passed with bipartisan support from the Legislature. Under the new legislation, the Arizona Department of Gaming can issue up to 20 licenses for organizations to offer sports gambling. Half of those licenses are earmarked for the tribes, while the other half will go to professional sports franchises in Arizona, as well as the operators of sites that host racing events or annual Professional Golf Association events, which will permit sports books at TPC Scottsdale, which hosts the Waste Management Phoenix Open, and Phoenix Raceway.

License holders will be permitted to operate a sports book within five blocks of their facilities. They will also be able to contract with another entity to provide wagering services. Sports book licensees will be permitted to offer sports betting online as well. Tribal casinos can offer sports betting at their onsite establishments.

Sports betting is expected to generate about \$34.2 million in annual revenue for the state by fiscal year 2024, according to an analysis by the Joint Legislative Budget Committee.

SPECIAL SESSION - WILDFIRES

On June 15th, the Legislature convened a special session that provided \$100 million in funding to combat and prevent wildfires throughout the state. This bipartisan legislation will provide firefighters with additional equipment and resources for local communities to deal with what has already been a devastating fire season. The measure allocated \$75 million to the Department of Fire and Forestry Management. It provides for fire suppression-related expenses, including post-fire hazard mitigation. This funding is available to reimburse local governments for costs related to fire emergency response, sheltering, wraparound services, public infrastructure damage, and other support activities.

Arizona currently has several massive wildfires burning with over 453,000 acres destroyed so far this year.

2021 KEY INDUSTRY LEGISLATIVE ISSUES

Introduction

Prior to the start of the legislative session, a number of legislative priorities were identified by the property and casualty insurance industry. Below is a review of the key bills and a breakdown of other significant issues that impact the industry.

Automobile Insurance

SB 1127 Vehicle Speed Limits (Gowan): SB 1127 was originally a problematic ticket masking bill; however, it was favorably amended to allow insurers to continue to capture relevant driving record information. The bill as passed by the Legislature, prohibits a person from exceeding the posted speed limit by more than 20 mph in certain locations and modifies circumstances under which a waste of a finite resource citation may be issued; however, the Governor vetoed the bill, along with 21 others, in response to the Legislature's inability to pass a budget. It was reintroduced and signed into law as SB 1843 later in the session. **VETOED**

SB 1235 Vehicle Accidents; Financial Responsibility Verification (Livingston): SB 1235 specified that a person must prove a vehicle was sold before an accident occurred, rather than before the date of the accident, in order to avoid license suspension for failure to maintain insurance on the vehicle involved in the accident. **Failed to Pass Legislature**

SB 1419 Highway Video Surveillance; Prohibition (Rogers): SB 1419 with the strike-everything amendment failed to pass out of the Senate Transportation and Technology Committee with Republican Senator Paul Boyer joining with the Democrats to defeat the bill. SB 1419 would have prohibited a local authority from using a photo enforcement system. **Failed to Pass Legislature**

SB 1720 Peer-to-Peer Car Sharing (Fann): SB 1720 establishes a new chapter in Title 28 (Transportation) regulating "peer-to-peer car sharing," defined as the authorized use of a shared vehicle by an individual other than the shared vehicle owner through a peer-to-peer car sharing program. Pertaining to insurance, the bill requires a peer-to-peer car sharing program (Program) to assume certain liabilities in an amount as stated in the car sharing program but not less than statutorily prescribed minimum amounts (25/50/15). It provides circumstances in which the Program is not liable for bodily injury or property damage to a third party in an amount that is greater than minimum amount of coverage as required by statute. SB 1720 specifies that the assumption of liability applies to bodily injury and property damage to third parties. The bill requires a Program to ensure that an owner and driver of the shared vehicle have insurance policies that provide insurance coverage during a car sharing period in statutorily prescribed minimum amounts and outlines requirements for the insurance policies. SB 1720 allows insurance requirements to be met by an owner or driver of a shared vehicle or a Program, or a combination of all three. It asserts the insurance required during a car sharing period is primary during each sharing period. The Program is required to assume primary liability for a claim if:

- a) The Program provides the required insurance in whole or in part;
- b) A dispute exists as to who was in control of the shared vehicle at the time of the loss; and
- c) The Program for any reason fails to provide information related to a shared vehicle transaction that are required to be retained as specified.

The bill also provides requirements for a Program and insurance that is maintained by a Program in the event the insurance that is maintained by shared vehicle owner or driver lapses or does not provide the required coverage. It requires a shared vehicle's insurer to indemnify a Program to the extent of the Program's obligation if the shared vehicle owner was in control of a shared vehicle at the time of a loss. It specifies that insurance policy maintained by a Program is not dependent on

a motor vehicle liability insurer first denying a claim under any other motor vehicle insurance policy.

The Program is prohibited from:

- a) Offering or selling insurance except in conjunction with and incidental to car sharing program agreements;
- b) Advertising, representing or otherwise portraying itself or any of its employees or agents as licensed insurers or insurance producers, unless the Program is a licensed insurer or insurance producer;
- c) Paying a person any compensation, fee or commission that is dependent on the placement of insurance under a Program's license; and
- d) Making a car sharing program agreement contingent on the shared vehicle driver purchasing insurance through the Program.

The bill specifies that a Program is not prohibited from recovering its insurance costs incurred in satisfying its obligations from a shared vehicle owner or driver. It also specifies the prohibitions on a Program does not prevent production or incentive payments to an employee if the payments are not dependent on the sale of insurance. Finally, it asserts that the laws governing Peer-to-Peer Car Sharing do not limit:

- a) The liability of a Program for any act or omission resulting in injury to any person as a result of the use of a shared vehicle; and
- b) The ability of a Program to seek indemnification from a shared vehicle owner or driver for economic losses due to a breach in a program agreement.

Chapter 220, Laws 2021

SB 1832 Restricted License; DUI Suspension (Fann): Requires the Arizona Department of Transportation (ADOT) to suspend, rather than revoke, a person's driving privileges for one year for reckless driving, aggressive driving or racing violations and allows the person to apply for a restricted driver license after completing 45 days of the suspension. The bill requires traffic survival school courses to be completed in person unless a state of emergency has been declared by the Governor and ADOT determines that the emergency prevents courses from being offered safely in person. **Chapter 385, Laws 2021**

SB 1843 Vehicle Speed Limits (Gowan): SB 1843 prohibits a person from exceeding the posted speed limit by more than 20 mph in certain locations and modifies circumstances under which a waste of a finite resource citation may be issued. The bill was originally introduced as SB 1127; however, the Governor vetoed the bill, along with 21 others, in response to the Legislature's inability to pass a budget. SB 1843 is the reintroduced version. **Chapter 392, Laws 2021**

HB 2083 Safety Features; Autonomous Vehicles; Prohibitions (Kavanagh): HB 2083 prohibited a person from installing or using a defeat device to interfere with or disable a safety feature of a vehicle equipped with specified levels of driving automation that is designed to ensure that a human driver is alert and attentive while driving automation features are engaged.

Failed to Pass Legislature

HB 2084 DUI; Marijuana; Impairment (Kavanagh): HB 2084 stated that in a trial, action or proceeding for a violation of driving under the influence, it is presumed that a defendant is under the influence and impaired by marijuana if the defendant has a blood concentration of 2.0 nanograms per milliliter or more of tetrahydrocannabinol within two hours of the time of driving or being in actual physical control of a vehicle as shown by an analysis of the defendant's blood. **Failed to Pass Legislature**

HB 2110 Civil Penalties; Traffic; Mitigation; Restitution (Biasiucci): HB 2110 allows the court to order a person to perform community restitution in lieu of a monetary obligation including for a civil traffic violation at a rate that is equal to the state minimum wage rounded to the nearest dollar. **Chapter 228, Laws 2021**

HB 2240 Motor Vehicle Insurance; Nonrenewal (Biasiucci): HB 2240 attempted to repeal the favorable auto nonrenewal provisions we put into statute a few years back; however, after talking with the sponsor, we were able to prevent the bill from receiving a hearing. **Failed to Pass Legislature**

HB 2296 Restricted License; DUI; Suspension Report (Payne): HB 2296 required the Arizona Department of Transportation (ADOT) to suspend, rather than revoke, a person's driving privileges for one year for reckless driving, aggressive driving or racing violations and allows the person to apply for a restricted driver license after completing 45 days of the suspension. The bill required traffic survival school courses to be completed in person unless a state of emergency has been declared by the Governor and ADOT determines that the emergency prevents courses from being offered safely in person. The Governor vetoed the bill, along with 21 others, in response to the Legislature's inability to pass a budget; however, it was reintroduced and passed as SB 1832. **VETOED**

HB 2366 Criminal Speeding (Payne): HB 2366 prohibited a person from exceeding the posted speed limit by more than 20 miles per hour, rather than exceeding 85 mph, in locations other than a business or residential district or a school crossing. **Failed to Pass Legislature**

HB 2522 Graduated Driver Licenses; Education Program (Carroll): HB 2522 stipulates that in lieu of completing a driver education program approved by the Department of Transportation or a parent or guardian certifying at least 30 hours of supervised driving practice with at least 10 hours at night, an applicant for a class G driver license may complete a driver education program offered by a certified defensive driving school approved by the Supreme Court or a traffic survival school and have a parent or guardian certify that the applicant has completed at least 20 hours of supervised driving practice with at least 6 hours at night. **Chapter 133, Laws 2021**

HB 2813 Autonomous Vehicles (Weninger): HB 2813 establishes a new chapter in Title 28 (Transportation) regulating autonomous vehicles. Under the legislation, except as otherwise provided, the operation of autonomous vehicles with or without a human driver is subject to all applicable federal and state laws. A person can operate an autonomous vehicle with the automated driving system engaged on public roads in Arizona with a licensed human driver who is able to resume part or all of the dynamic driving task or respond to a request to intervene. A fully autonomous vehicle is authorized to operate on public roads without a human driver only if a person submits both a law enforcement interaction plan to the Arizona Department of Transportation (ADOT) and the Department of Public Safety (DPS) that is consistent with and

addresses all of the elements in the law enforcement protocol that was issued by DPS in 2018, and a written statement to ADOT acknowledging that a list of specified requirements for the equipment and functioning of the fully autonomous vehicle are met. When engaged, the automated driving system is considered the driver or operator of the autonomous vehicle for the purpose of assessing compliance with applicable traffic or motor vehicle laws. DPS is required to maintain a law enforcement protocol for fully autonomous vehicles, and provisions that must be included in the protocol are specified. Counties and municipalities are prohibited from imposing taxes and fees on automated driving systems or autonomous vehicles. A traffic or motor vehicle law cannot prohibit the operation of an autonomous vehicle or require a human driver to operate a fully autonomous vehicle with the automated driving system engaged, if the fully autonomous vehicle is operated in compliance with this legislation. Establishes requirements for a fully autonomous vehicle operating without a human driver that is involved in an accident resulting in damage to a vehicle, or injury or death. The parent or other adult accompanying a passenger under 16 years of age may be issued a citation for a violation of seatbelt or child restraint requirements that occurs in a fully autonomous vehicle operating with the automated driving system engaged. Fully autonomous vehicles that are incapable of operation by a human driver are exempt from various vehicle equipment requirements. [Chapter 117, Laws 2021](#)

Insurance Operations

[HB 2242 Agency Actions; Procedures; Fee Awards](#) (Grantham): HB 2242 modifies statutes governing fees and other expenses the court awards to a party that prevails in an action against the state or a county or municipality by an adjudication on the merits. Under HB 2242, an award of fees against the state or a county or municipality cannot exceed \$125,000, increased from \$75,000, for fees incurred at each level of judicial appeal. The maximum rate for attorney fees awarded is \$350 per hour for any awards of attorney fees against the state or a county or municipality, instead of only for specified cases, and the maximum rate of \$75 per hour for all other cases is deleted. Additionally, under the bill, an agency may not base a decision regarding any filing or other matter submitted to an agency on a requirement or condition that is not specifically authorized by statute, or rule. HB 2242 stipulates that a determination by an agency that an application is not administratively complete is an appealable agency action. The bill also makes it clear that businesses have the right to information used to make regulatory decisions. [Chapter 161, Laws 2021](#)

[HB 2759 Rulemaking; Petitions; GRRC](#) (Grantham): HB 2759 stipulates that on receipt of a petition to review an existing agency practice, substantive policy statement, final rule, or regulatory licensing requirement that the petitioner alleges violates state law, is not authorized by statute, is unduly burdensome or is not demonstrated to be necessary to fulfill a public health, safety or welfare concern, the Governor's Regulatory Review Council (GRRC) is required to review the practice, policy, rule, or requirement. Previously, GRRC was required to review the petition only if the practice, policy, rule or requirement applied to a profession for which the average wage in that profession in Arizona does not exceed 200 percent of the federal poverty guidelines for a family of four. [Chapter 340, Laws 2021](#)

[HB 2814 Office of Administrative Hearings; Repeal](#) (Bowers): HB 2814 would have repealed the Office of Administrative Hearings and the article of statute establishing uniform administrative

hearing procedures; however, Speaker Bowers requested that the bill be held after receiving opposition from a number of entities. **Failed to Pass Legislature**

SB 1044 Credit for Reinsurance (Livingston): SB 1044 is a model law adopted by the National Association of Insurance Commissioners (NAIC), the insurance regulatory standards setting body, consisting of the top insurance regulators from every state, including the Arizona Director of the Department of Insurance and Financial Institutions. The legislation repeals the existing statutes on reinsurance and replaces them with a more updated, comprehensive regulatory scheme to better protect insurance consumers.

Reinsurance is critically important to the entire insurance industry. It is essentially insurance for the company writing the policy in order to lay off part of the risk, so that the continued solvency of the insurer to perform its policy obligations is protected. Reinsurance also facilitates the ability of insurers to write more policies for the benefit of insurance consumers, since the level of risk can be reduced through reinsurance.

SB 1044 is a comprehensive consumer protection, written by the state insurance directors and commissioners, that creates a necessary regulatory framework for this important financial tool of the insurance industry.

SB 1044 repeals and reorganizes laws relating to credit for reinsurance under Title 20, Chapter 30, Credit for Reinsurance. The bill permits credit when the reinsurance is ceded to an assuming insurer who meets specified conditions which include:

- Have its head office or be domiciled in and be licensed in a reciprocal jurisdiction;
- Have and maintain minimum capital and surplus in an amount prescribed by rule;
- Have and maintain a minimum solvency or capital ratio prescribed by rule;
- Provide certain documentation to the Director as specified by rule;
- Maintain a practice of prompt payment of claims under reinsurance agreements;
- Annually confirm to the Director that the assuming insurer is in compliance; and
- Provide to the Director any additional information on a voluntary basis.

The legislation allows the Director to adopt rules that specify additional requirements that relate to or set forth:

- The valuation of assets or reserve credits;
- The amount and forms of security supporting reinsurance arrangements; and
- Circumstances contingent of the credit reduction or elimination.

SB 1044 requires the Director to create and publish a list of qualified reciprocal jurisdictions following certain guidelines. It allows the Director to remove a jurisdiction from the list on a determination of failure to meet requirements.

Under the legislation, the Director is required, in a timely manner, to create and publish a list of assuming insurers to which cessions will be granted credit. It allows the Director to add an insurer to the list if certain requirements are met.

SB 1044 allows the Director to revoke or suspend the eligibility of an assuming insurer if the Director determines that the assuming insurer no longer meets specified requirements. It prohibits the granting of credit in cases of revocation or suspension.

The bill stipulates the ceding insurer, in a legal process of rehabilitation, liquidation or conservation, to seek and obtain an order requiring the assuming insurer post security for all outstanding ceded liabilities.

SB 1044 outlines certain limitations of credits of reinsurance. It allows the rules adopted by the Director to include regulation of reinsurance arrangements relating to:

- Life insurance policies with guaranteed nonlevel gross premiums or guaranteed nonlevel benefits;
- Universal life insurance policies with provisions resulting in the ability of a policyholder to keep a policy in force over a secondary guarantee period;
- Variable annuities with guaranteed death or living benefits;
- Long-term care insurance policies; and
- Any other life and health insurance and annuity products that the NAIC adopts model regulatory requirements with respect to credit for reinsurance.

The bill outlines the applicability and requirements of rules adopted by the Director relating to the regulation of reinsurance arrangements of life and health insurance. It specifies that the authority to adopt rules relating to the regulation of reinsurance arrangements of life and health insurance does not limit the Department's general authority to adopt administrative rules. It also specifies the applicability of Credit for Insurance requirements to certain cessions.

[Chapter 357, Laws 2021](#)

SB 1049 Insurance; Omnibus (Livingston): SB 1049 makes various changes to home service warranty contracts, electronic communications and records of insurers, Federal Home Loan Banks (FHL Banks) and insurer licensing. Due to concerns regarding the spread of the COVID-19 pandemic, the 54th Arizona Legislature adjourned sine die without addressing a number of key Title 20 (Insurance) bills that had unanimous bipartisan support in both legislative chambers. SB 1049 reintroduced those bills and included the technical correction language to the Senate bills that were unable to be amended last session.

Federal Home Loan Bank Protections:

SB 1049 extends the Federal Home Loan Bank (FHL Bank) protections as a secured creditor for loans involving insurance companies. By providing the increased protection for FHL Bank investments, this legislation allows Arizona insurance companies to receive more favorable lending terms which will improve insurers' access to low cost capital.

There are currently 11 regional FHL Banks, which were chartered by Congress in 1932 with the purpose of providing tools to financial institutions to allow them to better meet the credit needs in their communities. Arizona, Nevada and California are in the 11th District which is serviced the Federal Home Loan Bank of San Francisco. FHL banks are cooperatively structured-member owned wholesale banks that provide "members" (banks, credit unions and insurance companies) access to funding and liquidity. Federally insured depository institutions and insurance companies

are eligible to become members in their region’s FHL Bank. The FHL banks lend to their members on a collateralized, fully secured basis.

FHL Banks are a popular low-cost source of long and short-term financing for insurance companies and other financial institutions. However, the terms of the loans are typically less advantageous for Arizona insurers compared to FHL Bank loans to Arizona banks. This is because Arizona laws governing the ability of the FHL Bank to recover insurance companies’ debt is less protective than the federal statutes related to bank loans. SB 1049 follows the path of 16 other states that protect FHL Bank lending during insurance company receivership and insolvency proceedings. This is accomplished by treating FHL Banks as secured creditors in a manner similar to their treatment under federal banking laws. Since state law governs insurance receivership and insolvency processes, a legislative change is necessary. By adopting the proposed legislative changes, the loans made to insurers will be more secure which will significantly reduce borrowing costs.

Insurer Producer Licensing:

Arizona’s producer licensing statutes were drafted well before the invention of smart phone technology and never truly considered the advancement of electronic commerce and online shopping. SB 1049 modernizes and updates the producer licensing statute to allow for more insurance options to be sold at traditional retail locations and online retail platforms without requiring the retailer to obtain a producer license.

The way the statute is currently written, retailers are technically required to obtain an insurance producer license if a consumer wants to purchase an insurance policy that may come with or that is imbedded in the product. The bill exempts this licensing requirement, provided a retailer is only offering this option on an electronic platform or processing the premium payment, not selling, soliciting or negotiating the insurance policy.

Under this proposed legislation, the insurance company who is offering the policy is still licensed and responsible for all the terms and conditions of that policy. That insurance company remains subject to all regulations and oversight from the Arizona Department of Insurance.

Home Service Warranty:

SB 1049 makes several changes and updates to policy governing home service warranty companies and contracts. These changes provide additional consumer protections and clarity with regards to coverage.

The bill updates the definition of “consumer” to now include the “lessee” along with the buyer, owner, lessor, or seller. This appears to have been an original drafting oversight.

SB 1049 updates the definition of “consumer product” to allow for more household systems to be covered under a service warranty contract, like washers, driers, HVAC equipment, etc.

The bill updates the definition of a “service contract” making it easier for home warranty companies to indemnify their customers for various consumer products rather than making repairs.

This change allows consumers the option to be financially compensated to replace a consumer product rather than going the repair route. Most states currently have this provision in statute. Additionally, these changes specify that repairs to roof leaks are included.

A corporation other than a manufacturer or seller in connection with a consumer product, that qualifies under the statute's financial exemptions, must currently submit a financial statement to the Arizona Department of Insurance, prepared by an independent auditor. This legislative proposal will no longer require the independent audit to be conducted when submitting the financial statement. However, Arizona law already stipulates that it is a crime to file a fraudulent financial statement or false information with the Department (ARS 20-1097.12; ARS 20-223 and ARS 20-233). The current process of going through an independent audit is unnecessary in addition to being very costly.

Additionally, the bill changes the required financial holdings exemption to a net worth of \$25 million from \$100 million. The current \$100 million figure was an arbitrary number selected in 1993 as part of a model law. That being said, the vast majority of our members do not qualify for even the \$25 million exemption, maybe 2 or 3.

SB 1049 would now require service warranty companies to expressly disclose in their contracts, if pre-existing conditions are not covered. However, under the bill, a service warranty company can only exclude preexisting conditions that were either known to the contract holder or would have been known by a visual inspection, operation or testing of the covered property. This change provides a clearer standard, removing the ambiguity for service warranty companies, while enhancing consumer protections.

An additional consumer protection within the bill stipulates that in the event of a contract cancellation, any administrative fee assessed by the service warranty company cannot exceed \$75 or ten percent of the purchase price of the service contract; however, the fee cannot exceed the amount of the refund due the service contract holder.

Insurance Claims Adjusters:

As passed by the 54th Legislature, 2nd Regular Session, SB 1090 Insurance Adjusters; Claims Certificate (Chapter 67, Laws 2020) streamlined the licensing process for individuals who have completed a certification course offered by a nationally recognized claims association. The certification course will hold participants to the highest industry standards and include at least 40 hours of pre-exam course work, a proctored examination to determine the competency of the applicant and 24 hours of continued education required for certification renewals on a biennial basis. Additionally, SB 1090 carved out an exemption from the adjuster licensing laws for adjusters who only adjust workers' compensation claims since the current licensing exam only focuses on property and casualty issues.

The bill needed some technical changes requested by the Department of Insurance and Financial Institutions including language allowing for reciprocity, clarification that the certification program must be approved by the Department and adjusters who participate in the program must complete

the course requirements. The House was unable to amend the bill because the Senate decided not to return to regular business following their decision to recess due to the COVID-19 outbreak.

Method of Delivery/Notices:

As passed by the 54th Legislature, 2nd Regular Session, SB 1040 Insurers Notices; Methods of Delivery (Chapter 61, Laws 2020) cleaned up and modernized Title 20 (Insurance) statutes with regards to mail payments and other mail requirements to reflect electronic payments and filings. Despite some previous clean up, there were several places in Title 20 that did not reflect the changes in modern technology and the use of electronic fund transfers and payments. Within the statute, there were still references to postmark dates (i.e. ARS 20-462) which have become somewhat outdated. Additionally, this bill allowed customers to opt-into receiving notifications from their insurer via electronic notification (email) rather than through the standard mail.

The bill needed some minor technical changes requested by the Department of Insurance and Financial Institutions to clarify some changes to several definitions. The House was unable to amend the bill because the Senate did not to return to regular business following the decision to recess due to the COVID-19 outbreak. **Chapter 5, Laws 2021**

SB 1234 Insurance; Continuing Education; Proctor Prohibited (Livingston): SB 1234 prohibits the Department of Insurance and Financial Institutions from requiring a proctor to administer any required post-course examination for a self-studying continuing education course that a licensee completes online. **Chapter 353, Laws 2021**

SB 1463 DIFI; Omnibus (Livingston): SB 1463 makes numerous changes to the statutes relating to the Department of Insurance and Financial Institutions (DIFI). Under SB 1464, the Superintendent of Financial Institutions is renamed the Deputy Director of the Financial Institutions Division of DIFI. The uniform standards of professional appraisal practice as published by the Appraisal Standards Board are the standards for the appraisal practice in Arizona unless the Deputy Director objects. Repeals the chapter of statute regulating deferred presentment companies. The bill allows the Deputy Director to contract for the testing of applicants for mortgage broker licenses and to allow the contractor to charge a reasonable testing fee. It eliminates fees for approving articles of incorporation and changing responsible persons or active managers on financial institution licenses. SB 1463 establishes a fee of \$300 plus \$300 for each branch office for a premium finance company. The bill changes the definition of "control" to increase the direct or indirect ownership or voting shares to 25 percent, from 15 percent. SB 1463 states that a consumer loan made under a consumer lender license is not a secondary motor vehicle finance transaction. Additionally, the DIFI Director is required to appoint an individual to operate the Automobile Theft Authority in conjunction with operating the fraud unit. The bill is retroactive to July 1, 2020. **Chapter 356, Laws 2021**

Liability and Tort Reform

SB 1377 Civil Liability; Public Health Pandemic (Leach): SB 1377 provides protection from reckless litigation for businesses and others who act in “good faith” to protect their customers, clients and patients from Covid-19. The legislation applies to businesses, educational providers,

the healthcare industry, government agencies and religious institutions. Under this legislation, a plaintiff would have to prove “clear and convincing evidence that a person or provider failed to act or acted with willful misconduct or gross negligence” in order to win a civil suit, the proposed legislation states. While SB 1377 is retroactive to March 11, 2020, the bill does not go into effect until the general effective date. [Chapter 179, Laws 2021](#)

[SB 1379 Vacation Rentals; Short-Term Rentals; Enforcement](#) (Mesnard): SB 1379 allowed a city, town or county to regulate a short-term rental or vacation rental by requiring the owner obtain liability insurance. The bill replaced civil penalties for verified violations and caps locally imposed civil penalties at the prescribed amounts. SB 1379 allowed the Arizona Department of Revenue to suspend a short-term rental owner's transaction privilege tax license.

Failed to Pass Legislature

[HB 2185 Civil Juries; Size; Concurrence](#) (Pratt): HB 2185 allows, until January 1, 2023, the presiding judge in a county superior court to order either the number of jurors for a civil case trial be reduced from eight to six and the number of jurors required for concurrence and necessary to render a verdict to be all but one or the number of jurors for a civil case trial to be eight and the number of jurors required for concurrence and necessary to render a verdict to be all but two. The bill states beginning January 1, 2023, in a civil case trial the number of jurors is eight and the concurrence of all, but two jurors is necessary to render a verdict. HB 2185 went into effect on April 1. [Chapter 160, Laws 2021](#)

[HB 2549 Probable Cause Hearing; Pandemic Liability](#) (Kavanagh): HB 2549 required the court to conduct a probable cause hearing for every civil action filed and claims a party is liable for damages based on contracting a public health pandemic related illness and outlines requirements for the probable cause hearing. **Failed to Pass Legislature**

[HB 2624 Public Officials; Entities; Civil Liability](#) (Shah): HB 2624 stipulates that a public entity is not liable for damages as a result of an injury caused by any act or omission by a public officer who renders emergency care gratuitously and in good faith in a public building, at a public gathering on the grounds of a public building, or at the scene of an emergency, or as the result of any act or failure to act to provide or arrange for further medical treatment for the injured person, unless the public officer is guilty of gross negligence. [Chapter 324, Laws 2021](#)

[HB 2773 Spirituous Liquor; Delivery; Off-Sales Permits](#) (Weninger): HB 2773 allows some Arizona restaurants to sell to-go beer, wine, and cocktails with some stipulations. Under the legislation, a restaurant can apply for a license from the Arizona Department of Liquor Licenses and Control to sell to-go beer, wine, and cocktails with a food order and to also use third-party delivery services for to-go alcohol. Bars will be allowed to sell to-go cocktails. They already have the ability to serve to-go beer and wine. Restaurants will have to stop selling to-go alcohol when their kitchen stops selling food, and third-party contractors cannot deliver alcohol between the hours of 2 a.m. and 6 a.m. These leases are available for one year and the legislation will go into effect on October 1, 2021. [Chapter 375, Laws 2021](#)

Life Insurance

SB 1044 Credit for Reinsurance (Livingston): SB 1044 is a model law adopted by the National Association of Insurance Commissioners (NAIC), the insurance regulatory standards setting body, consisting of the top insurance regulators from every state, including the Arizona Director of the Department of Insurance and Financial Institutions. The legislation repeals the existing statutes on reinsurance and replaces them with a more updated, comprehensive regulatory scheme to better protect insurance consumers.

Reinsurance is critically important to the entire insurance industry. It is essentially insurance for the company writing the policy in order to lay off part of the risk, so that the continued solvency of the insurer to perform its policy obligations is protected. Reinsurance also facilitates the ability of insurers to write more policies for the benefit of insurance consumers, since the level of risk can be reduced through reinsurance.

SB 1044 is a comprehensive consumer protection, written by the state insurance directors and commissioners, that creates a necessary regulatory framework for this important financial tool of the insurance industry.

SB 1044 repeals and reorganizes laws relating to credit for reinsurance under Title 20, Chapter 30, Credit for Reinsurance. The bill permits credit when the reinsurance is ceded to an assuming insurer who meets specified conditions which include:

- Have its head office or be domiciled in and be licensed in a reciprocal jurisdiction;
- Have and maintain minimum capital and surplus in an amount prescribed by rule;
- Have and maintain a minimum solvency or capital ratio prescribed by rule;
- Provide certain documentation to the Director as specified by rule;
- Maintain a practice of prompt payment of claims under reinsurance agreements;
- Annually confirm to the Director that the assuming insurer is in compliance; and
- Provide to the Director any additional information on a voluntary basis.

The legislation allows the Director to adopt rules that specify additional requirements that relate to or set forth:

- The valuation of assets or reserve credits;
- The amount and forms of security supporting reinsurance arrangements; and
- Circumstances contingent of the credit reduction or elimination.

SB 1044 requires the Director to create and publish a list of qualified reciprocal jurisdictions following certain guidelines. It allows the Director to remove a jurisdiction from the list on a determination of failure to meet requirements.

Under the legislation, the Director is required, in a timely manner, to create and publish a list of assuming insurers to which cessions will be granted credit. It allows the Director to add an insurer to the list if certain requirements are met.

SB 1044 allows the Director to revoke or suspend the eligibility of an assuming insurer if the Director determines that the assuming insurer no longer meets specified requirements. It prohibits the granting of credit in cases of revocation or suspension.

The bill stipulates the ceding insurer, in a legal process of rehabilitation, liquidation or conservation, to seek and obtain an order requiring the assuming insurer post security for all outstanding ceded liabilities.

SB 1044 outlines certain limitations of credits of reinsurance. It allows the rules adopted by the Director to include regulation of reinsurance arrangements relating to:

- Life insurance policies with guaranteed nonlevel gross premiums or guaranteed nonlevel benefits;
- Universal life insurance policies with provisions resulting in the ability of a policyholder to keep a policy in force over a secondary guarantee period;
- Variable annuities with guaranteed death or living benefits;
- Long-term care insurance policies; and
- Any other life and health insurance and annuity products that the NAIC adopts model regulatory requirements with respect to credit for reinsurance.

The bill outlines the applicability and requirements of rules adopted by the Director relating to the regulation of reinsurance arrangements of life and health insurance. It specifies that the authority to adopt rules relating to the regulation of reinsurance arrangements of life and health insurance does not limit the Department's general authority to adopt administrative rules. It also specifies the applicability of Credit for Insurance requirements to certain cessions.

[Chapter 357, Laws 2021](#)

SB 1495 Annuity Contracts; Nonforfeiture Interest Rate (Livingston): SB 1495 lowers the required minimum interest rate for determining an individual deferred annuity nonforfeiture amount from 1% to .15%. The National Association of Insurance Commissioners (NAIC) recently approved reducing the deferred annuity interest rate from 1% to .15% for all new contracts written after the Law takes effect to reflect current market conditions. Deferred annuities are a leading retirement product for many Americans. The ability of life insurers to continue to write this important product will be inhibited by the current 1% rate, because of these historically low interest rates. SB 1495 only effects contracts written after the effective date.

[Chapter 378, Laws 2021](#)

Workers' Compensation

SB 1042 Workers' Compensation; Settings; Definition (Livingston): SB 1042 stipulates that for the purpose of statute allowing the Industrial Commission to include separate reimbursement guidelines for medications dispensed in settings that are not accessible to the general public, "settings that are not accessible to the general public" is defined as any setting to which a member of the general public, with a workers compensation claim, either does not have access or has only restricted or limited access, including limited access because of an affiliation with a specific

provider. SB 1042 contained an emergency clause and went into effect upon the Governor's signature on April 9. **Chapter 204, Laws 2021**

SB 1450 Workers' Compensation; Special Fund; Firefighters (Boyer): SB 1450 stipulated that claims involving a firefighter eligible for workers' compensation due to cancer that are deemed to arise out of employment, are eligible for reimbursement if the firefighter filed a workers' compensation claim after January 1, 2017, and if the employer has adopted cancer mitigation best practices, including increased cancer screenings and equipment proven to minimize contaminant risk, including turnouts, hoods, gloves and washing machines or commercial laundry services. The bill would have been retroactive to tax years beginning with 2017. It was never given a hearing. **Failed to Pass Legislature**

SB 1451 Workers' Compensation; Rates; Firefighters; Cancer (Boyer): SB 1451 adds fire investigators to the presumption that specified types of cancer and related diseases that result in disability or death are an occupational disease and are deemed to arise out of employment if specified conditions are met. Under SB 1451, all insurance carriers, self-insuring employers and workers' compensation pools that secure workers' compensation for firefighters and fire investigators are required to compile and report to the Industrial Commission of Arizona (ICA) claim and claim reserve information for all cancer-related claims filed by or on behalf of firefighters and fire investigators. The ICA is required to compile and make available to insurance carriers, rating organizations, employers, public safety workers and workers' compensation pools the claim-related information collected to assist with the setting of workers' compensation insurance rates. In addition to the six uniform percentage deviations already authorized by statute, insurers covering firefighters and fire investigators are permitted to file one uniform percentage deviation that increases the statewide rates under the rating organization's rate filing for the class codes associated with firefighters and fire investigators to address the anticipated increase in losses and expenses for claims that are compensable due to the workers' compensation presumption. The deviation filing must be accompanied by analysis from an actuary that substantively illustrates the basis for the rate increase. **Chapter 229, Laws 2021**

SB 1605 Workers Compensation; Physicians; Public Safety (Gowan): SB 1605 required the Industrial Commission of Arizona to develop and randomly select from a list of approved physicians to conduct initial or periodic medical examinations relating to a public safety employee's workers' compensation claim. **Failed to Pass Legislature**

SB 1651 Workers; Compensation; Service; Electronic Transmission (Livingston): SB 1651 stipulates that various notices of workers' compensation hearings and decisions may be transmitted to interested parties by means other than mailing to the last known address, including by electronic transmission, with the written consent of the receiving party. The bill permits the following documents and notices to be served to specified parties:

- Notice of the time and place of a requested worker's compensation claim hearing;
- A copy of an award determined by an administrative law judge presiding over a worker's compensation hearing;
- Copies of a request for review of an administrative law judge award;
- Notice of a review of an administrative law judge award;
- The decision on a review of an administrative law judge award;

- A determination for further compensation by the Commission in permanent partial or total disability or death cases; and
- A notice of denial of accidental injury claim, change in amount of compensation or termination of compensation by an insurance carrier or self-insuring employer.

Chapter 333, Laws 2021

HB 2454 Telehealth; Health Care Providers; Requirements (Cobb): Governor Ducey signed an executive order last March requiring health care insurance companies to expand telehealth coverage for all services that would normally be covered for an in-person visit to allow people to safely quarantine at home while still getting care. HB 2454 makes the telehealth services enacted during the COVID-19 pandemic permanent in addition to expanding access. The bill requires all contracts issued by specified health insurers to provide coverage for health care services that are provided through telehealth. The bill adds the definition for telehealth and establishes the Telehealth Advisory Committee on Telehealth Best Practices. While there are some lingering concerns, HB 2454 was favorably amended to clarify that there will be no payment parity for telephone only visits, unless it is for mental health issues.

Under the bill, insurers are required to reimburse health care providers at the same level of payment for equivalent services whether provided through telehealth using an audio-visual format or in-person care. However, it does not apply to a telehealth encounter provided through a platform sponsored or provided by the insurer. Insurers cannot require a health care provider to use a telehealth platform sponsored or provided by the insurer as a condition of network participation. The definition of "telehealth" is expanded to include the use of an audio-only telephone encounter between an insured and a health care provider if specified conditions are met. HB 2454 establishes a 27-member Telehealth Advisory Committee on Telehealth Best Practices to review standards for telehealth best practices and relevant peer-reviewed literature, and to adopt telehealth best practice guidelines and recommendations. The Committee is required to submit a report of its findings and recommendations to the Governor and the Legislature by December 1, 2021. Beginning January 1, 2022, insurers are required to cover services provided through an audio-only telehealth encounter if the Committee recommends that the services may appropriately be provided in that manner. Before January 1, 2022, insurers are required to cover services provided through an audio-only telehealth encounter if that service is covered by Medicare or the Arizona Health Care Cost Containment System when provided in this manner. A health care provider regulatory board or agency is prohibited from enforcing any statute, rule or policy that would require a health care provider who is licensed by that board or agency and who is authorized to write prescriptions to require an in-person examination of the patient before issuing a prescription, except as specifically prescribed by federal law. Consistent with the best practice guidelines adopted by the Committee, health care providers are required to make a good faith effort to use best practices in determining whether a health care service should be provided through telehealth instead of in person, and in determining the communication medium of telehealth. Network adequacy standards required by state or federal law cannot be met by an insurer through the use of contracted health care providers who provide only telehealth services and do not provide in-person health care services in Arizona. Health care providers who are licensed in another state are authorized to provide telehealth services to a person in Arizona if the provider complies with a list of requirements, including maintaining liability insurance and following community of care standards. By September 1, 2021 or 30 days after the effective date of this legislation, whichever is earlier, the Department of Health Services

is required to develop a three-year pilot program that allows the delivery of acute care services to patients in the patient's home by licensed hospitals in Arizona working in coordination with licensed home health professionals. By March 31, 2023, the Department of Insurance and Financial Institutions is required to report specified information on telehealth encounters to the Legislature. **Chapter 320, Laws 2021**

HB 2506 Workers' Compensation; Rates; Firefighters; Cancer (Payne): HB 2506 was very similar to SB 1451 which was signed into law. The bill extended to fire investigators the firefighter cancer presumption of compensability and adds ovarian cancer and breast cancer to the qualifying cancer types. It modified cancer presumption requirements relating to firefighters and peace officers. HB 2506 allowed an insurer to increase statewide rates and adjust premiums associated with firefighter and fire investigator presumption claims. **Failed to Pass Legislature**

FY 2022 State Budget Summary

After weeks of stops and starts and negotiations with numerous Republican holdouts, the Arizona 55th Legislature passed a \$12.8 billion budget along with the largest income tax cut in state history.

The FY 2022 spending package, passed by GOP legislators on a nearly party-line vote, included a historic package of tax cuts that will reduce income taxes for every Arizona family and cap at 4.5 percent the rate paid by high earners (individuals earning over \$250,000, or \$500,000 for joint filers).

In addition to the \$1.9 billion tax cut, the budget package pays down an estimated \$1 billion in state debt and pension liabilities, and invests heavily in K-12 and higher education, public safety, transportation and more. It also contained a number of non-budget controversial issues including a ban on teaching critical race theory and prohibitions on vaccine or mask mandates. Additionally, it stripped power from the Office of the Secretary of State when it comes to election oversight and gives that power exclusively to the Office of the Attorney General.

Key Budget Highlights include:

- Implementation of a 2.5 percent flat tax projected to result in a 13 percent income-tax reduction for the average Arizona taxpayer;
- Elimination of income taxes on veterans' military pensions;
- A \$6.2 billion total investment in K-12, including \$30 million to support transportation for students;
- A \$2 billion total investment in universities and community colleges, including \$68.6 million in ongoing funding and \$37.4 million for one-time operating funding for ASU, UArizona and NAU;
- \$1.5 billion in total funding for public safety, including multi-million-dollar investments for State Trooper pay raises, body cameras and more;
- \$1.2 billion childcare package to support families as parents return to work;

- More than \$200 million for water infrastructure and \$100 million for wildfire prevention and emergency response;
- Over \$320 million to support transportation projects, including \$50 million to continue widening Interstate 10 between Phoenix and Tucson; and more.

State Income Tax Cut

The original proposed budget plan called for a 2.5 percent flat income tax rate to replace the current graduated rates, which range from 2.59 percent to 4.5 percent. To partially offset the new 3.5 percent surcharge from Proposition 208 (K-12 Education Funding) on individuals who earn at least a quarter million dollars per year and couples who earn at least a half million, the plan capped income tax rates at 4.5 percent, meaning high earners would pay the new surcharge plus an additional 1 percent.

The flat tax rate was projected to cost up to \$1.9 billion in tax revenue by fiscal year 2025, when it would be fully phased in. The League of Arizona Cities and Towns estimated that the cost to municipalities would be upwards of \$285 million. Senator Paul Boyer (R-Glendale) and Representative David Cook (R-Globe) opposed the budget largely over concerns about revenue losses to both the state and cities, saying they wanted a smaller tax cut and for cities to be compensated.

Under the revised plan, the originally proposed single 2.5 percent flat tax rate will move to two rates of 2.55 percent for people who earn up to \$27,272 annually and 2.98% for earnings above that. If state revenue numbers hit certain triggers, the 2.5 percent rate will eventually be phase in and higher wage earners will be shielded from the 4.5 percent tax hike which was approved by voters last year to pay for schools. The State General Fund will be responsible for covering this cost which could exceed \$800 million. Additionally, the plan increases cities and towns share of state income tax revenue to 18 percent from 15 percent to help offset the impact from the tax cut and provides the increased sharing one year early from the impacts of the reduction beginning to be felt by cities and towns.

Property Tax Reduction

The FY 2022 budget reduces the assessment ratio for Class 1 (commercial) property from 18 percent to 16 percent over 4 years. The legislation changes the homeowner's rebate on Class 3 (residential) property from 47.19 percent to 50.0 percent, beginning in TY 2022. Additionally, it increases the maximum property tax rate for Fire Assistance Districts from \$3.25 per \$100 Net Assessed Value (NAV) to \$3.375 in TY 2022 and \$3.50, beginning in TY 2023. As under current law, the fire district levy remains limited to the lesser of: (1) 8 percent more than the amount levied in the preceding year or (2) the maximum tax rate multiplied by the district's NAV.

Critical Race Theory Ban

The negotiated budget bars the teaching of critical race theory, a hot-button topic for Republicans not just in Arizona, but throughout the country. The amendment to the K-12 Education budget bill blocks any instruction that infers that one race is inherently racist, should be discriminated against

or feel guilty because of their race. This controversial provision also states that teachers could lose their credentials and schools fined if they allow such instruction. The legislation also allows the attorney general to seek civil penalties against teachers who use work time to advocate for a strike, directly targeting a repeat of a 2018 statewide teacher’s strike over low teacher pay and underfunded schools.

COVID-19/Executive Powers – Emergency Declarations

The budget included a host of items targeting enforcement of COVID-19 restrictions. It contains language banning school districts and universities from requiring face masks or vaccines. Under the negotiated budget, mandatory testing is prohibited, except in cases of outbreaks in dormitories and only with approval from the Governor.

The plan also limits future governors’ ability to issue extended emergency declarations without the Legislature’s approval, and preempts cities, towns and counties from issuing their own public health mandates, such as business closures. Additionally, the plan removes the governor’s authority to mandate vaccines in the future.

State and local governments cannot require “vaccine passports” or mandate that businesses check their customers’ vaccination records. Private businesses can have vaccination requirements; however, they must allow for various accommodations due to religious concerns. Finally, cities, towns and counties will be preempted from issuing their own COVID protection orders, including mask mandates, capacity limits or closures.

Election Reforms

The budget creates a \$12 million election integrity fund to pay for election security updates and future hand recounts. The legislation lays out a series of security features for ballot paper, such as watermarks or holograms, though it stops short of explicitly requiring that they be used, creating an opt-in system for Arizona counties.

Additionally, the budget establishes a joint task force with the attorney general to investigate whether Facebook and Twitter’s bans on former President Donald Trump’s accounts constitutes an illegal in-kind political donation to his opponents. The task force will investigate whether social media company algorithms favor or disfavor certain candidates.

Unemployment Insurance

Massive unemployment triggered by the COVID-19 pandemic and subsequent economic restrictions highlighted Arizona’s second lowest in the nation unemployment benefits. The maximum of \$240 that unemployed Arizonans are eligible for is lower than every state except Mississippi, which offers \$235. Under the FY 2022 budget, out-of-work Arizonans are eligible to receive up to \$320 per week, but only if the state’s unemployment rate is at or below 5%, and only if the unemployment trust fund that employers pay into has at least \$1.1 billion. However, those benefits would only be available for 24 weeks, not 26 weeks, as the current benefits are provided.

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The legislation requires DES to obtain current and actual employment and earned income information from third-party sources when it determines eligibility for unemployment benefits. The identity verification process may include digital and/or physical identity authentication factors. Requires DES to report by December 31st annually on unemployment insurance fraud for the previous fiscal year.

Firefighter Cancer Fund

Established the municipal firefighter cancer reimbursement fund consisting of fees assessed and collected from cities and towns by the Industrial Commission of Arizona up to \$15 million. These fees replace those paid by cities/towns to the Arizona Department of Revenue to support operations for the administration of transaction privilege taxes. The budget appropriated \$95,000 and 1 FTE from the General Fund in FY 2022 to the Industrial Commission of Arizona for municipal firefighter reimbursement administration.

Department of Insurance and Financial Institutions

The FY 2022 budget moves \$1.8M from Op Budget to Fraud Unit.

Drought Mitigation Revolving /Water Supply Fund

The budget contains a one-time appropriation of \$200 million to a newly established drought mitigation revolving/water supply fund. The fund can be used for forbearance of water deliveries that would avoid cuts to Arizona's Colorado River Water Supplies, grants for the Arizona Land Department, low-cost long term loans for the planning, designing, constructing or financing of water supply development projects to import water supplies from outside Arizona into the State and administrative costs. It includes a provision that monies in the fund may not be utilized for financial assistance to transfer water or the right to a mainstream Colorado River entitlement away from an area near the Colorado River.

OTHER LEGISLATION OF INTEREST

The following list contains legislation with potential to impact the property & casualty insurance industry. The industry has been working diligently on a number of bills throughout the legislative session, whether it is ensuring the passage of industry-backed legislation, amending legislation of potential consequence or opposing legislation unfavorable to the industry.

Automobile Insurance			
BILL	SUMMARY	SPONSORS	LAST ACTION
H2006 (Chapter 47): SPEED LIMITS; ROADWAY TURN OFF	For the purpose of statute prohibiting driving a motor vehicle at such a slow speed as to impede the movement of traffic, "vehicle" is defined as a device in, on or by which a person or property is or may be transported on a public highway. "Vehicle" specifically includes electric bicycles, electric miniature scooters,	First sponsor: Rep. Kavanagh (R - Dist 23)	3/18 signed by governor. Chap. 47, Laws 2021.

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	electric standup scooters, devices moved by human power, personal delivery devices, and personal mobile cargo carrying devices. AS SIGNED BY GOVERNOR		
H2007: AUTONOMOUS VEHICLES; SAFETY FEATURES; PROHIBITIONS	A person is prohibited from "installing or using a defeat device" (defined) to interfere with or disable a safety feature of a vehicle equipped with specified levels of driving automation that is designed to ensure that a human driver is alert and attentive while driving automation features are engaged. Some exceptions.	First sponsor: Rep. Kavanagh (R - Dist 23)	1/12 referred to House Transportation
H2013: INTERLOCK RESTRICTED LICENSES; VIOLATIONS; REPORTING	If a person's privilege to operate a motor vehicle has been suspended due to an alcohol-related offense and the person meets specified criteria allowing the person to drive between certain places, the Department of Transportation is required to issue a special ignition interlock restricted driver license that allows the person to operate a motor vehicle that is equipped with a functioning certified ignition interlock device. If a person has a special ignition interlock restricted driver license, the ignition interlock device must report the global positioning system location of the device each time that the vehicle's ignition is successfully started, and each time the vehicle's ignition is disengaged. The ignition interlock manufacturer or case management service provider is required to report to the Department of Transportation each time that the person operates the vehicle in violation of the restrictions on the license. The person is required to pay the cost for monitoring the person's special ignition interlock restricted driver license.	First sponsor: Rep. Kavanagh (R - Dist 23)	2/17 House Transportation held.
H2027 (Chapter 304): LEAVING ACCIDENT SCENE; PRIVATE PROPERTY	The requirements for the driver of a vehicle involved in an accident to stop, remain at the scene of the accident, give specified information to others, and give reasonable assistance to an injured person are applicable to accidents on public or private property. The criminal classification for violating these requirements and for violating the requirement to take reasonable steps to locate and notify the owner of an unattended vehicle or fixtures or other property adjacent to a highway that the driver struck are increased to a class 1 (highest) misdemeanor, from a class 3	First sponsor: Rep. Kavanagh (R - Dist 23)	4/30 signed by governor. Chap. 304, Laws 2021.

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	(lowest) misdemeanor. AS SIGNED BY GOVERNOR		
H2083: SAFETY FEATURES; AUTONOMOUS VEHICLES; PROHIBITIONS	A person is prohibited from knowingly and intentionally installing or using a "defeat device" (defined) to interfere with or disable a safety feature of a vehicle equipped with specified levels of driving automation that is designed to ensure that a human driver is alert and attentive while driving automation features are engaged. Some exceptions. AS PASSED HOUSE.	First sponsor: Rep. Kavanagh (R - Dist 23)	2/18 referred to Senate Transportation and Technology.
H2084: DUI; MARIJUANA; IMPAIRMENT	In a trial, action or proceeding for a violation of driving under the influence, it is presumed that a defendant is under the influence and impaired by marijuana if the defendant has a blood concentration of 2.0 nanograms per milliliter or more of tetrahydrocannabinol within two hours of the time of driving or being in actual physical control of a vehicle as shown by an analysis of the defendant's blood.	First sponsor: Rep. Kavanagh (R - Dist 23)	1/14 referred to House Judiciary.
H2110 (Chapter 288): CIVIL PENALTIES; TRAFFIC; MITIGATION; RESTITUTION	If a "monetary obligation" (defined) is imposed on a person at sentencing, the court is authorized to order the person to perform community restitution in lieu of the payment of the monetary obligation. The court is required to credit any community restitution performed at a rate equal to the state minimum wage, rounded up to the nearest dollar. AS SIGNED BY GOVERNOR	First sponsor: Rep. Biasiucci (R - Dist 5)	4/28 signed by governor. Chap. 288, Laws 2021.
H2134 (Chapter 99): COMMERCIAL DRIVER LICENSES; THIRD PARTIES	A third-party driver license provider is authorized to perform administrative and testing functions for the issuance and renewal of commercial driver licenses as authorized by the Department of Transportation and pursuant to federal law, instead of being prohibited from processing commercial driver licenses. Emergency clause. AS SIGNED BY GOVERNOR	First sponsor: Rep. Carroll (R - Dist 22)	3/24 signed by governor; Chap. 99, Laws 2021.
H2143 (Chapter 335): ADOT REVISIONS	Various changes to statutes relating to the Arizona Department of Transportation (ADOT). ADOT is authorized to establish a system or process that enables ADOT to accept certificate of title brands from other states or jurisdictions and to record these brands on the appropriate vehicle records. The list of reasons for which ADOT is authorized to disclose personal information is modified to remove for bulk distribution of surveys, marketing or solicitations if ADOT has obtained the express consent of	First sponsor: Rep. Pratt (R - Dist 8)	5/7 signed by governor. Chap. 335, Laws 2021.

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	<p>the person, and statute requiring ADOT to allow persons to opt in to the disclosure is also deleted. ADOT is prohibited from selling records with personal identifying information for a commercial purpose, with some exceptions. ADOT is required to disqualify a person from driving a commercial motor vehicle for the life of the person if the person is convicted of sex trafficking, trafficking of persons for forced labor or services or child sex trafficking, and a commercial motor vehicle was used in the commission of the offense. A towing company that is owed partial reimbursement for towing an abandoned vehicle is required to register with the state's procurement office in order to qualify for payment. ADOT is required to make three good faith attempts to contact the towing company identified as having towed an abandoned vehicle in order to facilitate payment of the partial reimbursement. If ADOT does not receive a response from or is unable to make contact with the towing company after 30 days, the payment is subject to forfeiture and reverts to the Abandoned Vehicle Administration Fund. Requirements for registered scrap metal dealers and licensed automotive recyclers to purchase a vehicle without obtaining a certificate of title are modified to require the signature of the vehicle owner, instead of the vehicle seller. The requirement for ADOT to suspend or restrict a person's driving privilege for an unpaid civil penalty if the person holds a commercial driver license is repealed. If, before the effective date of this legislation, a person's driving privilege is suspended or restricted due to failure to pay civil penalties imposed for a civil traffic violation, ADOT is required to rescind the suspension or restriction and reinstate the person's driving privilege. AS SIGNED BY GOVERNOR</p>		
<p>H2240: MOTOR VEHICLE INSURANCE; NONRENEWAL</p>	<p>Insurers are authorized to fail to renew a motor vehicle insurance policy if the named insured, any person who resides in the same household as the named insured and who customarily operates a motor vehicle insured under the policy or any other person who regularly and frequently operates a motor vehicle insured under the policy has had at any time during the 24 months immediately before the notice of</p>	<p>First sponsor: Rep. Biasiucci (R - Dist 5)</p>	<p>1/21 referred to House Commerce</p>

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	<p>nonrenewal three or more at-fault accidents under any motor vehicle insurance policy issued by the insurer. The insurer is prohibited from failing to renew a motor vehicle insurance policy due to the driving record of a person other than the named insured, if the named insured agrees in writing to exclude as insured the person by name when operating a motor vehicle. An insurer may transfer up to one percent of its policies to an affiliated insurer within one calendar year if under a policy to be transferred one or more of the insureds that are insured under the policy have individually within the past 36 months had two or more at-fault accidents under any motor vehicle insurance policy issued by the insurer in which the property damage paid by the insurer for each accident exceeded \$1,500 or individually have had three or more moving violations. More.</p>		
<p>H2293: VEHICLE IMPOUNDMENT; EXCEPTIONS; STORAGE CHARGES</p>	<p>The list of reasons for which a peace officer is required to cause the removal and either immobilization or impoundment of a vehicle is modified to include if the peace officer determines that the person's driving privilege is suspended for any reason except for failure to pay a civil penalty or failure to appear as directed for a scheduled court appearance, and to remove if the person's driving privilege is revoked for transporting or concealing from detection an alien in Arizona. A peace officer who needs to be present at an emergency is not required to remove, immobilize or impound a vehicle. The exemption from the requirement to remove the vehicle if the driver's spouse is present and meet specified qualifications to be able to drive the vehicle to a place of safety is expanded to apply to any other person who is with the driver at the time of the arrest. The minimum amount of time a vehicle must be immobilized or impounded is decreased to 20 days, from 30 days. AS PASSED HOUSE</p>	<p>First sponsor: Rep. Payne (R - Dist 21)</p>	<p>5/17 FAILED Senate on final reading 15-14.</p>
<p>H2324: TECH CORRECTION; MANDATORY VEHICLE INSURANCE</p>	<p>Minor change in Title 28 (Transportation) related to mandatory motor vehicle insurance. Apparent striker bus.</p>	<p>First sponsor: Rep. Toma (R - Dist 22)</p>	<p>5/24 referred to House Rules.</p>

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H2365 (Chapter 194): POLITICAL CANDIDATES; ADDRESS CONFIDENTIALITY	If a person desiring to become a candidate at a primary election or nonpartisan election or desiring to become a write-in candidate has a residence address that is protected from public access (as provided for elsewhere in statute), the person is authorized to provide a post office box or private mail box address on the nomination papers instead of providing the actual residence address. AS SIGNED BY GOVERNOR	First sponsor: Rep. Payne (R - Dist 21)	4/9 signed by governor. Chap. 194, Laws 2021.
H2424 (Chapter 111): ELECTRONIC CERTIFICATES OF TITLE	The Director of the Arizona Department of Transportation (ADOT) is authorized to contract with an association of new motor vehicle dealers to manage a lien recording system on behalf of ADOT at no cost to the state. AS SIGNED BY GOVERNOR	First sponsor: Rep. Carroll (R - Dist 22)	3/24 signed by governor; Chap. 111, Laws 2021.
H2588 (Chapter 374): DRIVER LICENSES; FOSTER YOUTH	If an applicant for a driver license or nonoperating identification license is at least 16 years of age and either does not have a residence address or is in the Department of Child Safety's custody, the applicant does not need a signature of a parent, guardian, foster parent or employer. A child who is at least 16 years of age and either does not have a residence address or is in the Department of Child Safety's custody is allowed to receive a certified copy of the child's certificate of birth registration without the signature of the child's parent, guardian or foster parent. AS SIGNED BY GOVERNOR	First sponsor: Rep. Bolding (D - Dist 27)	5/21 signed by governor. Chap. 374, Laws 2021.
H2589: REAR-FACING CAR SEATS	A child who is under two years of age is required to be in a rear-facing child restraint system unless the child weighs at least 40 pounds or is at least 40 inches tall, in which case the child restraint system may be forward facing.	First sponsor: Rep. Bolding (D - Dist 27)	2/11 from House Transportation do pass.
H2757: TRAFFIC SURVIVAL SCHOOL; ONLINE PROHIBITED	Traffic survival school courses of instruction must be offered and completed in person and cannot be offered online unless a state of emergency has been declared by the Governor and the Department of Transportation determines the emergency prevents courses being offered safely in person. AS PASSED HOUSE	First sponsor: Rep. Payne (R - Dist 21)	4/7 FAILED Senate on reconsideration 15-15.
H2758 (Chapter 116): EMISSIONS INSPECTION; COLLECTIBLE VEHICLES; DEALERS	A collectible vehicle is exempt from the requirement for a motor vehicle dealer to have a vehicle pass an emissions inspection prior to delivery if the retail purchaser obtains collectible vehicle or classic automobile insurance coverage	First sponsor: Rep. Pingerelli (R - Dist 21)	3/24 signed by governor; Chap. 116, Laws 2021.

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	before delivery. AS SIGNED BY GOVERNOR		
H2773 (Chapter 375): SPIRITUOUS LIQUOR; DELIVERY; OFF-SALE PERMITS	<p>Specified liquor licensees in Arizona are authorized to take orders by telephone, mail, fax, catalog, through the internet, or by other means for the sale and delivery of spirituous liquor off the licensed premises. Bar licensees and liquor store licensees may take orders for beer, wine, distilled spirits or "mixed cocktails" (defined), beer and wine bar licensees and beer and wine store licensees may take orders for beer and wine, and restaurant licensees may take orders for mixed cocktails with the sale of food or for beer, wine, and distilled spirits if the restaurant holds specified permits. The liquor licensee is allowed to maintain a delivery service and to contract with one or more "registered alcohol delivery contractors" (defined) for delivery of spirituous liquor if the spirituous liquor is packaged and tamper proof sealed by the licensee and loaded for delivery at the premises of the licensee in Arizona and delivered in Arizona on the same business day. All containers of spirituous liquor that are delivered must be tamper proof sealed and conspicuously labeled with the words "Contains alcohol, signature of person who is twenty-one years of age or older is required for delivery." Delivery must be made by an employee of the licensee or an employee or authorized independent contractor of a registered alcohol delivery contractor who is at least 21 years of age and delivery must be made to a customer who is at least 21 years of age and who displays identification at the time of delivery. The Department of Liquor Licenses and Control (DLLC) is authorized to register any person in Arizona as an alcohol delivery contractor, and registration requirements are specified. Through December 31, 2025, bar and liquor store licensees, through the DLLC, are required to lease in one-year terms to restaurant licensees the privilege of selling mixed cocktails for consumption off the licensed premises. DLLC is required to establish a lease amount that is derived from the commercial value of the privilege, and conditions for the leases are listed. Bars, beer and wine bars, and liquor store licensees are authorized to lease in one-year terms the off-sale privileges</p>	First sponsor: Rep. Weninger (R - Dist 17)	5/21 signed by governor. Chap. 375, Laws 2021.

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	<p>associated with the licensee’s license, except the privilege to sell mixed cocktails for off-premises consumption, to a restaurant licensee. Conditions for these leases are also listed. Severability clause. Effective October 1, 2021. Retroactive to July 1, 2020, the list of exemptions from spirituous liquor regulations is expanded to include the manufacture or sale of bitters products that have been classified and approved as a nonbeverage product or unfit for beverage purposes by the U.S. Alcohol and Tobacco Tax and Trade Bureau. AS SIGNED BY GOVERNOR</p>		
<p>H2813 (Chapter 117): AUTONOMOUS VEHICLES</p>	<p>Establishes a new chapter in Title 28 (Transportation) regulating autonomous vehicles. Except as otherwise provided, the operation of autonomous vehicles with or without a human driver is subject to all applicable federal and state laws. A person is allowed to operate an autonomous vehicle with the automated driving system engaged on public roads in Arizona with a licensed human driver who is able to resume part or all of the dynamic driving task or respond to a request to intervene. A fully autonomous vehicle is authorized to operate on public roads without a human driver only if a person submits both a law enforcement interaction plan to the Arizona Department of Transportation (ADOT) and the Department of Public Safety (DPS) that is consistent with and addresses all of the elements in the law enforcement protocol that was issued by DPS in 2018, and a written statement to ADOT acknowledging that a list of specified requirements for the equipment and functioning of the fully autonomous vehicle are met. When engaged, the automated driving system is considered the driver or operator of the autonomous vehicle for the purpose of assessing compliance with applicable traffic or motor vehicle laws. DPS is required to maintain a law enforcement protocol for fully autonomous vehicles, and provisions that must be included in the protocol are specified. Counties and municipalities are prohibited from imposing taxes and fees on automated driving systems or autonomous vehicles. A traffic or motor vehicle law cannot prohibit the operation of an autonomous vehicle or require a human driver to operate a fully</p>	<p>First sponsor: Rep. Weninger (R - Dist 17)</p>	<p>3/24 signed by governor; Chap. 117, Laws 2021.</p>

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	<p>autonomous vehicle with the automated driving system engaged, if the fully autonomous vehicle is operated in compliance with this legislation. Establishes requirements for a fully autonomous vehicle operating without a human driver that is involved in an accident resulting in damage to a vehicle, or injury or death. The parent or other adult accompanying a passenger under 16 years of age may be issued a citation for a violation of seatbelt or child restraint requirements that occurs in a fully autonomous vehicle operating with the automated driving system engaged. Fully autonomous vehicles that are incapable of operation by a human driver are exempt from various vehicle equipment requirements. More. AS SIGNED BY GOVERNOR</p>		
<p>S1127: VEHICLE SPEED LIMITS</p>	<p>The definition of excessive speeding, a class 3 (lowest) misdemeanor would have been modified to include exceeding the posted speed limit by more than 20 miles per hour, instead of exceeding 85 miles per hour. If the maximum speed limit on a public highway in Arizona was 30 miles per hour in an area that is outside of an "urbanized area" (defined elsewhere in statute), or 40 miles per hour in an urbanized area, a person would have been prohibited from driving a motor vehicle at a speed in excess of the posted speed limit on that highway. If the speed at which the person was alleged to have driven or the speed at which the court finds the person drove was not more than 10 miles per hour in excess of the posted speed limit, the offense would have been allowed to be designated as a waste of a finite resource and as a civil traffic violation. If the speed at which the person was alleged to have driven or the speed at which the court finds the person drove was more than 10 miles per hour in excess of the posted speed limit, the offense would have been designated as a civil traffic violation. AS VETOED BY GOVERNOR. In his veto message, the Governor stated that his priority is passing a budget, and that he does not intend to sign any additional bills until that happens.</p>	<p>First sponsor: Sen. Gowan (R - Dist 14)</p>	<p>5/28 VETOED</p>

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S1235: VEHICLE ACCIDENTS; FINANCIAL RESPONSIBILITY VERIFICATION	When the Arizona Department of Transportation (ADOT) verifies the financial responsibility of the owner of a motor vehicle involved in an accident in Arizona, ADOT cannot suspend the driver license or registration privilege of the person appearing as the registered owner of the vehicle in ADOT records if the person is able to provide proof the the vehicle was sold before the accident "occurred," instead of before "the date of the accident."	First sponsor: Sen. Livingston (R - Dist 22)	2/16 passed Senate <u>30-0</u> ; ready for House.
S1345 (Chapter 244): NEIGHBORHOOD ELECTRIC SHUTTLES	Statute regulating neighborhood electric vehicles is expanded to include a "neighborhood electric shuttle" (defined). Neighborhood electric shuttles cannot be operated at a speed of more than 25 miles per hour and cannot be driven on a highway with a posted speed limit greater than 35 miles per hour. For the purpose of vehicle registration and vehicle license taxes for motor vehicles powered by alternative fuels, a neighborhood electric shuttle is added to the definition of "motor vehicle." AS SIGNED BY GOVERNOR	First sponsor: Sen. Shope (R - Dist 8)	4/16 signed by governor. Chap. 244, Laws 2021.
S1419: HIGHWAY VIDEO SURVEILLANCE; PROHIBITION	The state and political subdivisions are prohibited from conducting "highway video surveillance" (defined) on a controlled access highway or on a sidewalk. A person who suffers an injury as a result of a violation of this prohibition is entitled to damages of at least \$1,000 for each violation, plus costs and reasonable attorney fees. Statutes authorizing and regulating photo enforcement are repealed.	First sponsor: Sen. Rogers (R - Dist 6)	2/15 FAILED SENATE Transportation and Technology 4-5.
S1495 (Chapter 378): ANNUITY CONTRACTS; NONFORFEITURE; INTEREST RATES	The required minimum interest rate used in determining an individual deferred annuity nonforfeiture amount is reduced to 0.15 percent, from 1 percent. AS SIGNED BY GOVERNOR	First sponsor: Sen. Livingston (R - Dist 22)	5/21 signed by governor. Chap. 378, Laws 2021.
S1501: TECH CORRECTION; FINANCIAL RESPONSIBILITY; VERIFICATION	Minor change in Title 20 (Insurance) related to verification of financial responsibility. Apparent striker bus.	First sponsor: Sen. Townsend (R - Dist 16)	2/1 referred to Senate Rules only.
S1551 (Chapter 189): DRIVER LICENSE SUSPENSIONS; RESTRICTIONS	The court is authorized to waive any civil penalties if payment within 30 days will place an undue economic burden on a person. A judge is authorized to mitigate any fine except one imposed for driving under the influence if the defendant demonstrates that the payment would work a hardship on the defendant or the	First sponsor: Sen. Boyer (R - Dist 20)	4/7 signed by governor. Chap. 189, Laws 2021.

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	defendant's immediate family. The court is required to order a person's driver license to be restricted or suspended for failure to pay civil penalties only for commercial driver license holders. If, on or before the effective date of this legislation, a driving privilege that is not a commercial driver license is suspended or restricted due to failure to pay civil penalties, the Arizona Department of Transportation is required to rescind the suspension or restriction and reinstate the person's driving privilege if the suspension resulted from not paying a civil penalty imposed for a civil traffic violation. AS SIGNED BY GOVERNOR		
S1600: JUNIOR DRIVER LICENSES	The Arizona Department of Transportation (ADOT) is authorized to issue a junior driver license to an applicant who is at least 14 years of age and under 18 years of age if the applicant establishes that either the applicant's school or other transportation facilities are inadequate for the applicant's regular attendance at school and at school-authorized activities, or that transportation facilities are inadequate and the operation of a motor vehicle is necessary in traveling to and from the applicant's place of employment. An application for a junior driver license must include a signed statement from the applicant's parent or guardian setting forth the reasons that the license is needed. A person with a junior driver license is authorized to operate a motor vehicle only between the person's residence, school, and place of employment. The existence of public transportation at reasonable intervals within one mile of an applicant's residence is adequate grounds for ADOT to deny the application for a junior driver license. ADOT is required to impose restrictions on a junior driver licensee that are appropriate to the conditions under which and the geographic area in which the licensee intends to drive.	First sponsor: Sen. Gowan (R - Dist 14)	2/1 referred to Senate Transportation and Technology.
S1650: TRANSPORTATION TAX; ELECTION; GAS TAX	Numerous changes to statutes related to transportation. Beginning January 1, 2022, the motor fuel and use fuel tax rates of 18 cents per gallon are required to increase annually by 1 cent. Beginning July 1, 2022, the motor fuel and use fuel tax rates are also required to be adjusted annually to reflect the average annual change in the consumer price index published by the	First sponsor: Sen. Livingston (R - Dist 22)	2/15 Senate Transportation and Technology held.

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	<p>U.S. Department of Labor, Bureau of Labor Statistics. The motor fuel tax rate increase of 1 cent per year stops after December 31, 2045. Each fiscal year, the Arizona Department of Transportation (ADOT) is required to allocate 40 percent of the revenues received from motor fuel and use fuel taxes to counties with a population of at least 3 millions persons (Maricopa County) and municipalities within those counties, and 60 percent of the revenues to counties with a population of less than 3 million persons and municipalities within those counties.</p> <p>Imposes a tax on a vehicle that accesses a street or highway and that is propelled by electricity or by a combination of electricity and other fuels of \$500 per year for a vehicle that is propelled only by alternative fuel and \$300 per year for a vehicle that is propelled by a combination of alternative fuel and other fuels. If approved by a majority of the qualified electors at an election held November 8, 2022, beginning January 1, 2026, a county with a population of 3 million or more persons (Maricopa County) is required to levy a county transportation excise tax at a rate of up to 15 percent of the transaction privilege tax (TPT) rate that applies as of January 1, 2024 to each person engaging in a business subject to TPT. The tax will be in effect for a term of 20 years. Net revenues from the tax must be distributed as follows: 56.2 percent to the Regional Area Road Fund for freeways, 10.5 percent to the Regional Area Road Fund for major arterial streets and intersection improvements, and 33.3 percent to the Public Transportation Fund for specified bus and rail expenses. A regional planning agency in a county with a population of 3 million or more persons (Maricopa County) is required to give a project in the regional transportation plan a higher priority for completion if the federal government provides federal monies for the project or if a municipality makes a single sum contribution to the project of at least five percent of the total cost of the project. The termination date of a county regional planning agency transportation policy committee is extended 20 years to July 1, 2044. Session law requires ADOT to widen Interstate 17 in two specified</p>		
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	<p>locations, to widen Interstate 10 in three specified locations, and to construct a suspension bridge over a river when constructing State Route 30. Due to a potential increase in state revenue, this legislation requires the affirmative vote of at least 2/3 of the members of each house of the Legislature for passage, and becomes effective on signature of the Governor.</p>		
<p>S1720 (Chapter 220): PEER-TO-PEER CAR SHARING</p>	<p>Establishes a new chapter in Title 28 (Transportation) regulating "peer-to-peer car sharing," defined as the authorized use of a shared vehicle by an individual other than the shared vehicle owner through a "peer-to-peer car sharing program" (defined). A peer-to-peer car sharing program is required to assume the liability of a shared vehicle owner for bodily injury or property damage that occurs to a third party during the car sharing period in an amount that is stated in the car sharing program agreement and that is at least the minimum amount of motor vehicle liability coverage required by statute. Some exceptions. A peer-to-peer car sharing program is required to ensure that during each car sharing period the shared vehicle owner and the shared vehicle driver are insured under a motor vehicle liability insurance policy that recognizes that the vehicle insured under the policy is made available and used through a peer-to-peer car sharing program, and that does not exclude the use of a shared vehicle by a shared vehicle driver. This insurance is primary during each car sharing period. Establishes authorized motor vehicle liability insurer exclusions relating to peer-to-peer car sharing. Establishes various requirements for peer-to-peer car sharing programs, including record collection, car sharing program agreement disclosures, driver license requirements, and responsibility for equipment and safety recalls. This legislation does not prohibit or restrict a public airport from implementing rules or licensing requirements or from assessing fees or charges that apply to shared vehicle transactions that are conducted at the public airport or that use an off-airport shuttle service provider that contracts with the public airport to access the shared vehicle off of the public airport premises.</p>	<p>First sponsor: Sen. Fann (R - Dist 1)</p>	<p>4/9 signed by governor. Chap. 220, Laws 2021.</p>

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	<p>A shared vehicle transaction is subject to transaction privilege taxes but is not subject to the rental vehicle surcharge. A peer-to-peer car sharing program is required to register with the Department of Revenue (DOR) for a license for the payment of transaction privilege taxes levied by the state and one or more counties, municipalities, or special taxing districts for the taxes due from a shared vehicle owner for any vehicle sharing transaction facilitated by the peer-to-peer car sharing program. A licensed peer-to-peer car sharing program is required to electronically remit to DOR the applicable surcharges and taxes, to electronically report the taxes monthly, and to remit the aggregate total amounts for each of the respective taxing jurisdictions. Establishes requirements for sourcing of shared vehicle transactions. A shared vehicle owner is entitled to an exclusion from any applicable taxes for any shared vehicle transaction that is facilitated by a peer-to-peer car sharing program and for which the program has collected and remitted applicable taxes. Counties, municipalities, and political subdivisions are prohibited from imposing any additional taxes, fees or charges on the gross proceeds or gross income of a shared vehicle transaction that is not imposed on every other transaction involving motor vehicles for hire without a driver by that jurisdiction. AS SIGNED BY GOVERNOR</p>		
S1789: RENTAL VEHICLE SURCHARGE; VLT	<p>A person engaged in the business of renting motor vehicles without drivers is authorized to use the rental vehicle surcharge monies collected in 2021 to reimburse the amount of vehicle license tax imposed in 2020 and 2021 on the rental vehicle.</p>	<p>First sponsor: Sen. Gowan (R - Dist 14)</p>	<p>3/18 from House Appropriations do pass.</p>

Insurance Operations			
BILL	SUMMARY	SPONSORS	LAST ACTION
H2014: PUBLIC WORKS CONTRACTS; PROHIBITED REQUIREMENTS	<p>The list of prohibited provisions in a public works contract is expanded to include requiring a contractor to provide a wage or salary amount that is different than what the agency or political subdivision requires for other contracts or industries operating in the jurisdiction, requiring a contractor to demonstrate the</p>	<p>First sponsor: Rep. Biasiucci (R - Dist 5)</p>	<p>5/17 from Senate Health and Human Services with amendment. From Senate Rules okay. Senate COW approved with amendment. NOTE SHORT TITLE CHANGE. Passed Senate 16-13; returned to House</p>

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	existence of a labor management agreement, employee grievance policy or similar management practice, and requiring a contractor to demonstrate labor organization status. AS PASSED SENATE		for concurrence in Senate amendments.
H2044: INSURANCE; OMNIBUS	Makes various changes to statutes relating to insurance. Expands applicability of statute regulating electronic communications and records of insurance to include disability, marine and transportation, surety, prepaid legal, prepaid dental, title, identity theft, disability, workers' compensation, and annuities that are subject to Title 20 (Insurance). The list of persons exempt from the requirement to obtain a license as an insurance producer is expanded to include a person whose activities in Arizona are limited to providing a website or other electronic platform for insurers and a person that processes payments or charges for insurance premiums if that person does not sell, solicit or negotiate insurance. A "federal home loan bank" (defined) cannot be stayed, enjoined or prohibited from exercising or enforcing any right or cause of action against collateral pledged by an insurer member under any federal home loan bank security agreement or other similar arrangement relating to a security agreement to which that federal home loan bank is a party. Service contracts are required to disclose whether the contracts cover or exclude preexisting conditions. More.	First sponsor: Rep. Weninger (R - Dist 17)	2/1 House COW approved with amendment
H2242 (Chapter 161): AGENCY ACTIONS; PROCEDURES; FEE AWARDS	Modifies statutes governing fees and other expenses the court awards to a party that prevails in an action against the state or a county or municipality by an adjudication on the merits. An award of fees against the state or a county or municipality cannot exceed \$125,000, increased from \$75,000, for fees incurred at each level of judicial appeal. The maximum rate for attorney fees awarded is \$350 per hour for any awards of attorney fees against the state or a county or municipality, instead of only for specified cases, and the maximum rate of \$75 per hour for all other cases is deleted. A person is entitled to have an agency not base a decision regarding any filing or other matter submitted to an agency on a requirement or condition that	First sponsor: Rep. Grantham (R - Dist 12)	4/1 signed by governor. Chap. 161, Laws 2021.

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	is not specifically authorized by statute, rule or state tribal gaming compact, and an agency is prohibited from doing so. A determination by an agency that an application is not administratively complete is an appealable agency action, with some exceptions. Changes relating to expenses awarded by the court apply to all proceedings that are pending on or filed after the effective date of this legislation. AS SIGNED BY GOVERNOR		
H2243: OCCUPATIONAL AND PROFESSIONAL LICENSURE; NOTICE	A regulating entity under Title 32 (Professions and Occupations) is required to prominently print a specified notice regarding reciprocity on all license and certificate applications and regulating entity websites.	First sponsor: Rep. Grantham (R - Dist 12)	2/2 from House Rules okay.
H2265 (Chapter 183): RULEMAKING; EXPEDITED PROCESS; RULE EXPIRATION	A state agency that seeks to expire a rule or rules is authorized to file a notice of intent to expire with the Governor's Regulatory Review Council (GRRC). GRRC is required to place the notice on the agenda for the next scheduled meeting for consideration. If a quorum of GRRC approves the notice, GRRC is required to cause a notice of rule expiration to be prepared and provide the notice of rule expiration to the agency for filing with the Secretary of State. AS SIGNED BY GOVERNOR	First sponsor: Rep. Kavanagh (R - Dist 23)	4/6 signed by governor. Chap. 183, Laws 2021.
H2759 (Chapter 340): RULEMAKING; PETITIONS; GRRC	On receipt of a petition to review an existing agency practice, substantive policy statement, final rule, or regulatory licensing requirement that the petitioner alleges violates state law, is not authorized by statute, is unduly burdensome or is not demonstrated to be necessary to fulfill a public health, safety or welfare concern, the Governor's Regulatory Review Council (GRRC) is required to review the practice, policy, rule, or requirement. Previously, GRRC was required to review the petition only if the practice, policy, rule or requirement applied to a profession for which the average wage in that profession in Arizona did not exceed 200 percent of the federal poverty guidelines for a family of four. AS SIGNED BY GOVERNOR	First sponsor: Rep. Grantham (R - Dist 12)	5/7 signed by governor. Chap. 340, Laws 2021.
H2814: OFFICE OF ADMINISTRATIVE HEARINGS; REPEAL	Repeals the Office of Administrative Hearings and the article of statute establishing uniform administrative hearing procedures.	First sponsor: Rep. Bowers (R - Dist 25)	2/17 House Judiciary held.

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H2865: PERSONAL DATA; PROCESSING; SECURITY STANDARDS	Adds a new article to Title 18 (Information Technology) relating to security standards for personal data. Establishes a list of consumer rights relating to the consumer's personal data. Requires a "controller" to disclose to each consumer the right to request the deletion of the consumer's personal data, and to correct inaccurate personal data or delete the consumer's data upon request. Some exceptions. A consumer is permitted to object to the processing of his/her personal data and request the controller to restrict processing of personal data in specified circumstances. The Attorney General is authorized to bring an action in the name of the state or on behalf of state residents to enforce these requirements. Does not serve as the basis for a private right of action. Applies to a legal entity with an annual gross revenue of at least \$25 million that conducts business in Arizona or produces products or services that are intentionally targeted to Arizona residents and that either controls or processes data of at least 100,000 consumers or derives over 35 percent of gross revenue from the sale of personal information and processes or controls personal information of at least 25,000 consumers.	First sponsor: Rep. DeGrazia (D - Dist 10)	2/11 referred to House Commerce
HCR2006: STATE OF EMERGENCY DECLARATION; TERMINATION	The Legislature declares that the Declaration of Emergency issued by the Governor on March 11, 2020 due to the COVID-19 outbreak is terminated. The Secretary of State is directed to transmit a copy of this resolution to the Governor.	First sponsor: Rep. Roberts (R - Dist 11)	1/26 referred to House Government and Elections
S1044 (Chapter 357): CREDIT FOR REINSURANCE	Statutes governing credit for reinsurance are repealed and replaced. Establishes requirements for domestic ceding insurers to be allowed a credit for reinsurance. If the assuming insurer does not meet the requirements prescribed in this legislation, the credit for reinsurance cannot be allowed unless the assuming insurer agrees in the trust agreements to a list of specified conditions. Much more. The Director of the Department of Insurance and Financial Institutions is authorized to adopt rules to carry out this legislation. Applies to all cessions after the effective date of this legislation under reinsurance agreements that have an inception, anniversary or renewal date at least six months after the	First sponsor: Sen. Livingston (R - Dist 22)	5/11 signed by governor. Chap. 357, Laws 2021.

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	effective date. Contains a legislative intent section. AS SIGNED BY GOVERNOR		
S1049 (Chapter 5): INSURANCE; OMNIBUS	Makes various changes to statutes relating to insurance. Expands applicability of statute regulating electronic communications and records of insurance to include disability, marine and transportation, surety, prepaid legal, prepaid dental, title, identity theft, disability, workers' compensation, and annuities that are subject to Title 20 (Insurance). The list of persons exempt from the requirement to obtain a license as an insurance producer is expanded to include a person whose activities in Arizona are limited to providing a website or other electronic platform for insurers and a person that processes payments or charges for insurance premiums if that person does not sell, solicit or negotiate insurance. A "federal home loan bank" (defined) cannot be stayed, enjoined or prohibited from exercising or enforcing any right or cause of action against collateral pledged by an insurer member under any federal home loan bank security agreement or other similar arrangement relating to a security agreement to which that federal home loan bank is a party. Service contracts are required to disclose whether the contracts cover or exclude preexisting conditions. Service contracts can exclude preexisting conditions only if the conditions were either known or would have been known by visually inspecting, operating, or testing the covered property. AS SIGNED BY GOVERNOR	First sponsor: Sen. Livingston (R - Dist 22)	2/9 signed by governor. Chap. 5, Laws 2021.
S1063 (Chapter 281): ADMINISTRATIVE REVIEW OF AGENCY DECISIONS	For review of final administrative decisions of agencies that regulate a profession or occupation under Title 32 (Professions and Occupations), or specified articles in Title 36 (Public Health), which refer to nursing care institution administrators, assisted living facilities managers, midwives, hearing aid dispensers, audiologists and speech-language pathologists, the trial is required to be de novo if trial de novo is demanded in the notice of appeal or motion of an appellee other than the agency. In a proceeding brought by or against the regulated party, the court is required to decide all questions of fact without deference to any previous	First sponsor: Sen. Mesnard (R - Dist 17)	4/26 signed by governor. Chap. 281, Laws 2021.

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	determination that may have been made on the question by the agency. AS SIGNED BY GOVERNOR		
S1116: STATE PERMITTING DASHBOARD	Requires the Governor to appoint a State Permitting Director to establish and maintain an online database called the Permitting Dashboard that displays the progress to completion for state authorizations for "participating projects" (defined). The Director is required to coordinate with a list of specified state agencies and any other agency that requires authorization for a participating project. Information that may be displayed on the Permitting Dashboard is listed. A project sponsor of an "eligible project" (defined as an activity in Arizona that requires authorization by an agency, that is subject to applicable state environmental laws, that is likely to require a total construction investment of more than \$25 million, and that meet other specified requirements) is authorized to submit to the Director a notice that the project sponsor is initiating a proposed project, and information that must be included in the notice is established. No later than 30 days after receipt of the notice, the Director is required to determine whether the proposed project qualifies as an eligible project and whether to include it as a participating project in the Permitting Dashboard. No later than 45 days after the determination, each agency identified by the project sponsor is required to submit to the Director all anticipated authorizations required for the participating project, including the target completion time for each step required. Agencies cannot require an eligible project to participate in the Permitting Dashboard. Establishes a process for resolution of disputes relating to the permitting timetable. These provisions self-repeal January 1, 2029. The Director is required to submit a report of findings and recommendations from administering the Permitting Dashboard to the Governor and the Legislature by December 1, 2022.	First sponsor: Sen. Gowan (R - Dist 14)	3/31 from House Appropriations with amendment
S1234 (Chapter 353): INSURANCE; CONTINUING EDUCATION;	The Department of Insurance and Financial Institutions is prohibited from requiring a proctor to administer any required post-course examination for a self-study continuing education course that	First sponsor: Sen. Livingston (R - Dist 22)	5/10 signed by governor. Chap. 353, Laws 2021.

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PROCTOR PROHIBITED	a licensee completes online. AS SIGNED BY GOVERNOR		
S1284 (Chapter 301): OCCUPATIONAL LICENSING; LICENSURE; FINGERPRINTING	Beginning September 1, 2022, an applicant for initial licensure, license renewal, license reinstatement or temporary licensure by the Board of Podiatry Examiners, the Board of Occupational Therapy Examiners, or the Board of Athletic Training is required to possess a valid fingerprint clearance card. The Board of Podiatry Examiners is authorized to establish and collect fees for providing a duplicate wallet card or wall certificate, copying records and documents, providing a licensee list, and providing audio files. Increases the criminal classification for practicing podiatry without a license to a class 5 (second lowest) felony, from a class 2 (second highest) misdemeanor. AS SIGNED BY GOVERNOR	First sponsor: Sen. Pace (R - Dist 25)	4/28 signed by governor. Chap. 301, Laws 2021.
S1377 (Chapter 179): CIVIL LIABILITY; PUBLIC HEALTH PANDEMIC	If the Governor declares a state of emergency for a public health pandemic, a person or "provider" (defined) that acts in good faith to protect a person or the public from injury from the pandemic is not liable for damages in any civil action for any injury, death or loss to person or property that is based on a claim that the person or provider failed to protect the person or the public from the effects of the pandemic, unless it is proven by clear and convincing evidence that the person or provider failed to act or acted with willful misconduct or gross negligence. A person or provider is presumed to have acted in good faith if the person or provider adopted and implemented reasonable policies related to the pandemic. If the Governor declares a state of emergency for a public health pandemic, a health professional or health care institution that acts in good faith is not liable for damages in any civil action for an injury or death that is alleged to be caused by the health professional's or health care institution's action or omission while providing health care services in support of Arizona's response to the state of emergency declared by the Governor, unless it is proven by clear and convincing evidence that the professional or institution failed to act or acted with willful misconduct or gross negligence. A health professional or health care institution is presumed to have acted in good faith if the	First sponsor: Sen. Leach (R - Dist 11)	4/5 signed by governor. Chap. 179, Laws 2021.

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	professional or institution relied on and reasonably attempted to comply with applicable published guidance relating to the pandemic that was issued by a federal or state agency. Applies to all claims filed before or after the effective date of this legislation for an act or omission that occurred on or after March 11, 2020 relating to a pandemic that is the subject of the state of emergency declared by the Governor. Does not apply to workers' compensation claims. Retroactive to March 11, 2020. Severability clause. AS SIGNED BY GOVERNOR		
S1459 (Chapter 316): AGENCY DECISIONS; ADMINISTRATIVE REVIEWS	Deletes the exemption from judicial review of administrative decisions for the Arizona Corporation Commission (ACC). ACC decisions are subject to de novo court review, with some exceptions. AS SIGNED BY GOVERNOR	First sponsor: Sen. Petersen (R - Dist 12)	5/4 signed by governor. Chap. 316, Laws 2021.
S1463 (Chapter 356): DIFI; OMNIBUS	Numerous changes to statutes relating to the Department of Insurance and Financial Institutions (DIFI). The Superintendent of Financial Institutions is renamed the Deputy Director of the Financial Institutions Division of DIFI. The uniform standards of professional appraisal practice as published by the Appraisal Standards Board are the standards for the appraisal practice in Arizona unless the Deputy Director objects. Repeals the chapter of statute regulating deferred presentment companies. Allows the Deputy Director to contract for the testing of applicants for mortgage broker licenses and to allow the contractor to charge a reasonable testing fee. Eliminates fees for approving articles of incorporation and changing responsible persons or active managers on financial institution licenses. Establishes a fee of \$300 plus \$300 for each branch office for a premium finance company. Changes the definition of "control" to increase the direct or indirect ownership or voting shares to 25 percent, from 15 percent. States that a consumer loan made under a consumer lender license is not a secondary motor vehicle finance transaction. Retroactive to July 1, 2020. AS SIGNED BY GOVERNOR	First sponsor: Sen. Livingston (R - Dist 22)	5/10 signed by governor. Chap. 356, Laws 2021.
S1635: REVISER'S TECHNICAL CORRECTIONS; 2021	Would have fixed multiple defective and conflicting enactments. No substantive changes. 4 pages. An annual exercise. AS VETOED BY GOVERNOR. In his veto	First sponsor: Sen. Gray (R - Dist 21)	6/24 Senate voted to override the governor's veto 25-5; ready for House.

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	message, the Governor stated that his priority is passing a budget, and that he does not intend to sign any additional bills until that happens.		
S1636 (Chapter 285): LEGISLATIVE DRAFTING REQUIREMENTS; REPEAL	Repeals the requirement for any new program established by the Legislature to include in its enabling legislation a specific expiration date for the program that is no more than ten years after the effective date of the enabling legislation. Repeals the requirement for any new committee established by the Legislature to include in its enabling legislation a specific expiration date for the committee that is no more than eight years after the effective date of the enabling legislation. Deletes or repeals the statutory termination dates for various programs and committees. Directs legislative council to prepare conforming legislation. Retroactive to July 1, 2021. AS SIGNED BY GOVERNOR	First sponsor: Sen. Gray (R - Dist 21)	4/26 signed by governor. Chap. 285, Laws 2021.
SCR1001: STATE OF EMERGENCY DECLARATION; TERMINATION	The Legislature declares that the Declaration of Emergency issued by the Governor on March 11, 2020 due to the COVID-19 outbreak is terminated. The Secretary of State is directed to transmit a copy of this resolution to the Governor.	First sponsor: Sen. Ugenti-Rita (R - Dist 23)	3/4 Senate COW approved.

Liability and Tort Reform			
BILL	SUMMARY	SPONSORS	LAST ACTION
H2185 (Chapter 160): CIVIL JURIES; SIZE; CONCURRENCE	From the effective date of this legislation until January 1, 2023, the presiding judge of the superior court in a county may order that a jury for trial in any court of record of a civil case is consists of six persons, instead of eight persons, and the concurrence of all but one, instead of two, is necessary to render a verdict. Emergency clause. AS SIGNED BY GOVERNOR	First sponsor: Rep. Pratt (R - Dist 8)	4/1 signed by governor. Chap. 160, Laws 2021.
H2334: DANGEROUS; INCOMPETENT PERSON; EVALUATION; COMMITMENT	Establishes a new chapter in Title 36 (Public Health and Safety) governing procedures for dangerous and incompetent persons who are committed. Requires a competent professional to biannually examine such persons, and requires the court to hold a hearing on an examination report that indicates the person is no longer dangerous or incompetent. A committed defendant is allowed to petition the court for conditional release or discharge under certain circumstances, and requirements	First sponsor: Rep. Pratt (R - Dist 8)	3/29 from Senate Judiciary do pass.

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	for hearings and determinations on the petition are established. Establishes requirements for detention and commitment and for revocation of conditional release. A committed defendant cannot be transported from a licensed facility except for specified reasons. Also makes various changes to statutes relating to determining whether a defendant is dangerous or incompetent. Information that must be included in an expert's written report of an examination is expanded. More. Retroactive to January 1, 2021. AS PASSED HOUSE		
H2368: VETERINARIANS; MALPRACTICE; UNPROFESSIONAL CONDUCT; ACTION	Expands the list of acts constituting unprofessional or dishonorable conduct for licensees of the Arizona State Veterinary Medical Examining Board to include failing to provide records of veterinary medical services to an animal owner or another licensed veterinarian within 10 days after a request, and making a false statement on or altering any document or record concerning the medical treatment of an animal. The definition of "malpractice," "gross incompetence" and "gross negligence" are modified to include the failure of a veterinarian who examines an animal to provide the animal's owner or caretaker with all the medical information about the animal that is relevant to the animal's health. A person has a private right of action in superior court against a veterinarian if the person is in a veterinarian-client patient relationship with the veterinarian and the veterinarian does not fully disclose all of the information about the animal's medical condition to the person, resulting in the person's pursuit of additional veterinary care for the animal to save the animal's life or diminish the animal's suffering.	First sponsor: Rep. Payne (R - Dist 21)	5/24 referred to House Rules only.
H2549: PROBABLE CAUSE HEARING; PANDEMIC LIABILITY	Subject to Arizona rules of court, the court is required to conduct a probable validity hearing for every civil action that is filed and that claims a party is liable for damages based on contracting an illness that is also the subject of a public health pandemic. At the probable validity hearing, the plaintiff has the burden of proof to demonstrate that there is sufficient evidence to establish that the injury exists, and that the defendant is likely a cause of the injury. On a finding of probable	First sponsor: Rep. Kavanagh (R - Dist 23)	3/8 referred to Senate Judiciary

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	validity, the court may proceed to a trial on the merits. AS PASSED HOUSE		
H2615 (Chapter 165): EPINEPHRINE INJECTIONS; FIRST RESPONDERS IMMUNITY	Pursuant to a standing order issued by a licensed physician, naturopathic physician, physician assistant, or nurse practitioner, a "first responder" (defined) who is trained in administering epinephrine injections is authorized to administer an epinephrine injection to a person who the first responder believes in good faith is experiencing anaphylaxis. Licensed physicians and nurse practitioners who issue a standing order and first responders who administer epinephrine injections are immune from professional liability and criminal prosecution for any decision made, act or omission or injury that results from that act if the person acts with reasonable care and in good faith, except in cases of wanton or willful neglect. AS SIGNED BY GOVERNOR	First sponsor: Rep. Osborne (R - Dist 13)	4/1 signed by governor. Chap. 165, Laws 2021.
H2624 (Chapter 324): PUBLIC OFFICIALS; ENTITIES; CIVIL LIABILITY	A public entity is not liable for damages as a result of an injury caused by any act or omission by a public officer who renders emergency care gratuitously and in good faith in a public building, at a public gathering on the grounds of a public building, or at the scene of an emergency, or as the result of any act or failure to act to provide or arrange for further medical treatment for the injured person, unless the public officer is guilty of gross negligence. AS SIGNED BY GOVERNOR	First sponsor: Rep. Shah (D - Dist 24)	5/5 signed by governor. Chap. 324, Laws 2021.
H2773 (Chapter 375): SPIRITUOUS LIQUOR; DELIVERY; OFF- SALE PERMITS	Specified liquor licensees in Arizona are authorized to take orders by telephone, mail, fax, catalog, through the internet, or by other means for the sale and delivery of spirituous liquor off the licensed premises. Bar licensees and liquor store licensees may take orders for beer, wine, distilled spirits or "mixed cocktails" (defined), beer and wine bar licensees and beer and wine store licensees may take orders for beer and wine, and restaurant licensees may take orders for mixed cocktails with the sale of food or for beer, wine, and distilled spirits if the restaurant holds specified permits. The liquor licensee is allowed to maintain a delivery service and to contract with one or more "registered alcohol delivery contractors" (defined) for delivery of spirituous liquor if the spirituous liquor is packaged and tamper proof sealed by the licensee and loaded for delivery at the	First sponsor: Rep. Weninger (R - Dist 17)	5/21 signed by governor. Chap. 375, Laws 2021.

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	<p>premises of the licensee in Arizona and delivered in Arizona on the same business day. All containers of spirituous liquor that are delivered must be tamper proof sealed and conspicuously labeled with the words "Contains alcohol, signature of person who is twenty-one years of age or older is required for delivery." Delivery must be made by an employee of the licensee or an employee or authorized independent contractor of a registered alcohol delivery contractor who is at least 21 years of age and delivery must be made to a customer who is at least 21 years of age and who displays identification at the time of delivery. The Department of Liquor Licenses and Control (DLLC) is authorized to register any person in Arizona as an alcohol delivery contractor, and registration requirements are specified. Through December 31, 2025, bar and liquor store licensees, through the DLLC, are required to lease in one-year terms to restaurant licensees the privilege of selling mixed cocktails for consumption off the licensed premises. DLLC is required to establish a lease amount that is derived from the commercial value of the privilege, and conditions for the leases are listed. Bars, beer and wine bars, and liquor store licensees are authorized to lease in one-year terms the off-sale privileges associated with the licensee's license, except the privilege to sell mixed cocktails for off-premises consumption, to a restaurant licensee. Conditions for these leases are also listed. Severability clause. Effective October 1, 2021. Retroactive to July 1, 2020, the list of exemptions from spirituous liquor regulations is expanded to include the manufacture or sale of bitters products that have been classified and approved as a nonbeverage product or unfit for beverage purposes by the U.S. Alcohol and Tobacco Tax and Trade Bureau. AS SIGNED BY GOVERNOR</p>		
<p>H2827: BUSINESSES; FIREARMS; UNLAWFUL ACTS</p>	<p>A government entity or financial institution is prohibited from discriminating against a "firearm entity" (defined) because the firearm entity supports or is engaged in the lawful commerce of firearms, firearm accessories or ammunition products. A person who is injured by a violation of this prohibition is authorized to bring a civil action against</p>	<p>First sponsor: Rep. Carroll (R - Dist 22)</p>	<p>2/24 retained on House COW calendar.</p>

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak Rock 2021 Contract)

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	the government entity or financial institution.		
H2864: ELECTRONIC DEVICES; FILTERS; HARMFUL MATERIAL	Adds a new chapter to Title 44 (Trade and Commerce) titled "cause of action to protect minors from unfiltered devices." Beginning January 1, 2022, a manufacturer of a tablet or smart phone is required to manufacture a device that, when activated in Arizona, automatically enables a filter that prevents the user from accessing or downloading material that is harmful to minors mobile data networks, applications owned and controlled by the manufacturer, wired internet networks, and wireless internet networks, and that meets other specified requirements. Beginning January 1, 2022, a manufacturer is liable to a minor in Arizona if a device does not comply with these requirements and the minor accesses material that is harmful to minors on the device. Some exceptions. Establishes civil penalties for violations. The Attorney General or a private individual are authorized to bring an action to enforce these requirements. More.	First sponsor: Rep. Udall (R - Dist 25)	2/11 referred to House Commerce
S1001 (Chapter 52): BREAST IMPLANT SURGERY; INFORMED CONSENT	Beginning January 1, 2022, before performing "breast implant surgery" (defined), a licensed physician is required to provide specified information, in writing or in an electronic format, to the patient and obtain written informed consent before performing the surgery. A physician who knowingly violates this requirement commits an act of unprofessional conduct and is subject to disciplinary action. By December 1, 2021, the Arizona Medical Board and the Arizona Board of Osteopathic Examiners in Medicine and Surgery are required to convene a work group to jointly develop an informed consent checklist for physicians to discuss with patients before breast implant surgery. AS SIGNED BY GOVERNOR	First sponsor: Sen. Ugenti-Rita (R - Dist 23)	3/18 signed by governor. Chap. 52, Laws 2021.
S1008: CLERGY; PRIESTS; DUTY TO REPORT	The list of persons with a duty to report a reasonable belief that a minor has been the victim of abuse or neglect is modified so that a member of the clergy or a priest who has received a confidential communication or a confession about abuse cannot withhold reporting of the communication or confession if there is a reasonable suspicion to believe that the abuse is ongoing, will continue or may be a threat to other minors. A member of the clergy or	First sponsor: Sen. Steele (D - Dist 9)	1/11 referred to Senate Health and Human Services

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	a priest who has knowledge or a reasonable suspicion that a person is committing or may commit child abuse or neglect is required to immediately report this information to a peace officer, to the Department of Child Safety or to a tribal law enforcement or social services agency, except if the report concerns a person who does not have care, custody or control of the minor, the report must be made to a peace officer only. Some exceptions.		
S1055: REPRODUCTIVE PROCEDURES; CONSENT; VIOLATION; LIABILITY	A patient who gives birth to a child after being treated through "assisted reproduction" (defined), the patient's spouse or partner, and a child born as a result of the treatment are authorized to bring a civil action against a health care provider who, in the course of performing or assisting an assisted reproduction procedure on the patient, knowingly uses "gametes" (defined) from a donor and the patient did not expressly consent to the use of that donor's gametes. A person who brings an action pursuant to this section has a separate cause of action for each child born as a result of the assisted reproduction procedure. A plaintiff who prevails in an action is entitled to reasonable attorney fees and specified damages. A health care provider that knowingly treats or assists in the treatment of a patient through assisted reproduction by using gametes from a donor and the patient did not expressly consent to the use of that donor's gametes commits misuse of gametes, a class 6 (lowest) felony.	First sponsor: Sen. Steele (D - Dist 9)	1/20 referred to Senate Judiciary
S1215: LIQUOR; SALES; DELIVERY; IDENTIFICATION INFORMATION	If the person delivering an order of spirituous liquor has personally retrieved and bagged or otherwise packaged the container of spirituous liquor for delivery and the liquor licensee records the identification information for each delivery, the delivery would have been exempt from the requirement for the liquor to be conspicuously labeled with the words "contains alcohol, signature of person who is twenty-one years of age or older is required for delivery". AS VETOED BY GOVERNOR. In his veto message, the Governor stated that his priority is passing a budget, and that he does not intend to sign any additional bills until that happens.	First sponsor: Sen. Borrelli (R - Dist 5)	5/28 VETOED

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S1219 (Chapter 137): DONATED MEDICINE; REQUIREMENTS	A "donor" (defined as any person or entity legally authorized to possess medicine) is permitted to donate "medicine" (defined) to an "authorized recipient" (defined as any entity that has a license or permit in good standing in Arizona and that is legally authorized to possess medicine). The authorized recipient is required to verify and record a list of specified information, including that the donor is legally authorized to possess the medicine. An authorized recipient is permitted to transfer donated medicine to another authorized recipient or to an entity participating in a drug donation program. Establishes requirements for an authorized recipient to accept donated medicine into inventory, and donated medicine that does not meet the requirements must be disposed of. Establishes requirements for donated medicine to be repackaged, labeled, and dispensed. Medicine donated is prohibited from being resold, but authorized recipients are allowed to charge a handling, dispensing or administrative fee, subject to limits prescribed by the Board of Pharmacy. Establishes immunity from civil liability, criminal liability or professional disciplinary action for specified persons acting in good faith under these provisions. Repeals the prescription medication donation program under the Board of Pharmacy, which allowed a person, manufacturer or health care institution to donate prescription medication to a physician's office, pharmacy, hospital or health care institution that voluntarily participated in the program. AS SIGNED BY GOVERNOR	First sponsor: Sen. Barto (R - Dist 15)	3/26 signed by governor; Chap. 137, Laws 2021.
S1379: VACATION RENTALS; SHORT- TERM RENTALS; ENFORCEMENT	Modifies the list of regulations that counties and municipalities are authorized to impose on vacation rentals or short-term rentals to include requiring the owner of a vacation rental or short-term rental to maintain liability insurance appropriate to cover the rental in the aggregate of at least \$500,000 or to advertise and offer each vacation rental or short-term rental through a hosting platform that provides equal or greater coverage. Counties and municipalities are authorized to impose civil penalties for each day a property is in violation of specified provisions. Modifies civil	First sponsor: Sen. Mesnard (R - Dist 17)	4/1 House COW approved with floor amendment. FAILED House <u>17-43</u> .

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	<p>penalties for online lodging operators that fail to comply with applicable transaction privilege tax requirements. After notice and a hearing, the Department of Revenue is authorized to suspend for a period of 12 months the transaction privilege tax license of the owner of a vacation rental or short-term rental that has three "verified violations" (defined) within the same 12-month period. AS PASSED SENATE</p>		
<p>S1457 (Chapter 286): ABORTION; UNBORN CHILD; GENETIC ABNORMALITY</p>	<p>Numerous changes to statutes relating to abortion. The laws of Arizona are required to be interpreted and construed to acknowledge, on behalf of an "unborn child" (defined elsewhere in statute) at every stage of development, all rights, privileges and immunities available to other persons, citizens and residents of Arizona, subject only to the U.S. Constitution and decisional interpretations thereof by the U.S. Supreme Court. Does not create a cause of action against a person who performs in vitro fertilization procedures as authorized by state law, or against a woman for indirectly harming her unborn child by failing to properly care for herself or by failing to follow any particular program of prenatal care. Except in a medical emergency, it is a class 6 (lowest) felony to knowingly perform an abortion knowing that the abortion is sought solely because of a "genetic abnormality" (defined) of the child. It is a class 3 (upper mid-level) felony to knowingly use force or threat of force to coerce an abortion because of a genetic abnormality of the child or to solicit or accept monies to finance an abortion because of a genetic abnormality of the child. A facility that is run by or that operates on the property of a public educational institution is prohibited from performing or providing an abortion, unless the abortion is necessary to save the life of the woman having the abortion. Public monies or tax monies of Arizona or a political subdivision, including federal pass-through monies, and monies paid by students as part of tuition or fees to a state university or a community college are prohibited from being expended or allocated for a research project that involves fetal remains from an abortion or human somatic cell nuclear transfer. The Department of Health Services is required</p>	<p>First sponsor: Sen. Barto (R - Dist 15)</p>	<p>4/27 signed by governor. Chap. 286, Laws 2021.</p>

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak Rock 2021 Contract)

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	<p>to adopt rules relating to the final disposition of bodily remains from a surgical abortion, which must include a requirement that the final disposition of bodily remains from a surgical abortion be by cremation or interment, and a requirement that the woman has the right to determine the method and location for final disposition of bodily remains. An abortion-inducing drug may be provided only by a qualified physician in accordance with statutory requirements. A manufacturer, supplier or physician or any other person is prohibited from providing an abortion-inducing drug via courier, delivery or mail service. The Legislature, by concurrent resolution, may appoint one or more of its members who sponsored or cosponsored this legislation in the member's official capacity to intervene as a matter of right in any case in which the constitutionality of this legislation is challenged. Severability clause. AS SIGNED BY GOVERNOR</p>		
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Life Insurance			
BILL	SUMMARY	SPONSORS	LAST ACTION
H2633 (Chapter 265): HOME HEALTH CARE SERVICES	An "allowed practitioner" (defined as a certified nurse practitioner, certified clinical nurse specialist or certified physician assistant) is authorized to order home health services for a member of the Arizona Long-Term Care System (ALTCS). AS SIGNED BY GOVERNOR	First sponsor: Rep. Shah (D - Dist 24)	4/20 signed by governor. Chap. 265, Laws 2021.
S1044 (Chapter 357): CREDIT FOR REINSURANCE	Statutes governing credit for reinsurance are repealed and replaced. Establishes requirements for domestic ceding insurers to be allowed a credit for reinsurance. If the assuming insurer does not meet the requirements prescribed in this legislation, the credit for reinsurance cannot be allowed unless the assuming insurer agrees in the trust agreements to a list of specified conditions. Much more. The Director of the Department of Insurance and Financial Institutions is authorized to adopt rules to carry out this legislation. Applies to all cessions after the effective date of this legislation under reinsurance agreements that have an inception, anniversary or renewal date at least six months after the effective date. Contains a legislative intent section. AS SIGNED BY GOVERNOR	First sponsor: Sen. Livingston (R - Dist 22)	5/11 signed by governor. Chap. 357, Laws 2021.

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S1173: FAMILY LEAVE	An employee is entitled to a total of 12 workweeks of leave during any 12 month period for the birth of a child of the employee, the placement of a child with the employee for adoption or foster care, to care for a family member with a serious health condition, or because of a serious health condition that makes the employee unable to perform the functions of the employee's position. Employees are authorized to take intermittent leave or leave on a reduced leave schedule under specified conditions. If an employer provides paid leave for fewer than 12 weeks, the additional weeks of leave may be provided without compensation. Establishes requirements for notice for foreseeable leave, spouses employed by the same employer, certification of serious health conditions, restoration of employment after leave, and employment benefits during leave. Specifies a list of prohibited acts and provides penalties for violations.	First sponsor: Sen. Bowie (D - Dist 18)	1/19 referred to Senate Commerce
S1377 (Chapter 179): CIVIL LIABILITY; PUBLIC HEALTH PANDEMIC	If the Governor declares a state of emergency for a public health pandemic, a person or "provider" (defined) that acts in good faith to protect a person or the public from injury from the pandemic is not liable for damages in any civil action for any injury, death or loss to person or property that is based on a claim that the person or provider failed to protect the person or the public from the effects of the pandemic, unless it is proven by clear and convincing evidence that the person or provider failed to act or acted with willful misconduct or gross negligence. A person or provider is presumed to have acted in good faith if the person or provider adopted and implemented reasonable policies related to the pandemic. If the Governor declares a state of emergency for a public health pandemic, a health professional or health care institution that acts in good faith is not liable for damages in any civil action for an injury or death that is alleged to be caused by the health professional's or health care institution's action or omission while providing health care services in support of Arizona's response to the state of emergency declared by the Governor, unless it is proven by clear and convincing evidence that the professional or institution failed to act or acted with willful	First sponsor: Sen. Leach (R - Dist 11)	4/5 signed by governor. Chap. 179, Laws 2021.

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	misconduct or gross negligence. A health professional or health care institution is presumed to have acted in good faith if the professional or institution relied on and reasonably attempted to comply with applicable published guidance relating to the pandemic that was issued by a federal or state agency. Applies to all claims filed before or after the effective date of this legislation for an act or omission that occurred on or after March 11, 2020 relating to a pandemic that is the subject of the state of emergency declared by the Governor. Does not apply to workers' compensation claims. Retroactive to March 11, 2020. Severability clause. AS SIGNED BY GOVERNOR		
S1495 (Chapter 378): ANNUITY CONTRACTS; NONFORFEITURE; INTEREST RATES	The required minimum interest rate used in determining an individual deferred annuity nonforfeiture amount is reduced to 0.15 percent, from 1 percent. AS SIGNED BY GOVERNOR	First sponsor: Sen. Livingston (R - Dist 22)	5/21 signed by governor. Chap. 378, Laws 2021.

Workers' Compensation

BILL	SUMMARY	SPONSORS	LAST ACTION
H2194: MISCLASSIFICATION; TAX FRAUD; TASK FORCE	Establishes a 5-member Employee Misclassification and Payroll Tax Fraud Advisory Task Force to study and make recommendations regarding issues relating to employee misclassification and payroll tax fraud in the construction industry, including a list of specified issues. The Task Force is required to submit a report of its findings and progress to specified legislative committees by February 1, 2023 and by each February 1 thereafter. The Task Force terminates on July 1, 2029.	First sponsor: Rep. Andrade (D - Dist 29)	1/25 referred to House Commerce and Ways & Means
H2454 (Chapter 320): TELEHEALTH; HEALTH CARE PROVIDERS; REQUIREMENTS	Modifies the requirements for health and disability insurers to cover telehealth services. Insurers are required to reimburse health care providers at the same level of payment for equivalent services whether provided through telehealth using an audio-visual format or in-person care. Does not apply to a telehealth encounter provided through a platform sponsored or provided by the insurer. Insurers cannot require a health care provider to use a telehealth platform sponsored or provided by the insurer as a condition of network participation. The definition of "telehealth" is expanded to include the use of an audio-only telephone encounter between an	First sponsor: Rep. Cobb (R - Dist 5)	5/5 signed by governor. Chap. 320, Laws 2021.

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	<p>insured and a health care provider if specified conditions are met. Establishes a 27-member Telehealth Advisory Committee on Telehealth Best Practices to review standards for telehealth best practices and relevant peer-reviewed literature, and to adopt telehealth best practice guidelines and recommendations. Factors the Committee must consider when doing so are listed. The Committee is required to submit a report of its findings and recommendations to the Governor and the Legislature by December 1, 2021. Beginning January 1, 2022, insurers are required to cover services provided through an audio-only telehealth encounter if the Committee recommends that the services may appropriately be provided in that manner. Before January 1, 2022, insurers are required to cover services provided through an audio-only telehealth encounter if that service is covered by Medicare or the Arizona Health Care Cost Containment System when provided in this manner. A health care provider regulatory board or agency is prohibited from enforcing any statute, rule or policy that would require a health care provider who is licensed by that board or agency and who is authorized to write prescriptions to require an in-person examination of the patient before issuing a prescription, except as specifically prescribed by federal law. Consistent with the best practice guidelines adopted by the Committee, health care providers are required to make a good faith effort to use best practices in determining whether a health care service should be provided through telehealth instead of in person, and in determining the communication medium of telehealth. Network adequacy standards required by state or federal law cannot be met by an insurer through the use of contracted health care providers who provide only telehealth services and do not provide in-person health care services in Arizona. Health care providers who are licensed in another state are authorized to provide telehealth services to a person in Arizona if the provider complies with a list of requirements, including maintaining liability insurance and following community of care standards. By</p>		
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Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak Rock 2021 Contract)

2021 Legislative Session Report – Property & Casualty Insurance Industry

	<p>September 1, 2021 or 30 days after the effective date of this legislation, whichever is earlier, the Department of Health Services is required to develop a three-year pilot program that allows the delivery of acute care services to patients in the patient's home by licensed hospitals in Arizona working in coordination with licensed home health professionals. By March 31, 2023, the Department of Insurance and Financial Institutions is required to report specified information on telehealth encounters to the Legislature. Emergency clause. AS SIGNED BY GOVERNOR</p>		
<p>H2506: WORKERS' COMPENSATION; RATES; FIREFIGHTERS; CANCER</p>	<p>Fire investigators are added to the presumption that specified types of cancer and related diseases that result in disability or death are an occupational disease and are deemed to arise out of employment if specified conditions are met. All insurance carriers, self-insuring employers and workers' compensation pools that secure workers' compensation for firefighters and fire investigators are required to compile and report to the Industrial Commission claim and claim reserve information for all cancer-related claims filed by or on behalf of firefighters and fire investigators. The Commission is required to compile and make available to insurance carriers, rating organizations, employers, public safety workers and workers' compensation pools the claim-related information collected to assist with the setting of workers' compensation insurance rates. In addition to the six uniform percentage deviations already authorized by statute, insurers covering firefighters and fire investigators are permitted to file one uniform percentage deviation that increases the statewide rates under the rating organization's rate filing for the class codes associated with firefighters and fire investigators to address the anticipated increase in losses and expenses for claims that are compensable due to the workers' compensation presumption. The deviation filing must be accompanied by analysis from an actuary that substantively illustrates the basis for the rate increase. Contains a legislative intent section. AS PASSED HOUSE</p>	<p>First sponsor: Rep. Payne (R - Dist 21)</p>	<p>3/25 from Senate Commerce do pass.</p>

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak Rock 2021 Contract)

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H2687: MEDICAL PRODUCTS; CONDITION OF EMPLOYMENT	A person cannot be required to take or otherwise receive or disclose whether the person has taken or received a "medical product" (defined as any drug or biologic) as a condition of employment, entry into any business or "public space" (defined) or receipt of any service or good unless the manufacturer of the medical product is liable for any death or serious injury caused by the medical product. Prohibits discrimination for refusing to take or otherwise receive a medical product if its manufacturer is not liable for all deaths and serious injuries caused by the medical product.	First sponsor: Rep. Carroll (R - Dist 22)	2/4 referred to House Health & Human Services and Commerce
S1042 (Chapter 204): WORKERS' COMPENSATION; SETTINGS; DEFINITION	For the purpose of statute allowing the Industrial Commission to include separate reimbursement guidelines for medications dispensed in settings that are not accessible to the general public, "settings that are not accessible to the general public" does not include mail order pharmacies delivering pharmaceutical services to workers' compensation claimants, if specified conditions are met. Emergency clause. AS SIGNED BY GOVERNOR	First sponsor: Sen. Livingston (R - Dist 22)	4/9 signed by governor. Chap. 204, Laws 2021.
S1450: WORKERS' COMPENSATION; SPECIAL FUND; FIREFIGHTERS	In claims involving a firefighter eligible for workers' compensation due to cancer that is deemed to arise out of employment, the claim is eligible for reimbursement if the firefighter filed a workers' compensation claim after January 1, 2017, and if the employer has adopted cancer mitigation best practices, including increased cancer screenings and equipment proven to minimize contaminant risk, including turnouts, hoods, gloves and washing machines or commercial laundry services. Retroactive to tax years beginning with 2017.	First sponsor: Sen. Boyer (R - Dist 20)	1/27 referred to Senate Commerce.
<u>S1451</u> (Chapter 229): WORKERS' COMPENSATION; RATES; FIREFIGHTERS; CANCER	Fire investigators are added to the presumption that specified types of cancer and related diseases that result in disability or death are an occupational disease and are deemed to arise out of employment if specified conditions are met. All insurance carriers, self-insuring employers and workers' compensation pools that secure workers' compensation for firefighters and fire investigators are required to compile and report to the Industrial Commission claim and claim reserve information for all cancer-related claims filed by or on behalf of firefighters and fire investigators. The	First sponsor: Sen. Boyer (R - Dist 20)	4/14 signed by governor. Chap. 229, Laws 2021.

2021 Legislative Session Report – Property & Casualty Insurance Industry

	Commission is required to compile and make available to insurance carriers, rating organizations, employers, public safety workers and workers' compensation pools the claim-related information collected to assist with the setting of workers' compensation insurance rates. In addition to the six uniform percentage deviations already authorized by statute, insurers covering firefighters and fire investigators are permitted to file one uniform percentage deviation that increases the statewide rates under the rating organization's rate filing for the class codes associated with firefighters and fire investigators to address the anticipated increase in losses and expenses for claims that are compensable due to the workers' compensation presumption. The deviation filing must be accompanied by analysis from an actuary that substantively illustrates the basis for the rate increase. Contains a legislative intent section. AS SIGNED BY GOVERNOR		
S1605: WORKERS COMPENSATION; PHYSICIANS; PUBLIC SAFETY	The Industrial Commission is required to develop and annually update a list of approved physicians to conduct initial examinations "public safety employees" (defined elsewhere in statute) or periodic medical examinations of public safety employees. If an accident occurs to a public safety employee, the Industrial Commission is required to randomly select from the list a physician who shall be allowed by the public safety employee, or any person in charge of the public safety employee, to make one examination of the injured public safety employee in order to ascertain the character and extent of the injury occasioned by the accident.	First sponsor: Sen. Gowan (R - Dist 14)	3/2 from Senate Rules okay.
S1651 (Chapter 333): WORKERS; COMPENSATION; SERVICE; ELECTRONIC TRANSMISSION	Various notices of workers' compensation hearings and decisions may be transmitted to interested parties by means other than mailing to the last known address, including by electronic transmission, with the written consent of the receiving party. AS SIGNED BY GOVERNOR	First sponsor: Sen. Livingston (R - Dist 22)	5/5 signed by governor. Chap. 333, Laws 2021.

2020 AZ General Election Review

December 2020



Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak

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OVERALL AZ ELECTION INSIGHTS

1

Moderate messaging once again faired well in statewide races for Democrats

- Joe Biden won Arizona, justifying the swing-state treatment the state received throughout the election year and showing again that striking a relatively centrist tone is key for Democrats to win statewide.
- Similarly, Democrat Mark Kelly defeated Republican Senator Martha McSally, giving Arizona Democrats two senators in Washington for the first time since 1953.
- In 2018 another self-styled centrist, Senator Kyrsten Sinema (D) defeated Martha McSally.

2

No blue wave

- Aside from the Biden and Kelly victories, there was no blue wave in Arizona.
- Republicans maintained control of both the AZ House and the AZ Senate.
- House Republicans maintained their narrow control of the House, 31-29.
- Senate Republicans only lost one seat, but nevertheless, they continue to control the chamber, 16-14.
- Republicans won two out of the three open corporation commission seats and they faired well in other local elections throughout the state.

3

Voter enthusiasm was huge

- Despite a pandemic, Arizona set a record with voter turnout.
- Both Republicans and Democrats showed up in very sizeable numbers.
- Ballots returned before Election Day showed Democrats within 1 percentage point of Republicans (that has never happened before).

4

Incumbents prevailed

- All nine incumbent members of Arizona’s Congressional delegation won their reelection bids.
- There will be only one true freshman legislator in the AZ Senate (Wendy Rogers)
- Only three incumbent legislators lost their races on election night - Rep. Kern (R), Rep. Peten (D), Sen. Brophy McGee (R)

Arizona 2020 Ballot Propositions

Proposition 207 – Smart and Safe Arizona Act

With over 60 percent of the vote, Arizonans passed Proposition 207. Prop. 207 legalizes recreational marijuana use in Arizona for people ages 21 and over. Purchases will be charged the regular sales tax plus an additional 16 percent, which will fund the government’s cost of administering the program. Any money left over will be allocated to community colleges, infrastructure, roads and highways, public safety and public health. This measure allows people who have been arrested or convicted of some marijuana offenses, such as possessing, consuming or transporting 2.5 ounces or less, to petition to have their records expunged. Under Prop. 207, people can be charged with driving under the influence of marijuana.

The initiative technically goes into effect as soon as it is certified; however, it could be a couple months or more before adults can legally buy the drug because the ballot measure requires the Arizona Department of Health Services (ADHS) to start licensing recreational marijuana dispensaries as early as January 2021, and those retail licenses could be approved as soon as February 1.



Proposition 208 – Invest in Education Act

Arizona voters passed Proposition 208 with 51.75 percent of the vote. Backed by the state’s teacher’s union, Proposition 208 adds a 3.5 percent tax surcharge on income above \$250,000 for an individual or above \$500,000 for couples. This initiative hopes to raise about \$940 million a year for schools. The measure goes into effect starting in tax year 2021 . It will send money to the following areas:

- 50% of the money would go to hiring and raising the salaries of teachers and other certified employees, such as counselors and nurses.
- 25% would go to hiring and increasing the salaries of student support staff, including classroom aides and bus drivers.
- 12% would go to career and technical education programs.
- 10% would go to programs dedicated to retaining and mentoring teachers.
- 3% would go to scholarships for the Arizona Teachers Academy, which waives college tuition for teachers-in-training who commit to work in Arizona schools after graduation.



U.S. Senate Special Election

U.S. Senate Special Election

SEAT CHANGE



Senator Martha McSally (R-Arizona)

48.81%



Mark Kelly (D-Arizona)

51.16%

Former NASA astronaut and U.S. Navy Captain, Mark Kelly (D) will be sworn into the United States Senate on December 2nd. He defeated U.S. Senator Martha McSally (R) in this special election to fill the vacated seat of the late Senator John McCain. Because this was a special election, Kelly will only serve out the remaining two years of McCain's term and he will be up for reelection again in 2022. McSally assumed office on January 3, 2019 after Governor Ducey appointed her to the open U.S. Senate seat.

Kelly's win marks the first time since 1952 that both Arizona senators will be Democrats (McFarland and Hayden).

Statewide Voter Registration: Democrats: 32%; Republican: 35%; Other: 33%

U.S. Congressional Races

U.S House of Representatives District 1



Tiffany Shedd (R-Eloy)
48.39%



Congressman Tom O'Halleran (D-Sedona)
51.61%

Congressman Tom O'Halleran was successfully elected to a 3rd term to the U.S. House of Representatives. He is a former member of the Arizona Legislature, bond trader, and a Chicago police officer. He defeated the Republican nominee, Tiffany Shedd.

District Voter Registration: Democrats: 37%; Republican: 32%; Other: 31%

U.S House of Representatives District 2



Congresswoman Ann Kirkpatrick (D-Tucson)
55.10%



Brandon Martin (R-Tucson)
44.87%

Congresswoman Ann Kirkpatrick was reelected to a 2nd term in the U.S. House of Representatives for CD 2. She also previously represented Arizona's 1st Congressional District from 2009 to 2011 and 2013 to 2017. She defeated the Republican nominee, Brandon Martin in the general election.

District Voter Registration: Democrats: 37%; Republican: 33%; Other: 30%

U.S House of Representatives District 3



Congressman Raul Grijalva (D-Tucson)
64.57%



Daniel Wood (R-Maricopa)
35.43%

Congressman Raul Grijalva easily won reelection to a 9th term in the U.S. House of Representatives. He is currently the chairman of the House Natural Resources Committee. Grijalva is also Chairman Emeritus of the Congressional Progressive Caucus and a long-standing member of the Congressional Hispanic Caucus. He defeated the Republican nominee, Daniel Wood.

District Voter Registration: Democrats: 44%; Republican: 21%; Other: 35%

U.S House of Representatives District 4



Congressman Paul Gosar (R-Prescott)
69.74%



Delina DiSanto (D-Cave Creek)
30.23%

Congressman Paul Gosar easily won reelection to a 6th term in the U.S. House. Prior to serving in Congress, Gosar practiced dentistry for 25 years. He defeated the Democratic nominee, Delina DiSanto in the general election. There is some speculation that this may be Gosar's last term in Congress.

District Voter Registration: Democrats: 20%; Republican: 48%; Other: 32%

U.S House of Representatives District 5



Congressman Andy Biggs (R-Gilbert)
58.88%



Joan Greene (D-Phoenix)
41.10%

Congressman Andy Biggs easily won reelection to a 3rd term in the U.S. House. Prior to his time in Congress, he served in the Arizona Senate and as Senate President from 2013-2017. He defeated the Democratic nominee, Joan Green in the general election.

District Voter Registration: Democrats: 24%; Republican: 43%; Other: 33%

U.S House of Representatives District 6



Congressman David Schweikert (R-Fountain Hills)
52.17%



Hiral Tipirneni (D-Glendale)
47.83%

Despite pleading guilty to a number of ethics violations, earlier this year, Congressman David Schweikert was able to win a 6th term to the U.S. House of Representatives. He defeated the Democratic nominee, Hiral Tipirneni, in the general election. Schweikert began his political career in the Arizona House of Representatives from 1991 to 1995. He also previously served as the Maricopa County Treasurer.

District Voter Registration: Democrats: 28%; Republican: 39%; Other: 33%

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U.S House of Representatives District 7



Congressman Ruben Gallego (D-Phoenix)
76.69%



Joshua Barnett (R-Phoenix)
23.28%

Congressman Ruben Gallego easily won reelection to a 4th term in the U.S. House. Prior to his time in Congress, he was a member of the Arizona House of Representatives, representing District 27 from 2011 to 2014. Gallego defeated the Republican nominee, Joshua Barnett.

District Voter Registration: Democrats: 48%; Republican: 15%; Other: 37%

U.S House of Representatives District 8



Congresswoman Debbie Lesko (R-Peoria)
59.56%



Michael Muscato (D-Peoria)
40.43%

Congresswoman Debbie Lesko easily won reelection to a 2nd term in the U.S. House. Prior to her time in Congress, she was a member of the Arizona State Senate, representing District 21 from 2015 to 2018. She defeated the Democratic nominee, Michael Muscato, a former baseball player, in the general election.

District Voter Registration: Democrats: 26%; Republican: 42%; Other: 32%

U.S House of Representatives District 9



Congressman Greg Stanton (D-Phoenix)
61.63%



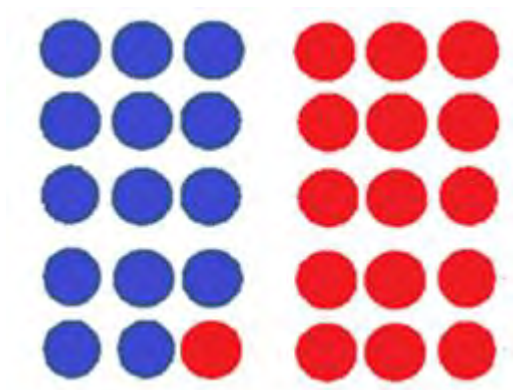
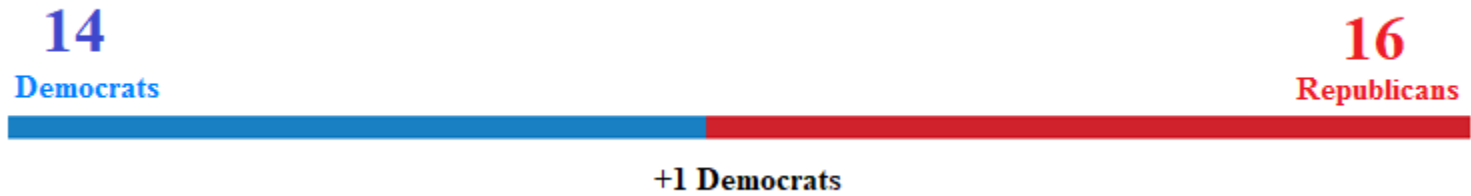
Dave Giles (R-Gilbert)
38.37%

Congressman Greg Stanton easily won a 2nd term in the U.S. House. Before entering Congress, Stanton served as mayor of Phoenix from 2012 to 2018. He also served on the Phoenix City Council from 2000 to 2009. There is some speculation that Stanton may run for Governor in 2022. He defeated the Republican nominee, Dave Giles, in the general election.

District Voter Registration: Democrats: 37%; Republican: 29%; Other: 34%

Arizona Senate Races

New Balance of Power - AZ Senate



AZ Senate – Legislative District 1



Senate President Karen Fann (R-Prescott)

72.52%



Gilbert Carillo (D-Fort McDowell)

27.48%

AZ Senate President Karen Fann was easily reelected to another term in the Senate. Additionally, she was once again selected by her caucus to continue on as Senate President for the 55th Legislature. Fann has been in the Legislature since 2011. She is the owner and CEO of a highway construction company specializing in the installation of guardrails and signs throughout the State of Arizona. She defeated the Democratic nominee, Gibert Carillo.

District Voter Registration: Democrats: 19%; Republican: 51%; Other: 30%

Arizona Senate – Legislative District 2



Representative Rosanna Gabaldón (D-Sahuarita)
61%



Mark Workman (R-Sahuarita)
39%

State Representative Rosanna Gabaldón successfully won her election to the Senate after being termed out of the AZ House. Gabaldón easily defeated her Republican challenger, Mark Workman, in the general election.

Voter Registration: Democrats: 43%; Republican: 24%; Other: 33%

Arizona Senate – Legislative District 3



Senator Sally Ann Gonzales (D-Tucson)

State Senator Sally Ann Gonzales ran unopposed and was reelected to a 2nd term in the AZ Senate. Gonzales is currently the president of the board of Guadalupe Affordable Housing Inc. She previously served in the Arizona House from 2013 to 2019.

Voter Registration: Democrats: 52%; Republican: 17%; Other: 31%

Arizona Senate – Legislative District 4



Senator Lisa Otondo (D-Yuma)
56.16%



Travis Angry (R-Goodyear)
43.84%

State Senator Lisa Otondo easily won reelection to a 3rd term in the AZ Senate. Otondo, a former school teacher was born and raised in Yuma. She defeated political newcomer, Travis Angry, in the general election.

Voter Registration: Democrats: 40%; Republican: 24%; Other: 36%

Arizona Senate – Legislative District 5



Senator Sonny Borrelli (R-Lake Havasu)

State Senator Sonny Borrelli, the Senate Majority Whip, ran unopposed and was reelected to a 3rd term in the AZ Senate. He is a Marine veteran, a small business owner, and former Lake Havasu City councilmember.

Voter Registration: Democrats: 16%; Republican: 50%; Other: 34%

Arizona Senate – Legislative District 6



Felicia French (D-Pine)
45.31%



Wendy Rogers (R-Flagstaff)
54.69%

Wendy Rogers won her election bid to the open LD 6 Senate seat. Rogers, a retired Lieutenant Colonel, was one of the U.S. Air Force’s first women pilots. She defeated the Democratic nominee, retired U.S. Army Colonel Felicia French

Voter Registration: Democrats: 30%; Republican: 39%; Other: 31%

Arizona Senate – Legislative District 7



Senator Jamescita Peshlakai (D-Pine)

Incumbent State Senator Jamescita Peshlakai ran unopposed and was reelected to a 2nd term in the AZ Senate. Peshlakai is the state's first Native American woman senator, representing Legislative District 7. She formerly served in the state House of Representatives from 2013 to 2015.

Voter Registration: Democrats: 51%; Republican: 22%; Other: 27%

Arizona Senate – Legislative District 8



Representative T.J. Shope (R-Coolidge)
58.47%



Barbara McGuire (D-Kearny)
41.53%

Representative T.J. Shope successfully won his election to the Senate after being termed out of the AZ House. He replaces Senator Frank Pratt who will now be over in the AZ House. Shope is a co-owner of Shope’s IGA Supermarket, in Coolidge. He easily defeated the Democratic nominee, former Arizona State Senator Barbara McGuire in the general election.

Voter Registration: Democrats: 31%; Republican: 34%; Other: 35%

Arizona Senate – Legislative District 9



Senator Victoria Steele (D-Tucson)

Senator Victoria Steele ran unopposed and was reelected to a 2nd term in the AZ Senate. Steele previously served in the AZ House from 2012-2016; however she decided to leave the Legislature to run for the U.S. House, 2nd Congressional District in 2016. She was defeated in the primary by former state Representative Matt Heinz.

Voter Registration: Democrats: 43%; Republican: 29%; Other: 28%

Arizona Senate – Legislative District 10



Representative Kirsten Engel (D-Tucson)
58.69%



Justine Wadsack (R-Tucson)
41.31%

Representative Kirsten Engel successfully won her election to the Senate after being termed out of the AZ House. She will replace Senator David Bradley who is retiring from the Legislature. Engel has been in the House since 2017. She is a professor at the University of Arizona College of Law where she teaches environmental law and legislative analysis to graduate and undergraduate students. She easily defeated the Republican nominee, Justine Wadsack in the general election.

Voter Registration: Democrats: 40%; Republican: 30%; Other: 30%

Arizona Senate – Legislative District 11



Senator Vince Leach (R-Tucson)
54.4%



Joanna Mendoza (D-Red Rock)
45.6%

Senator Vince Leach won his reelection bid for a 2nd term in the AZ Senate. He was also named President Pro Tempore by Senate President Karen Fann for this upcoming session. Leach previously served in the Arizona House of Representatives from 2014-2018. He defeated the Democratic nominee, Joanna Mendoza.

Voter Registration: Democrats: 29%; Republican: 39%; Other: 32%

Arizona Senate – Legislative District 12



Representative Warren Petersen (R-Gilbert)
61.63%



Lynsey Robinson (D-Queen Creek)
38.37%

Representative Warren Petersen won his election to this open AZ Senate seat being vacated by the retiring Senator, Eddie Farnsworth. Petersen was first elected to the Arizona House of Representatives in 2012. He served in the House until 2016 before briefly switching legislative chambers to the Senate for one term. He easily defeated the Democratic nominee, Lynsey Robinson, in this heavily GOP favored district.

Voter Registration: Democrats: 23%; Republican: 46%; Other: 31%

Arizona Senate – Legislative District 13



Senator Sine Kerr (R-Buckeye)

Incumbent AZ Senator Sine Kerr ran unopposed and was reelected to a 2nd term in the AZ Senate. She was first appointed to the Senate on January 4, 2018, and was subsequently elected on November 8, 2018. Kerr and her husband own and operate a dairy farm.

Voter Registration: Democrats: 25%; Republican: 42%; Other: 33%

Arizona Senate – Legislative District 14



Senator David Gowan (R-Sierra Vista)
63.39%



Bob Karp (D-Sierra Vista)
36.61%

Senator David Gowan easily won his reelection bid to a 2nd term in the AZ Senate. He was first elected to the Arizona House of Representatives in 2009. During the 2015-2017 legislative session, he was appointed to be the Speaker. He defeated the Democratic nominee, Bob Karp in the general election.

Voter Registration: Democrats: 26%; Republican: 42%; Other: 32%

Arizona Senate – Legislative District 15



Representative Nancy Barto (R-Phoenix)

After narrowly defeating her seatmate, incumbent Senator Heather Carter, in a very contentious GOP Primary, Representative Nancy Barto ran unopposed in the general election. Barto, the current House Health Committee Chairwoman, previously served in the Senate from 2011 to 2019. She will serve as the next chairwoman of the Senate Health and Human Services Committee.

Voter Registration: Democrats: 26%; Republican: 42%; Other: 32%

Arizona Senate – Legislative District 16



Representative Kelly Townsend (R-Apache Junction)

Representative Kelly Townsend ran unopposed for the open AZ Senate seat being vacated by Senator David Farnsworth, who was termed out. Townsend previously chaired the House Elections Committee.

Voter Registration: Democrats: 23%; Republican: 43%; Other: 34%

Arizona Senate – Legislative District 17



Senator J.D. Mesnard (R-Chandler)
52.52%



A.J. Kurdoglu (D-Chandler)
47.48%

Senator J.D. Mesnard won reelection to a 2nd term in the AZ Senate after defeating the Democratic nominee, A.J. Kurdoglu. He previously served in the AZ House of Representatives for eight years, including two years as Speaker. Mesnard will chair the Senate Commerce Committee this upcoming legislative session.

Voter Registration: Democrats: 30%; Republican: 37%; Other: 33%

Arizona Senate – Legislative District 18



Senator Sean Bowe (D-Phoenix)
58.11%



Suzanne Sharer (R-Phoenix)
41.59%

Senator Sean Bowie easily won his reelection bid to a 3rd term in the AZ Senate. In addition to his work at the Legislature, Bowie also works as a Professor of Practice at ASU's School of Public Affairs, where he teaches courses on leadership, ethics, and research methods. He defeated the GOP challenger, Suzanne Sharer in the general election.

Voter Registration: Democrats: 35%; Republican: 33%; Other: 32%

Arizona Senate – Legislative District 19



Senator Lupe Contreras (D-Avondale)

Senator Lupe Contreras ran unopposed and was reelected to a 4th term in the AZ Senate. Contreras will continue to serve as the Assistant Minority Leader this upcoming session. He currently works at Pomeroy & Associates as an insurance broker.

Voter Registration: Democrats: 45%; Republican: 16%; Other: 39%

Arizona Senate – Legislative District 20



Senator Paul Bower (R-Glendale)
52.32%



Douglas Ervin (D-Phoenix)
47.68%

Senator Paul Boyer won his reelection bid for a 2nd term in the AZ Senate. He previously served in the AZ House from 2012-2018. Boyer is a high school literature and history teacher. He defeated the Democratic nominee, Douglas Ervin for the second straight election cycle.

Voter Registration: Democrats: 30%; Republican: 34%; Other: 36%

Arizona Senate – Legislative District 21

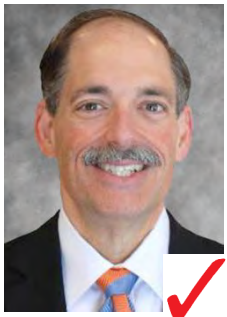


Senator Rick Gray (R-Sun City)

Senate Majority Leader Rick Gray ran unopposed for the LD 21 Senate seat. In January 2018 he was appointed to the Arizona State Senate to fill the vacancy left open by Debbie Lesko who ran successfully for the special election to the U.S. House of Representatives. On November 6, 2018, he was elected to the LD 21 Senate seat. Gray will continue to serve as Senate Majority Leader for the upcoming legislative session.

Voter Registration: Democrats: 29%; Republican: 38%; Other: 33%

Arizona Senate – Legislative District 22



Senator David Livingston (R-Peoria)
63.63%



Sarah Tyree (D-Surprise)
36.37%

Senator David Livingston easily won reelection to a 2nd term in the Arizona Senate defeating the Democratic nominee, Sara Tyree. Prior to his time in the Senate, he served in the Arizona House of Representatives from 2012-2018. He will be the chairman of the Senate Finance Committee this upcoming session.

Voter Registration: Democrats: 23%; Republican: 47%; Other: 30%

Arizona Senate – Legislative District 23



Senator Michelle Ugenti-Rita (R-Scottsdale)
59.07%



Seth Blattman (D-Scottsdale)
40.92%

Senator Michelle Ugenti-Rita easily won reelection to a 2nd term in the Arizona Senate. Prior to her time in the Senate, Ugenti-Rita served in the Arizona House of Representatives from 2010 to 2016. She defeated political newcomer Seth Blattman, a small business owner in the general election.

Voter Registration: Democrats: 25%; Republican: 44%; Other: 31%

Arizona Senate – Legislative District 24



Senator Lela Alston (D-Phoenix)
70.89%



Ray Michaels (R-Scottsdale)
29.11%

Senator Lela Alston easily won reelection to the AZ Senate. This upcoming session will be her 29th year in the Legislature. Senator Alston previously served from 1977 through 1995 before returning to the body back in 2010. She defeated her Republican challenger, Ray Michaels in the general election.

Voter Registration: Democrats: 45%; Republican: 20%; Other: 35%

Arizona Senate – Legislative District 25



Senator Tyler Pace (R-Mesa)
61.18%



Paul Weigel (D-Mesa)
38.82%

Senator Tyler Pace easily won his reelection bid for a 2nd term in the AZ Senate. Pace is a 5th generation Arizonan. He currently owns and operates several businesses in the medical supply and healthcare arena. Pace will serve as the Vice-Chairman of the Senate Health Committee. He defeated the Democratic challenger, Paul Weigel in the general election.

Voter Registration: Democrats: 24%; Republican: 44%; Other: 32%

Arizona Senate – Legislative District 26



Senator Juan Mendez (D-Tempe)
67.13%



Jae Chin (R-Mesa)
32.87%

Senator Juan Mendez won reelection for a 2nd term in the Arizona Senate. Prior to serving in the Senate, Mendez was in the AZ House from 2013-2017. He manages the nonprofit, Community Voice Mail, which connects individuals living in poverty, transition and homelessness to jobs, and housing. He is married to AZ House Representative Athena Salman. Mendez easily defeated the Republican challenger, Jae Chin.

Voter Registration: Democrats: 40%; Republican: 21%; Other: 39%

Arizona Senate – Legislative District 27



Senator Rebecca Rios (D-Phoenix)
76.94%



Garland Shreves (R-Phoenix)
23.06%

Senator Rebecca Rios easily won a 2nd term in the AZ Senate after defeating the Republican nominee, Garland Shreves. Additionally, she was selected as minority leader by her caucus for the upcoming 2021 session. Rios was previously a member of the AZ House from 2014-2018. While there, she served as House Minority Leader. Rios also previously served in the Arizona State Senate from 2005 to 2010.

Voter Registration: Democrats: 50%; Republican: 14%; Other: 36%

Arizona Senate – Legislative District 28

SEAT CHANGE



Senator Kate Brophy McGee (R-Phoenix)
49.79%



Christine Marsh (D-Phoenix)
50.21%

Senator Kate Brophy McGee lost her reelection bid in a very close race to the Democratic nominee, Christine Marsh. Marsh, a high school English teacher, was named the 2016 Arizona Teacher of the Year. This race was only decided by 497 votes. In 2018, Brophy McGee narrowly defeated Marsh by only 367 votes.

Voter Registration: Democrats: 33%; Republican: 35%; Other: 32%

Arizona Senate – Legislative District 29



Senator Martin Quezada (D-Phoenix)
70.44%



John Wilson (R-Phoenix)
29.53%

Senator Martin Quezada easily won reelection to a 4th and final term in the AZ Senate. Quezada is a native Arizonan. He is an attorney in private practice with a focus on criminal defense, domestic relations, immigration and election law. He defeated the GOP challenger, John Wilson in the general election.

Voter Registration: Democrats: 43%; Republican: 17%; Other: 40%

Arizona Senate – Legislative District 30



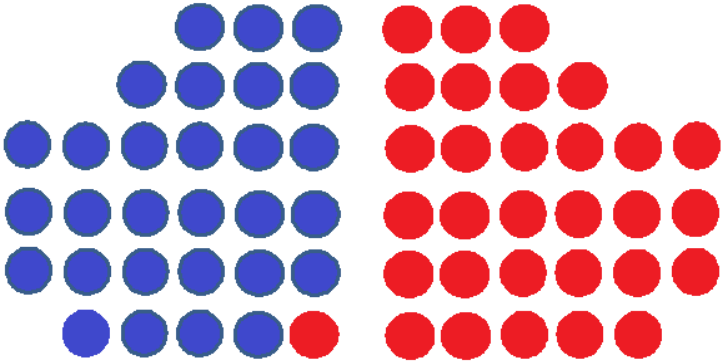
Senator Tony Navarrete (D-Phoenix)

Senator Tony Navarrete ran unopposed and was reelected to a 2nd term in the AZ Senate. He is a community organizer with Promise Arizona, a pro-immigration advocacy group which helps Latinos register to vote.

Voter Registration: Democrats: 42%; Republican: 19%; Other: 39%

Arizona House of Representatives Races

Current Balance of Power - AZ HOUSE



Arizona House – Legislative District 1



Judy Burges (R-Skull Valley)
40.79%



Quang Nguyen (R-Prescott Valley)
38.29%



Judy Stahl (D-Prescott)
20.92%

The Republican nominees, Judy Burges and Quang Nguyen both easily won the open two LD 1 House seats. Burges is a former state legislator, most recently serving in the AZ Senate from 2012-2018. She also previously served in the AZ House from 2004-2012. Nguyen was born in Vietnam and moved to the U.S. with his family at the age of 12-year-old. He graduated from Long Beach State with a BA in Technology Education and has been active in Republican politics. They defeated the Democratic nominee, Judy Stahl.

District Voter Registration: Democrats: 19%; Republican: 51%; Other: 30%

Arizona House – Legislative District 2



Senator Andrea Dalessandro (D-Green Valley)
35.52%



Representative Daniel Hernandez (D-Tucson)
37.26%



Deborah McEwen (R-Rio Rico)
27.23%

Senator Andrea Dalessandro and Representative Daniel Hernandez easily secured the two LD 2 House seats. Dalessandro is termed out of the AZ Senate, serving since 2014. Prior to her time in the Legislature she was a high school math teacher, a C.P.A., small business owner and a college professor. Hernandez was an intern for former U.S. Congresswoman Gabrielle Giffords. They defeated the Republican nominee, Deborah McEwen.

Voter Registration: Democrats: 43%; Republican: 24%; Other: 33%

Arizona House – Legislative District 3



Representative Andres Cano (D-Tucson)
49.74%



Representative Alma Hernandez (D-Tucson)
50.26%

Representative Andres Cano and Representative Alma Hernandez ran unopposed for a 2nd term in the AZ House. Prior to his time in the Legislature, Cano was an aide to Pima County Supervisor Richard Elías in Tucson. He was the youngest policy advisor in the County's history. Alma Hernandez is the youngest member of the AZ Legislature (26 years old). She has worked with Powersource Tucson as their program coordinator for Bridging the Gap, a program that is helping women living with HIV/AIDS. She is also the sister of state Representative Daniel Hernandez.

Voter Registration: Democrats: 52%; Republican: 17%; Other: 31%

Arizona House – Legislative District 4

SEAT CHANGE



Representative Charlene Fernandez (D-Yuma)
39.82%



Representative Geraldine Peten (D-Goodyear)
28.64%



Joel John (R-Buckeye)
31.54%

Representative Charlene Fernandez easily won her reelection to a 4th term in the AZ House; however, she is stepping away from her leadership role as House Minority Leader after Democrats failed to pick up any seats in the House this election cycle. In a shocking outcome, her seatmate, Geraldine Peten, lost her reelection bid in this heavily Democratic favored district to the Republican nominee Joel John. John is a fourth generation Arizonan from a farming family, and CEO of a small agricultural irrigation business.

Voter Registration: Democrats: 40%; Republican: 24%; Other: 36%

Arizona House – Legislative District 5



Representative Leo Biasiucci (R-Lake Havasu City)
46.06%



Representative Regina Cobb (R-Kingman)
53.94%

Representative Biasiucci and Representative Cobb ran unopposed for the two LD 5 House seats. This will be Biasiucci’s 2nd term in the AZ House. He currently owns a traffic survival school in Mohave County. This will be Cobb’s 4th and final term in the AZ House. She is the current House Appropriations chairwoman and a dentist.

Voter Registration: Democrats: 16%; Republican:50%; Other: 34%

Arizona House – Legislative District 6



Representative Walter Blackman (R-Snow Flake)
28.90%



Brenda Barton (R-Payson)
26.33%



Coral Evans (D-Flagstaff)
25.33%



Art Babbott (I-Flagstaff)
19.44%

Representative Walt Blackman won his reelection to a 2nd term in the AZ House. He is an Army veteran. Blackman ran as a team with former state Representative Brenda Barton who also won her election bid. Barton previously served in the AZ House from 2013-2019. She was unable to run for re-election in 2018 because of term limits. Both Blackman and Barton faced a tough challenge in the general election from the Democratic nominee, Flagstaff Mayor, Coral Evans, and Independent candidate, Art Babbott, a Coconino County Supervisor.

Voter Registration: Democrats: 30%; Republican: 39%; Other: 31%

Arizona House – Legislative District 7



Representative Arlando Teller (D-Chinle)
35.42%



Representative Myron Tsosie (D-Chinle)
28.85%



David Peelman (R-Vernon)
17.35%



Jim Parks (R-Flagstaff)
18.36%

Representatives Teller and Tsosie easily won reelection to a 2nd term in the AZ House. Teller is currently the Deputy Division Director for the Navajo Nation Division of Transportation. Tsosie serves on the Chinle Unified School District School Board. They defeated the Republican nominees, David Peelman and Jim Parks.

Voter Registration: Democrats: 51%; Republican: 22%; Other: 27%

Arizona House – Legislative District 8

KEY RACE – POTENTIAL SEAT CHANGE



Representative David Cook (R-Globe)
35.66%



Senator Frank Pratt (D-Casa Grande)
34.62%



Sharon Girard (D-Eloy)
29.55%

Representative Cook and Senator Pratt won their elections to secure the two LD 8 House seats. Cook won a 3rd term in the AZ House and Pratt will return to the House after serving in the Senate since 2017. With Representative T.J. Shope termed out of the House, Pratt agreed to switch places with his seatmate. They defeated the Democratic nominee, Sharon Girard in the general election

Voter Registration: Democrats: 31%; Republican: 34%; Other: 35%

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak

Arizona House – Legislative District 9



Representative Randall Friese (D-Tucson)
36.48%



Representative Pamela Powers Hannley (D-Tucson)
36.48%



Brendan Lyons (R-Tucson)
27.04%

Representative Friese and Representative Powers Hannley both easily won their reelection bids for the two LD 9 House seats. Friese was first elected to the House in 2014. He is a trauma surgeon and professor of surgery at the University of Arizona College of Medicine. Prior to being elected to the AZ House in 2016, Powers Hannley was the managing editor for the American Journal of Medicine. They defeated the Republican nominee, Brendan Lyons.

Voter Registration: Democrats: 43%; Republican: 29%; Other: 28%

Arizona House – Legislative District 10



Representative Doming DeGrazia (D-Tucson)
28.60%



Stephanie Stahl Hamilton (D-Tucson)
28.42%



Mabelle Gummere (R-Tucson)
20.49%



Michael Hicks (R-Tucson)
22.48%

Representative DeGrazia and political newcomer Stephanie Stahl Hamilton won their race for the two LD 10 House seats. DeGrazia will be serving in his 2nd term in the House. He grew up in Tucson and is an attorney. Stahl Hamilton is a native Arizonan having spent her early childhood years on Navajo Tribal Lands. She is an ordained minister in the Presbyterian Church and is currently serving as a Parish Associate at St. Mark’s. They defeated the Republican nominees, Mabelle Gummere and Michael Hicks.

Voter Registration: Democrats: 40%; Republican: 30%; Other: 30%

Arizona House – Legislative District 11



Representative Mark Finchem (R-Oro Valley)
34.36%



Representative Bret Roberts (R-Maricopa)
34.72%



Felipe Perez (D-Oro Valley)
30.90%

Representative Finchem and Representative Roberts won reelection to the AZ House. Finchem will be serving in his fourth and final term in the chamber. Born in Michigan, Finchem currently works as a real estate broker. Roberts will be in his 2nd term. He was born in Ohio and moved to Tempe, Arizona, in 1999. He has a background in both mortgage financing and law enforcement. They defeated the Democratic nominee, Felipe Perez.

Voter Registration: Democrats: 29%; Republican: 39%; Other: 32%

Arizona House – Legislative District 12



Representative Travis Grantham (R-Gilbert)
48.32%



Jake Hoffman (R-Queen Creek)
47.79%

Representative Travis Grantham and Queen Creek City Councilman Jake Hoffman won the two LD 12 House seats. Grantham will be serving in his 3rd term in the AZ House. He is an aircraft commander and instructor pilot in the Arizona Air National Guard. Apart from his service in the military, he earned a bachelor of science degree in agribusiness from Arizona State University. This will be Hoffman’s first term in the Legislature. He is currently a councilman for the Town of Queen Creek.

Arizona House – Legislative District 13



Representative Tim Dunn (R-Yuma)
37.71%



Representative Joanne Osborne (R-Goodyear)
37.01%



Mariana Sandoval (D-Oro Valley)
25.29%

Representative Dunn and Representative Osborne both easily won reelection to the AZ House. Dunn will be serving a 2nd term after being appointed to the chamber in February 2018. He is the chairman of the House Land and Agriculture Committee. Osborn will also be in her 2nd term. She is currently the vice chair of the House Military and Veterans Affairs Committee. They defeated the Democratic nominee, Mariana Sandoval in the general election.

Voter Registration: Democrats: 25%; Republican: 42%; Other: 33%

Arizona House – Legislative District 14



Representative Gail Griffin (R-Hereford)
32.69%



Representative Becky Nutt (R-Clifton)
32.45%



Kimberly Beach-Moschetti (D-Sierra Vista)
18.26%



Ronnie Maestas-Condos (D-Hereford)
16.59%

Representative Griffin and Representative Nutt both easily won reelection to the AZ House. Griffin will be serving a 2nd term after previously serving 8 years in the Senate. She is currently the chairwoman of the Natural Resources, Energy and Water Committee. Nutt will be in her 3rd term in the House. She will be the next chair of the House Rules Committee. They defeated the two Democratic nominees, Kimberly Beach-Moschetti and Ronnie Maestas-Condos in the general election.

Voter Registration: Democrats: 26%; Republican: 42%; Other: 32%

Arizona House – Legislative District 15



Steve Kaiser (R-Phoenix)
37.13%



Justin Wilmeth (R-Phoenix)
34.33%



Kristin Dybvig-Pawelko (D-Phoenix)
28.54%

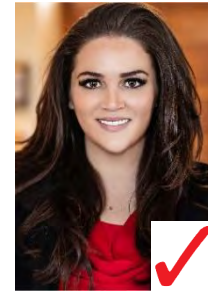
Republican nominees Steve Kaiser and Justin Wilmeth won the two open House seats in LD 15. Kaiser is a US Army veteran. After his military career, he worked in the retail, nonprofit, and government affairs sectors. He is currently a small business owner of the Phoenix junk hauling franchise, Junk King. Wilmeth got his start in politics and government in 2004 in Oklahoma. While there, he worked in grassroots politics and state policy. He previously served at the Arizona House of Representatives as a policy advisor for the Republican caucus. They defeated the Democratic nominee, Kristin Dybvig-Pawelko in the general election.

Voter Registration: Democrats: 26%; Republican: 42%; Other: 32%

Arizona House – Legislative District 16



Rep. John Fillmore (R-Apache Junction)
36.07%



Jacqueline Parker (R-Mesa)
39.23%



Helen Hunter (D-Mesa)
24.69%

Representative Fillmore and Jacqueline Parker both easily won the two House seats in LD 16. Fillmore will be serving a 2nd term. He is currently the vice-chair of the House Education Committee. Parker is currently a legal policy advisor at the Arizona Corporation Commission for Commissioner Justin Olson. Prior to her time at the ACC, she was in private practice. They defeated the Democratic nominee, Helen Hunter in the general election.

Voter Registration: Democrats: 23%; Republican: 43%; Other: 34%

Arizona House – Legislative District 17



Jeff Weninger (R-Chandler)
33.41%



Liz Harris (R-Chandler)
32.84%



Representative Jennifer Pawlik (D-Chandler)
33.75%

Republican Representative Jeff Weninger won a 4th and final term in the AZ House. He owns and operates a number of restaurants. Additionally, he is the current chairman of the House Commerce Committee. His Democratic seatmate, Representative Jennifer Pawlik was also reelected to 2nd term. Pawlik is a public school teacher and executive trainer. Both Weninger and Pawlik defeated political newcomer and real estate professional, Liz Harris (R) in the general election.

Voter Registration: Democrats: 30%; Republican: 37%; Other: 33%

Arizona House – Legislative District 18



Representative Mitzi Epstein (D-Tempe)
27.93%



Representative Jennifer Jermaine (D-Chandler)
28.92%



Bob Robson (D-Phoenix)
22.77%



Don Hawker (R-Tempe)
20.35%

Representative Epstein and Representative Jermaine won reelection to the AZ House in LD 18. Epstein will be serving a 3rd term and Jermaine a 2nd. They defeated the Republican nominees, Bob Robson and Don Hawker.

Voter Registration: Democrats: 35%; Republican: 33%; Other: 32%

Arizona House – Legislative District 19



Representative Diego Espinoza (D-Tolleson)
52.88%



Representative Lorenzo Sierra (D-Avondale)
47.08%

Representative Espinoza and Representative Sierra easily won reelection to the AZ House in LD 19. Espinoza will be serving a 4th term. He is the owner and manager of Fuego Bar and Grill. Sierra will be serving in his 2nd term. His career has focused on corporate communication.

Voter Registration: Democrats: 45%; Republican: 16%; Other: 39%

Arizona House – Legislative District 20

SEAT CHANGE



Representative Shawwna Bolick (R-Phoenix)
33.52%



Representative Anthony Kern (R-Glendale)
32.04%



Judy Schwiebert (D-Phoenix)
34.45%



Republican Representative Shawwna Bolick won reelection to a 2nd term in the AZ House. She is the wife of AZ Supreme Court Justice, Clin Bolick. Bolick will have a new seatmate come January. The Democratic nominee, Judy Schwiebert defeated incumbent Republican Representative Anthony Kern in the general election. Schwiebert is a former public high school teacher.

Arizona House – Legislative District 21



Representative Kevin Payne (R-Peoria)
32.93%



Beverly Pingerelli (R-Peoria)
35.62%



Kathy Knecht (D-Peoria)
31.45%

Representative Kevin Payne won a 3rd term in the AZ House. He is a small business owner and operator of a food truck business. Payne ran as a team with political newcomer, Beverly Pingerelli, who also won her election bid. Pingerelli has served on the Peoria Unified School District Governing Board for the past five years. She works at Grand Canyon University and occasionally part-time at St. Joseph's Hospital and Medical Center. They defeated the Democratic nominee, Kathy Knecht.

Voter Registration: Democrats: 29%; Republican: 38%; Other: 33%

Arizona House – Legislative District 22



Representative Frank Carroll (R-Sun City West)
32.08%



Representative Ben Toma (R-Peoria)
32.32%



Wendy Garcia (D-Surprise)
18.62%



Mary Honne (D-Sun City West)
16.98%

Representative Carroll and Representative Toma both easily won reelection to the AZ House in LD 22. They defeated the Democratic nominees, Wendy Garcia and Mary Honne. Carroll will be serving in his 2nd term. He will be the next chairman of the House Transportation Committee. Toma was appointed to the seat on April 26, 2017, following the resignation of Republican Phil Lovas who ran for Congress. He was recently selected by the Republican caucus to be the next House Majority Whip.

Voter Registration: Democrats: 23%; Republican: 47%; Other: 30%

Arizona House – Legislative District 23



Representative John Kavanagh (R-Fountain Hills)
37.22%



Joseph Chaplik (R-Scottsdale)
34.61%



Eric Kurland (D-Scottsdale)
28.14%

Representative John Kavanagh and political newcomer, Joseph Chaplik both easily won their election bids for the two LD 23 House seats. Kavanagh will be serving a 2nd term in the House. He was previously a member of the Arizona Senate from 2015-2019 and he is the current chairman of the House Government Committee. Chaplik defeated incumbent Representative Jay Lawrence in the GOP Primary. His background is in telecommunications; however, he now owns the commercial real estate company, Joseph Bernard, operating across three states. They defeated the Democratic nominee, Eric Kurland in the general election.

Voter Registration: Democrats: 25%; Republican: 44%; Other: 31%

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak

Arizona House – Legislative District 24



Representative Jennifer Longdon (D-Phoenix)
35.12%



Representative Amish Shah (D-Phoenix)
35.94%



David Alger, Sr. (R-Scottsdale)
13.73%



Robyn Cushman (R-Phoenix)
15.22%

Representative Longdon and Representative Shah both easily won reelection to a 2nd term in the AZ House after defeating the Republican nominees, David Alger and Robyn Cushman. Longdon will be the House Assistant Minority Leader this upcoming session. Shah, an emergency room physician, has taught medical students and sits on the House Health and Human Services Committee.

Voter Registration: Democrats: 45%; Republican: 20%; Other: 35%

Arizona House – Legislative District 25



Speaker Rusty Bowers (R-Mesa)
35.50%



Representative Michelle Udall (R-Mesa)
38.65%



Suzanne Hug (D-Mesa)
25.85%

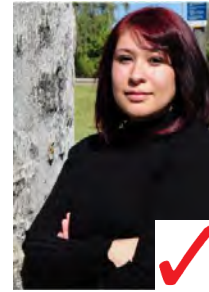
Speaker Bowers and Representative Udall both easily won reelection to the AZ House in LD 25. Bowers will be in his 4th and final term in the House. He began serving as the House Speaker in 2019 and will continue in that role this upcoming session. Udall is currently the Chairwoman for the House Education Committee. She is also a former member of the Mesa School Board. They defeated the Democratic nominee, Suzanne Hug.

Voter Registration: Democrats: 24%; Republican: 44%; Other: 32%

Arizona House – Legislative District 26



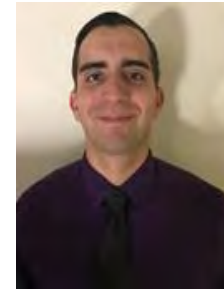
Representative Athena Salman (D-Tempe)
33.24%



Melody Hernandez (D-Tempe)
34.19%



Bill Loughrige (R-Tempe)
16.08%



Seth Sifuentes (R-Phoenix)
16.49%

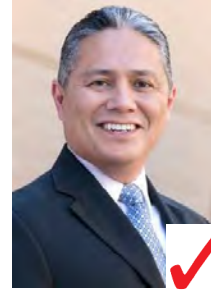
Representative Salman and political newcomer Melody Hernandez easily won their election for the two LD 26 House seats. Salman will be serving in her 3rd term. She is a community organizer and is married to Arizona State Senator Juan Mendez. Hernandez grew up in the southeast valley of Arizona to a first generation Mexican-American family. She has been working in emergency medical services for five years, where she currently is a paramedic. They defeated the Republican nominees, Bill Loughrige and Seth Sifuentes.

Voter Registration: Democrats: 40%; Republican: 21%; Other: 39%

Arizona House – Legislative District 27



Representative Reginald Bolding (D-Laveen)
38.83%



Representative Diego Rodriguez (D-Laveen)
43.04%



Tatiana Peña (R-Phoenix)
18.13%

Representative Bolding and Representative Rodriguez both easily won reelection to the AZ House in LD 27. Bolding will be serving in his 4th and final term in the House. He was recently elected House Minority Leader by the Democratic caucus. He is a special education teacher in south Phoenix. Rodriguez will be serving a 2nd term. He previously served as Deputy County Attorney in Pima County. After his time as Deputy County Attorney, he started work as the owner of Rodriguez Law Office PLLC. They defeated the Republican nominee, Tatiana Peña.

Voter Registration: Democrats: 50%; Republican: 14%; Other: 36%

Arizona House – Legislative District 28



Representative Kelli Butler (D-Paradise Valley)
27.57%



Representative Aaron Lieberman (D-Paradise Valley)
26.16%



Kenneth Bowers (R-Phoenix)
22.33%



Jana Jackson (R-Phoenix)
23.93%

Representative Butler and Representative Lieberman easily won reelection to the AZ House in LD 28. Butler will be serving in her 3rd term. Outside the Legislature she is the office manager at her husband’s family dental practice and is currently the ranking Democrat on the House Health Committee. Lieberman will be in his 2nd term. He founded Jumpstart, a not-for-profit with the goal of preparing children to succeed in kindergarten and beyond by providing training and support to teachers in preschools with limited resources. He also founded Acelero Learning, a company focused on closing the achievement gap for children. They defeated the Republican nominees Kenneth Bowers and Jana Jackson in the general election.

Arizona House – Legislative District 29



Representative Cesar Chavez (D-Phoenix)
38.02%



Representative Richard Andrade (D-Glendale)
31.41%



Billy Bragg (R-Glendale)
15.48%



Helen Fokszanskyj-Conti (R-Glendale)
15.08%

Representative Chavez and Representative Andrade both easily won reelection to the AZ House in LD 29. They defeated the Republican nominees Billy Bragg and Helen Fokszanskyj-Conti. Chavez will be serving in a 3rd term. He is currently the ranking member of the House Commerce Committee. Andrade will be in his 4th and final term in the AZ House. He is an Air Force veteran and is a certified locomotive engineer with BNSF Railroad.

Voter Registration: Democrats: 43%; Republican: 17%; Other: 40%

Arizona House – Legislative District 30



Representative Robert Meza (D-Phoenix)
47.25%



Representative Raquel Teran (D-Phoenix)
52.75%

Representative Meza and Representative Raquel Terran ran unopposed for the two LD 30 House seats. Meza has been in the Legislature since 2003, serving in both the House and Senate. He is the business development director for AGUILA Youth Leadership Institute. Teran will be serving in her 2nd term in the AZ House. She was born and raised in the border towns of Douglas, Arizona and Agua Prieta, Sonora Mexico. Teran is a community activist.

Voter Registration: Democrats: 42%; Republican: 19%; Other: 39%

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak

Arizona Corporation Commission

AZ Corporation Commission



Lea Marquez Petersen (R-Tucson)
17.52%



Eric Sloan (R-Scottsdale)
16.67%



Jim O'Connor (R-Scottsdale)
17.33%



Bill Mundell (D-Paradise Valley)
15.66%



Shea Stanfield (D-Cave Creek)
15.29%



Anna Tovar (D-Tolleson)
17.53%

Mayor Anna Tovar (D), current Corporation Commissioner Lea Marquez Petersen (R) and Jim O'Connor (R) all won their election bids to the AZ Corporation Commission. Petersen was appointed to the ACC by Governor Ducey in May 2019, to replace former member, Andy Tobin. Tovar has been the Mayor of Tolleson since 2016. O'Connor has been active in Republican politics for the past 10 years.

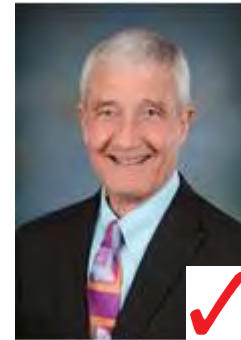
Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak)

Maricopa County Board of Supervisors

Board of Supervisors - District 1



Jevin Hodge (D)
50%



County Supervisor Jack Sellers (R)
50% (won by 403 votes)

Incumbent Maricopa County Supervisor Jack Sellers narrowly defeated his Democratic opponent, Jevin Hodge, by only 403 votes. Sellers joined the Board of Supervisors on February 13, 2019 after a unanimous appointment to fill the empty seat representing District 1. He replaced former Supervisor Denny Barney.

Board of Supervisors - District 2



Deedra Abboud (D)
40%



County Supervisor Steve Chucri (R)
60%

Incumbent Maricopa County Supervisor Steve Chucri easily defeated his Democratic opponent, Deedra Abboud in the general election. Chucri assumed office in 2013. He is also President and CEO of the Arizona Restaurant Association.

Board of Supervisors - District 3



Whitney Walker (D)
49%



County Supervisor Bill Gates (R)
51%

Incumbent Maricopa County Supervisor Jack Sellers narrowly defeated his Democratic opponent, Whitney Walker. Gates assumed office in 2017. He also serves as Associate General Counsel & Director of Distribution for PING, a Phoenix-based golf equipment manufacturer.

Board of Supervisors - District 4



Suzanne Story (D)
41%



County Supervisor Clint Hickman (R)
59%

Incumbent Maricopa County Supervisor Clint Hickman easily defeated his Democratic opponent, Suzanne Story in the general election. Hickman assumed office in 2013. He also serves as vice president of sales and marketing at Hickman's Family Farms, Arizona's largest egg producer.

Board of Supervisors - District 5



County Supervisor Steve Gallardo (D)

Maricopa County Supervisor Steve Gallardo ran unopposed for the District 5 Maricopa County Board of Supervisors seat. He assumed office in 2014. Gallardo also spent 10 years at the Arizona State Legislature both in the House and the Senate. During his term as State Representative, Senator Gallardo served as the House Minority Whip and in 2013 was selected to be Senate Democratic Whip.

Pinal County Board of Supervisors

Board of Supervisors - District 1



Kevin Cavanagh (R)
50%



County Supervisor Pete Rios (D)
50%

Incumbent Pinal County Supervisor Pete Rios narrowly lost his reelection bid to the Republican nominee, Kevin Cavanagh. Cavanagh is a former deputy chief in the Pinal County Sheriff's Office.

Board of Supervisors - District 2



Write-In
2.69%



County Supervisor Mike Goodman (R)
97.31%

Incumbent Supervisor Mike Goodman easily won reelection to the Pinal County Board of Supervisors. Goodman assumed office in 2017. He is an Arizona native and a resident of Pinal County for 15 years. Goodman has a background in insurance, farming and has been a small business owner. Currently, he assists the disabled and elderly communities in navigating Medicare/Medicaid programs.

Board of Supervisors - District 3



April Loew (D)
44.44%



County Supervisor Stephen Miller (R)
55.45%

Incumbent Supervisor Stephen Miller easily won reelection to the Pinal County Board of Supervisors. Miller assumed office in 2013. He is an Arizona native and a resident of Pinal County for 45 years. Miller has worked in the lumber and truss manufacturing business and as a licensed contractor for both residential and commercial development in Arizona and New Mexico.

Board of Supervisors - District 4



Marlene Pearce (I)
43.11%



Jeffrey McClure (R)
56.50%

Republican Jeff McClure easily defeated Independent candidate Marlene Pearce. He will replace retiring Supervisor Anthony Miller on the Pinal County Board of Supervisors. McClure is a resident of Eagle Crest Ranch, a community near Saddlebrooke. He has served on the Oracle School District Governing Board for the last seven years and recently helped pass a budget override for the district. He has also served as both precinct committeeman and state committeeman for the Pinal County Republican Party.

Board of Supervisors - District 5



Write-In
2.49%



Jeff Serdy (R)
97.51%

Republican Jeff Serdy easily won his election to the Pinal County Board of Supervisors. In August, he knocked off two-term incumbent Supervisor Todd House in the Republican primary. Serdy has been the mayor of Apache Junction since 2016. His term expires in January when he will be sworn in as a county supervisor.



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2019 Legislative Summary



A Review of Municipal-Related
Laws and Proposed Legislative
Prepared for the Town of Queen Creek
54th Arizona Legislature
First Regular Session

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak Rock 2021 Contract)

2019 LEGISLATIVE SUMMARY
A REVIEW OF MUNICIPAL-RELATED LAWS AND PROPOSED LEGISLATION

The 54th Arizona State Legislature, 1st Regular Session, adjourned, sine die, at 12:58 AM on Tuesday, May 28, 2019 after an active 135 days.

This publication contains brief summaries, arranged by department and subject of legislation, generally impacting municipal government from the First Regular Session of Arizona's 54th Legislature. These brief summaries are provided to help guide Town officials to the full text of these new laws. Every attempt is made to ensure the accuracy of the summaries; however, we recommend a review of the measure in its entirety before enforcement of implementation.

The effective date for most new laws is August 27, 2019, which is 90 days after adjournment, sine die. However, some bills contain alternative effective dates and those are notated in the bill summary.

During the course of the session, there were 1,318 bills introduced, and 331 of those bills were sent to Governor Ducey for consideration. He signed 320 of the bills into law and vetoed 11.

This report provides a hyperlink to the chaptered version of enacted legislation. If you have any questions about a bill, please route these through the Intergovernmental Relations Manager and our office is always available to assist.

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Scottsdale, AZ 85253-2738
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Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak Rock 2021 Contract)

2019 LEGISLATIVE SUMMARY

The 54th Arizona State Legislature, 1st Regular Session, adjourned, sine die, at 12:58 AM on Tuesday, May 28, 2019 after an active 135 days which included yet another legislator resignation and a rather contentious budget impasse within the Republican caucus over a non-budget issue - how long childhood sexual assault victims can sue their alleged assailants. This was the longest legislative session since Governor Ducey took office in 2015 and the longest since 2013 (151 days).

During the course of the legislative session, there were 1,318 bills introduced, and 331 of those bills were sent to the Governor for consideration. He signed 320 of the bills into law, and vetoed 11. Unless otherwise specified, the effective date for new laws is August 27, 2019, which is 90 days after adjournment, sine die. However, some bills contain alternative effective dates and those are noted in the specific bill summaries.

STATE REPRESENTATIVE DAVID STRINGER RESIGNS FROM OFFICE

Back in March, State Representative David Stringer (R-Prescott) submitted his resignation from the Arizona House of Representatives. Mr. Stringer had been facing an ethics investigation regarding child sex crimes charges he faced back in Maryland during the 1980s. Additionally, the House Ethics Committee was also looking into controversial comments he had repeatedly made regarding race and immigration. Rather than agree to turn over various key documents related to his past criminal charges, Mr. Stringer opted to resign from the body.

Per the Arizona State Constitution, the Yavapai County Board of Supervisors selected former Senate President, Steve Pierce, to replace Stringer. Pierce was selected over former Secretary of State Ken Bennett and GOP organizer, Steven Sensmeier. He will serve out the remainder of Stringer's term; however, he has stated that he will not seek election to the Legislature in 2020.

LEGISLATORS RUSHED TO PASS KEY WATER LEGISLATION

Early on in the Legislative session, Arizona lawmakers approved a plan to balance drought and water supplies in the Colorado River Basin. By signing off on the Lower Basin Drought Contingency Plan (DCP), the Legislature just barely beat a January 31st midnight deadline set by the federal government.

The goal behind the plan was to keep water levels in Lake Mead from plummeting so low there wouldn't be enough water for the millions of people throughout the Southwest who depend on it. For Arizona, that would mean losing about a seventh of the State's annual water allotment to the Central Arizona Project, which provides much of the State's water.

Water managers feared that Lake Mead's levels could drop low enough requiring a shortage declaration and reduced water allocations. The plan approved by lawmakers will mitigate those cuts.

Arizona was the last of the three Lower Basin states to approve the DCP, and it's the only state that required legislative action to put the plan in place. If Arizona had missed the midnight deadline, the federal Bureau of Reclamation, which manages water and power in the West, said it would impose its own drought plan on the entire Colorado River Basin.

The plan is viewed as a stop gap approach to manage water shortages and will be in place until 2026. Colorado, New Mexico, Utah and Wyoming, which make up the Upper Basin, signed their drought contingency plan in December.

WAYFAIR – TAXATION OF REMOTE SELLERS

Following the recent U.S. Supreme Court decision (*South Dakota v. Wayfair*) giving states the authority to collect sales and use tax from remote sellers, the Arizona Legislature actively sought legislation to regulate how the State deals with the collection of sales tax for remote sellers. As part of the finalized budget package, Arizona passed legislation that requires remote sellers of tangible retail goods to pay state and local sales tax, as of October 1, 2019. If the out-of-state business does not conduct sales through a marketplace facilitator and sales in Arizona exceed \$200,000 in calendar year 2019, \$150,000 in calendar year 2020 and \$100,000 in calendar year 2021 (and thereafter), they are required to collect and remit the tax on Arizona retail sales. These requirements also apply to third-party facilitators such as E-Bay. This legislation exempts micro businesses and hobbyists with less than \$200,000 in gross annual sales, a threshold that steps down to \$100,000 after three years and also establishes a single tax retail base, in which definitions and treatment are uniform across the state. Under the new legislation, municipal ordinances and other local laws related to the taxation of retail sales are superseded by the State's transaction privilege tax statutes for the retail classification. Cities and towns do have the option to impose a tax on the sales of food for home consumption, textbooks sold at bookstores, livestock and poultry feed sold at feed stores, non-metalliferous mined materials sold at retail and works of fine art. The final agreement provides that the Legislature will not move any sales tax classifications other than retail from the Model City Tax Code to the state statute for a period of five years from the effective date of the act.

AZ PASSES TEXTING & DRIVING BAN

After years of attempting to pass similar bans, Legislators and the Governor finally decided to take action after a Salt River Pima Maricopa Indian Community Police Officer, Clayton Townsend, was killed in January by a texting driver, when responding to the scene of an accident.

While several legislative proposals were brought forward, the Legislature and the Governor opted for Senator Kate Brophy McGee's language found in **SB 1165 Prohibition; Texting While Driving**; however, that language had to be amended onto HB 2318 after Senator Brophy McGee's bill faced several obstacles getting to the floor of the House for a final vote.

Despite passing overwhelmingly in both legislative chambers, the language found in HB 2318, faced significant opposition within the House Republican caucus due to concerns that the

legislation went too far and was unnecessary. Nevertheless, with the commitment of House Speaker, Rusty Bowers, the bill was eventually brought to the floor for a final vote.

Additionally, the Legislature also passed **SB 1141 Distracted Driving (*Mesnard*)**. SB 1141, a general distracted driving bill, was favored by many House Republicans. The bill prohibited a person from driving a motor vehicle while distracted. Governor Ducey vetoed SB 1141 citing that the bill did not give drivers clear direction about what activities are prohibited and how the law will be enforced.

2019 KEY LEGISLATIVE ENACTMENTS

Communications

HB 2012 Historic Emergency Vehicles; Lighting; Parades (*Griffin*): Exempts historic emergency vehicles from special lamp restrictions in a parade. [Chapter 47, Laws 2019](#)

HB 2191 Criminal Justice Records; Prohibited Uses (*Payne*): Outlines prohibited uses of criminal justice records and liabilities for violations. The bill specifies that a mugshot website operator publishing a subject individual's criminal justice record for a commercial purpose on a publicly accessible website is deemed to be transacting business. Prohibits a mugshot website operator from using criminal justice records, names, addresses and telephone numbers to solicit business for monetary gain. Specifies that a subject individual whose criminal justice record is published and who suffers a monetary loss or is otherwise adversely affected has a cause of action against the person who commits the violation. The bill exempts any act performed for the purpose of disseminating news to the public; any act performed by a publisher, owner, agent, employee or retailer of a newspaper, radio station or network, television station or network or other online news outlet in connection with disseminating news to the public; and activities by a licensed attorney, private investigator or registered process server associated with a current or anticipated criminal or civil proceeding. [Chapter 42, Laws 2019](#)

HB 2463 Occupational Regulations; Licenses; Communications; Notice (*Petersen*): Requires state agencies to provide a specified notice on communications relating to occupational regulations and online. [Chapter 34, Laws 2019](#)

SB 1474 POW/MIA Flag; Display (*Contreras*): Allows the POW/MIA flag to be displayed on or in front of municipal court buildings, justice court buildings and regional justice court centers on any day when the U.S. Flag is displayed. [Chapter 23, Laws 2019](#)

Development Services

HB 2027 Online Lodging Marketplace; Local Taxation (*Kavanagh*): Allows the Department of Revenue to administer, collect, enforce and distribute taxes levied by a city, town or other taxing jurisdiction. The bill mandated uniform levies on all online lodging marketplaces. [Chapter 124, Laws 2019](#)

HB 2070 Adult Behavioral Health Therapeutic Homes (*Cobb*): Exempts an adult behavioral health therapeutic home from compliance with the building codes and zoning standards for a health care institution. [Chapter 121, Laws 2019](#)

HB 2107 Municipalities; Parking; Public Vehicles (*Grantham*): Stipulates that municipalities cannot prohibit a resident from parking a motor vehicle on a street or driveway in the municipality if the vehicle is required to be available at designated periods at the person's residence as a condition of the person's employment and the resident is employed by either a public service corporation or a public safety agency. The bill does not prevent a municipality from enforcing public health, safety and welfare requirements, including requirements relating to parking and traffic that are applied on a uniform and nondiscriminatory basis. [Chapter 73, Laws 2019](#)

HB 2113 Public Restrooms; Diaper Changing Stations (*Griffin*): Requires, under certain conditions, the construction or renovation of restrooms in public buildings to include at least one diaper changing station capable of serving babies and adults. [Chapter 176, Laws 2019](#)

HB 2117 Developmental Homes; Monitoring (*Barto*): Allows for the installation of electronic monitoring devices in common areas of a group home or intermediate care facility. [Chapter 226, Laws 2019](#)

HB 2146 Contracts; Licensure Requirements; Waiver; Applicability (*Rivero*): States that where there is a contract between two or more parties, the parties are authorized to agree to waive any state, county or municipal laws relating to licensure, certification, registration or other authorization if a list of specified conditions applies. Some exceptions, including for health professions and any regulated practice of law. [Chapter 285, Laws 2019](#)

HB 2179 Video Service Providers (*Weninger*): Stipulates that a video service provider is included in the definition of "cable operator" for the purpose of the transaction privilege taxes. Various statutes regulating and relating to cable operators and licensed cable television systems are expanded to include video service providers and licensed video service networks, including various public utility regulations, use of public streets for utility right of ways, utility relocation cost reimbursement, and the prohibition against fraudulently obtaining video services. [Chapter 163, Laws 2019](#)

HB 2181 Registrar of Contractors; Licensing; Exemption (*Grantham*): Exempts cable-TV, satellite-TV and telecommunications providers from the Registrar of Contractors licensure requirements. [Chapter 140, Laws 2019](#)

HB 2229 Cable Licensing; Video Service Providers (*J. Allen*): Establishes licensure and regulation requirements for Video Service Providers (VSP) under Title 11 (Counties). The bill replicates Title 9 (Cities and Towns) statutes governing VSPs as established last year by Laws 2018, Chapter 331. [Chapter 76, Laws 2019](#)

HB 2240 Limitations of Actions; Dedicated Property (*Kern*): Prohibits municipalities and counties from instituting or maintaining an action or arbitration against a person who develops or develops and sells real property or who completes other construction activities on an improvement to real property that is dedicated to the municipality or county more than eight years after the improvement to real property has been accepted by the municipality or county for ownership,

operation and maintenance if the action or arbitration is based on either a municipal or county code, ordinance or other legal requirement, or a permit that is required as a condition of development. This limitation does not apply to an action or arbitration that is based on a claim of a willful, reckless or concealed violation of a municipal or county requirement. Does not limit any immunity or defense available to a municipality or county under statute. [Chapter 51, Laws 2019](#)

HB 2453 Land Use Plans; Contents; Aggregates (*Griffin*): Requires the Arizona Geological Survey to keep an annually updated database relating to existing mines in Arizona and requires the plans of municipalities and counties to include that information. [Chapter 212, Laws 2019](#)

HB 2556 Agricultural Property; Uses; Rural Activities (*Finchem*): Defines “agritourism” and sets criteria for it to be classified as class two agricultural real property. [Chapter 294, Laws 2019](#)

HB 2662 Zoning Hearing; Annexation; Petition; Testimony (*Weninger*): Authorizes the governing body of a municipality to consider testimony of an aggrieved party in relation to a zoning ordinance and specifies that an interested party in an annexation must be within the territory to be annexed. [Chapter 205, Laws 2019](#)

HB 2672 Vacation Rentals; Short-Term Rentals; Regulation (*Kavanagh*): Stipulates that the list of purposes for which counties and municipalities are permitted to regulate short-term rentals is expanded to include restricting the maximum number of adult occupants allowed on the property at any one time to no more than two adults per sleeping room plus two adults, restricting the maximum number of guests, requiring the installation of safety and monitoring equipment that monitors and detects the level of noise and number of occupants on the property and transmittal of that information to the property owner or manager, and requiring the owner to provide contact information for the person responsible for responding to complaints at any time of day. Under the bill, vacation rentals and short-term rentals are prohibited from being used for nonresidential uses, including a retail, restaurant, banquet space, event center or other similar use.

[Chapter 240, Laws 2019](#)

SB 1003 Industrial Hemp; Licensing; Effective Date (*Borrelli*): Requires the Arizona Department of Agriculture (ADA) to adopt the initial rules for the regulation of industrial hemp by May 31, 2019. [Chapter 5, Laws 2019](#)

SB 1039 Pain Management Clinics; Regulation (*Brophy McGee*): Subjects pain management clinics to Department of Health Services (DHS) licensure, supervision, regulation and control. [Chapter 184, Laws 2019](#)

SB 1094 Planned Communities; Applicability (*Borrelli*): States that the planned community statutes do not apply to certain nonprofit corporations or unincorporated associations unless the members elect in writing to be subject to such statutes. [Chapter 185, Laws 2019](#)

SB 1112 Juvenile Group Homes; License; DCS (*Pace*): Includes the Department of Child Safety (DCS) as a licensing authority for juvenile group home contractors or subcontractors.

[Chapter 216, Laws 2019](#)

SB 1271 Purchase Dwelling Actions; Notice; Complaints (*Fann*): Modifies construction defect notification and purchaser dwelling action procedures, and limits indemnity provisions in or relating to construction contracts involving dwellings. [Chapter 60, Laws 2019](#)

SB 1397 Registrar of Contractors Omnibus (*Mesnard*): Makes various revisions to statute relating to Registrar of Contractors. [Chapter 145, Laws 2019](#)

SB 1398 Miniature Scooters; Electronic Standup Scooters (*Pace*): Grants an operator of an electric standup scooter the same rights, privileges and duties of a person riding a bicycle. [Chapter 120, Laws 2019](#)

SB 1448 Alarm Systems; Low-Voltage Electric Fences (*E. Farnsworth*): Includes low-voltage electric fence in the definition of alarm or alarm system and specifies that the regulation of low-voltage electric fence alarm systems is of statewide concern. [Chapter 67, Laws 2019](#)

SB 1528 Video Service Providers; License (*Carter*): Modifies regulations relating to video service providers. [Chapter 319, Laws 2019](#)

Economic Development

HB 2463 Occupational Regulations; Licenses; Communications; Notice (*Petersen*): Requires state agencies to provide a specified notice on communications relating to occupational regulations and online. [Chapter 34, Laws 2019](#)

HB 2547 Horse Racing; Simulcasting (*Finchem*): Outlines requirements for simulcasting of live horse races originating within and outside of Arizona. Allows a commercial racetrack in a county with a population between 700,000 and 1.5 million persons to conduct simulcast wagering for more than 20 days if specified conditions are met. [Chapter 293, Laws 2019](#)

HB 2569 Occupational Licensing; Reciprocity (*Petersen*): Applies the requirements for occupational or professional licensure that are currently provided to military spouses to individuals who establish residency in this state. [Chapter 55, Laws 2019](#)

SB 1235 Possessory Improvements; Government Property; Assessment (*Mesnard*): Requires that possessory improvements qualify for a limited property value and are valued as real property. [Chapter 249, Laws 2019](#)

SB 1300 Low-Income Housing; Tax Exemption (*Brophy McGee*): Modifies qualification conditions for tax exempt low-income housing. [Chapter 308, Laws 2019](#)

Finance

HB 2007 ARS; Political Subdivision; Plans; Adjustments (*Kavanagh*): Stipulates that an employee of a political subdivision who was previously a member of another public employee retirement system and who receives or is eligible to receive retirement benefits from that system is ineligible to receive service credit from the Arizona State Retirement System (ASRS) for the

same period of employment. ASRS employers are permitted to correct a contributions error by making payment adjustments through the employer's payroll reporting if the adjustment is made within the same fiscal year and the employer obtains written consent from the employee.

[Chapter 25, Laws 2019](#)

HB 2027 Online Lodging Marketplace; Local Taxation (*Kavanagh*): Allows the Department of Revenue to administer, collect, enforce and distribute taxes levied by a city, town or other taxing jurisdiction. The bill mandated uniform levies on all online lodging marketplaces.

[Chapter 124, Laws 2019](#)

HB 2042 Statute of Limitations; Income Tax (*Petersen*): Limits the Department of Revenue's ability to assess a tax to 7 years if a taxpayer fails to file a tax return. [Chapter 48, Laws 2019](#)

HB 2074 Treatment and Education Facilities; Exemption (*Bowers*): Broadens the qualifications for property tax exempt status to include any residential treatment and education facility as defined in statute. [Chapter 208, Laws 2019](#)

HB 2078 Local Government Investment Pool (*Kavanagh*): Stipulates that for the purpose of local government investment pools, "political subdivision" is defined as any governmental entity operating under the authority of this state, including a city, town, county, school district or community college district or any other entity organized under state law. [Chapter 35, Laws 2019](#)

HB 2095 Property Taxes; Agriculture Classification; Payments (*Cook*): Allows inactive agricultural land due to partial reduction of the available water supply to be eligible for classification as property used for agricultural purposes. [Chapter 49, Laws 2019](#)

HB 2113 Public Restrooms; Diaper Changing Stations (*Griffin*): Requires, under certain conditions, the construction or renovation of restrooms in public buildings to include at least one diaper changing station capable of serving babies and adults. [Chapter 176, Laws 2019](#)

HB 2241 JLAC; Political Subdivisions; Investigation (*Kern*): Requires each political subdivision and person that files forms and reports to comply with the uniform expenditure reporting system prescribed by the Auditor General. [Chapter 209, Laws 2019](#)

HB 2275 TPT Exemption; Crop Production Tools (*Dunn*): Exempts the sales or income from sales of propagative materials from transaction privilege and use taxes. [Chapter 288, Laws 2019](#)

HB 2360 TPT; Estimated Payments; Liability Threshold (*Toma*): Adjusts the liability threshold relating to payment of transaction privilege tax. [Chapter 290, Laws 2019](#)

HB 2367 Limited Audit Review; Electronic Portal (*Toma*): Allows the Department of Revenue (DOR) the ability to perform limited scope reviews of filed individual income tax returns in cases where the information reported by a taxpayer is different than information received from withholding returns. Also, allows DOR to electronically deliver deficiency assessments if a taxpayer agrees in writing. [Chapter 169, Laws 2019](#)

HB 2373 Tax Correction Act of 2019 (*Toma*): Corrects errors and obsolete language, addresses blending problems and provides clarifying changes to the tax statutes of the Arizona Revised Statutes. [Chapter 203, Laws 2019](#)

HB 2445 TPT; Residential Rentals; Notice (*Griffin*): Requires cities and towns to provide at least a 60-day notice to residential rental property owners of voter approved tax changes affecting their property. [Chapter 53, Laws 2019](#)

HB 2454 Municipal Band Tax; Authorization Repeal (*Griffin*): Repeals statute authorizing municipalities to levy a tax for the purpose of maintaining or employing a municipal band. [Chapter 230, Laws 2019](#)

HB 2464 Water Infrastructure Finance; Municipal Approval (*Shope*): Increases the population threshold from 50,000 people to 150,000 people, allowing for a city or town to pursue Water Infrastructure Finance Authority of Arizona (WIFA) funding for water and waste water improvements, without voter approval when taxpayer funds are not utilized. [Chapter 33, Laws 2019](#)

HB 2556 Agricultural Property; Uses; Rural Activities (*Finchem*): Defines “agritourism” and sets criteria for it to be classified as class two agricultural real property. [Chapter 294, Laws 2019](#)

HB 2757 Tax Provisions; Omnibus (*Toma*): Provides for the adoption of provisions under the transaction privilege and use tax statutes for the taxation of retail sales into Arizona by marketplace facilitators and remote sellers. Additionally, it provides for an economic presence test and safe harbor and undue burden provisions. [Chapter 273, Laws 2019](#)

SB 1016 ASRS; Ineligible Contributions; Unfunded Liability (*Livingston*): Mandates an employer who participates in the Arizona State Retirement System to pay the unfunded liability for contributions on compensation that are ineligible by statute or rule. [Chapter 158, Laws 2019](#)

SB 1017 ASRS: Paying Interest; Authorization (*Livingston*): Prohibits the Arizona State Retirement System (ASRS) from paying interest on any amount paid to a member, an alternate payee or an employer unless specifically authorized by statute. [Chapter 37, Laws 2019](#)

SB 1019 TPT; Over-The-Top Services (*S. Allen*): Excludes over-the-top audio or video programming services from the telecommunications classification and exempts them from municipal taxation. Additionally, it specifies the sourcing of any taxation in the absence of a delivery address. [Chapter 189, Laws 2019](#)

SB 1142 Trust Land Fund Monies; Distributions (*D. Farnsworth*): Requires distributions pursuant to the Arizona Constitution and statute be made on or before the last business day of each month. [Chapter 82, Laws 2019](#)

SB 1167 Israel Boycott Divestments (*Boyer*): Modifies the conditions regarding public contracts with companies boycotting goods and services from Israel. [Chapter 94, Laws 2019](#)

SB 1186 Municipalities; Pension Fund; Transfer (*Pratt*): Allows a city or town that maintains a fund for past or present volunteer firefighters, or both, or past or present part-time firefighters, or both, to elect to transfer excess monies from that Fund to the Public Safety Personnel Retirement System (PSPRS) to be applied to any past or present unfunded liability. The bill requires the city or town, before transferring any monies to PSPRS, to determine by actuarial procedures prescribed by the Fund Board of Trustees, the amount necessary to fully fund any benefits accrued for part-time or volunteer firefighters as of the date or dates of the proposed transfer of monies.

[Chapter 186, Laws 2019](#)

SB 1214 Rental Car Surcharge; Exception (*Livingston*): Exempts rental motor vehicles owned by a governmental entity from the rental car surcharge. [Chapter 206, Laws 2019](#)

SB 1235 Possessory Improvements; Government Property; Assessment (*Mesnard*): Requires that possessory improvements qualify for a limited property value and are valued as real property.

[Chapter 249, Laws 2019](#)

SB 1248 Property Taxes; Valuation; Property Modifications (*Leach*): Establishes a 15 percent threshold when applying Limited Property Value to modified properties. [Chapter 306, Laws 2019](#)

SB 1300 Low-Income Housing; Tax Exemption (*Brophy McGee*): Modifies qualification conditions for tax exempt low-income housing. [Chapter 308, Laws 2019](#)

SB 1332 Alternative Fuel Vehicles; VLT (*Livingston*): Modifies the calculation for the vehicle license tax for alternative fuel vehicles. [Chapter 313, Laws 2019](#)

SB 1482 State Agencies; Fee Increase; Limit (*Mesnard*): Limits the amount an agency may increase a fee. [Chapter 317, Laws 2019](#)

Fire & Medical

HB 2276 Ambulances; Certificates; Name Change (*Biasiucci*): Outlines the process for a legal name change of an ambulance service. [Chapter 100, Laws 2019](#)

HB 2469 Fire District Consolidation; Merger (*Cobb*): Modifies requirements for fire districts to merge or consolidate. The bill requires districts to require all current and prospective employees and volunteers to submit a full set of fingerprints for a state and federal criminal records check.

[Chapter 130, Laws 2019](#)

HB 2532 Critical Health Information; Emergency Responders (*Gabaldon*): Authorizes municipalities and counties to establish by ordinance a program to provide "emergency responders" with critical health information about program participants so that emergency responders may aid program participants who are involved in motor vehicle emergencies or accidents and who are unable to communicate. The program requirements are specified and program participants may be charged a nominal fee for program costs. [Chapter 292, Laws 2019](#)

SB 1159 Fire Districts; Financial Reports; Alternatives (*Borrelli*): Establishes time frames for a fire district to complete a study of merger, consolidation or joint operating alternatives and for the findings to be submitted to county officials. [Chapter 117, Laws 2019](#)

SB 1182 Fire Insurance; Premium Tax Proceeds (*Boyer*): Extends the deadline for the Department of Revenue to certify to the State Treasurer the full cash value of the real property and improvements for the previous year in each municipality and fire district that procures the services of a private fire company and in each area served by a fire department or fire district, to June 15, instead of April 30. Extends the deadline for the State Treasurer to distribute fire insurance premium tax revenues to municipalities and fire districts to July 31, instead of July 1. [Chapter 237, Laws 2019](#)

SB 1231 Public Safety; Residency Requirements; Prohibition (*Boyer*): Prohibits municipalities and counties from requiring a firefighter or peace officer, as a condition of employment, to reside in the county or municipality of the firefighter's or peace officer's employment. [Chapter 95, Laws 2019](#)

SB 1317 Bodily Fluids Exposure; Testing (*Boyer*): Adds reasons for which a public safety employee or volunteer may petition the court for an order authorizing testing of an individual for certain viruses or diseases. [Chapter 21, Laws 2019](#)

SB 1348 Fireworks; Retail Sales; Enforcement (*Gowan*): Adds additional days in which permissible consumer fireworks may be sold and used in counties with 500,000 people or more. The legislation adds 20 more days a year that fireworks can be used and sold in the state's most populated counties. [Chapter 260, Laws 2019](#)

SB 1526 Firefighting Foam; Prohibited Uses (*Carter*): Stipulates that beginning January 1, 2020, a person, local government or state agency is prohibited from discharging or otherwise using for training purposes "class B firefighting foam" that contains intentionally added "PFAS chemicals" unless otherwise required by law or federal regulation. Beginning January 1, 2020, a person, local government or state agency is prohibited from discharging or otherwise using for testing purposes class B firefighting foam that contains intentionally added PFAS chemicals unless otherwise required by law or federal regulation or the testing facility has implemented appropriate containment, treatment and disposal measures. [Chapter 222, Laws 2019](#)

Human Resources

HB 2007 ARS; Political Subdivision; Plans; Adjustments (*Kavanagh*): Stipulates that an employee of a political subdivision who was previously a member of another public employee retirement system and who receives or is eligible to receive retirement benefits from that system is ineligible to receive service credit from the Arizona State Retirement System (ASRS) for the same period of employment. ASRS employers are permitted to correct a contributions error by making payment adjustments through the employer's payroll reporting if the adjustment is made within the same fiscal year and the employer obtains written consent from the employee. [Chapter 25, Laws 2019](#)

HB 2137 Workers' Compensation; Excess Insurance Policies (*Biasiucci*): Stipulates that the Industrial Commission of Arizona (ICA) Special Fund (Special Fund) is the successor in interest to all worker' compensation excess insurance policies. [Chapter 74, Laws 2019](#)

HB 2422 Public Retirement System (*Blackman*): Makes numerous changes to the public retirement systems statutes. [Chapter 36, Laws 2019](#)

HB 2569 Occupational Licensing; Reciprocity (*Petersen*): Applies the requirements for occupational or professional licensure that are currently provided to military spouses to individuals who establish residency in this state. [Chapter 55, Laws 2019](#)

HB 2660 Occupational Regulation; Prior Conviction; Applicability (*J. Allen*): Prohibits licensing agencies from denying licensure to people convicted for certain offenses more than seven years ago. [Chapter 166, Laws 2019](#)

SB 1016 ASRS; Ineligible Contributions; Unfunded Liability (*Livingston*): Mandates an employer who participates in the Arizona State Retirement System to pay the unfunded liability for contributions on compensation that are ineligible by statute or rule. [Chapter 158, Laws 2019](#)

SB 1017 ASRS: Paying Interest; Authorization (*Livingston*): Prohibits the Arizona State Retirement System (ASRS) from paying interest on any amount paid to a member, an alternate payee or an employer unless specifically authorized by statute. [Chapter 37, Laws 2019](#)

SB 1018 ASRS; Compensation; Definition (*Livingston*): Redefines compensation for members whose membership begins on or after January 1, 2020. [Chapter 181, Laws 2019](#)

SB 1079 ASRS; Long-Term Disability Program (*Livingston*): Authorizes the Arizona State Retirement System or its contracted administrator to investigate information related to the falsification of information or records related to the Long-Term Disability Program. [Chapter 192, Laws 2019](#)

SB 1146 PSPRS; EORP; CORP; Modifications (*Livingston*): Makes various changes to the statutes relating to the Public Safety Personnel Retirement System (PSPRS), Elected Officials Retirement System (EORP) and the Corrections Officer Retirement Plan (CORP). [Chapter 38, Laws 2019](#)

SB 1186 Municipalities; Pension Fund; Transfer (*Pratt*): Allows a city or town that maintains a fund for past or present volunteer firefighters, or both, or past or present part-time firefighters, or both, to elect to transfer excess monies from that Fund to the Public Safety Personnel Retirement System (PSPRS) to be applied to any past or present unfunded liability. The bill requires the city or town, before transferring any monies to PSPRS, to determine by actuarial procedures prescribed by the Fund Board of Trustees, the amount necessary to fully fund any benefits accrued for part-time or volunteer firefighters as of the date or dates of the proposed transfer of monies. [Chapter 186, Laws 2019](#)

SB 1213 ASRS; Return to Work (*Livingston*): Specifies that an employer participating in the Arizona State Retirement System (ASRS) is not required to pay contributions at an alternate contribution rate on behalf of a retired member if they return to work in a position that is currently filled by an active member of ASRS that the employer is already paying contributions on.

[Chapter 302, Laws 2019](#)

SB 1231 Public Safety; Residency Requirements; Prohibition (*Boyer*): Prohibits municipalities and counties from requiring a firefighter or peace officer, as a condition of employment, to reside in the county or municipality of the firefighter's or peace officer's employment.

[Chapter 95, Laws 2019](#)

SB 1317 Bodily Fluids Exposure; Testing (*Boyer*): Adds reasons for which a public safety employee or volunteer may petition the court for an order authorizing testing of an individual for certain viruses or diseases. [Chapter 21, Laws 2019](#)

Legal

HB 2107 Municipalities; Parking; Public Vehicles (*Grantham*): Stipulates that municipalities cannot prohibit a resident from parking a motor vehicle on a street or driveway in the municipality if the vehicle is required to be available at designated periods at the person's residence as a condition of the person's employment and the resident is employed by either a public service corporation or a public safety agency. The bill does not prevent a municipality from enforcing public health, safety and welfare requirements, including requirements relating to parking and traffic that are applied on a uniform and nondiscriminatory basis. [Chapter 73, Laws 2019](#)

HB 2117 Developmental Homes; Monitoring (*Barto*): Allows for the installation of electronic monitoring devices in common areas of a group home or intermediate care facility.

[Chapter 226, Laws 2019](#)

HB 2132 Personal Mobile Cargo Carrying Devices (*Thorpe*): Allows the operation of personal mobile carrying devices on sidewalks. [Chapter 89, Laws 2019](#)

HB 2146 Contracts; Licensure Requirements; Waiver; Applicability (*Rivero*): States that where there is a contract between two or more parties, the parties are authorized to agree to waive any state, county or municipal laws relating to licensure, certification, registration or other authorization if a list of specified conditions applies. Some exceptions, including for health professions and any regulated practice of law. [Chapter 285, Laws 2019](#)

HB 2191 Criminal Justice Records; Prohibited Uses (*Payne*): Outlines prohibited uses of criminal justice records and liabilities for violations. The bill specifies that a mugshot website operator publishing a subject individual's criminal justice record for a commercial purpose on a publicly accessible website is deemed to be transacting business. Prohibits a mugshot website operator from using criminal justice records, names, addresses and telephone numbers to solicit business for monetary gain. Specifies that a subject individual whose criminal justice record is published and who suffers a monetary loss or is otherwise adversely affected has a cause of action against the person who commits the violation. The bill exempts any act performed for the purpose

of disseminating news to the public; any act performed by a publisher, owner, agent, employee or retailer of a newspaper, radio station or network, television station or network or other online news outlet in connection with disseminating news to the public; and activities by a licensed attorney, private investigator or registered process server associated with a current or anticipated criminal or civil proceeding. [Chapter 42, Laws 2019](#)

HB 2240 Limitations of Actions; Dedicated Property (*Kern*): Prohibits municipalities and counties from instituting or maintaining an action or arbitration against a person who develops or develops and sells real property or who completes other construction activities on an improvement to real property that is dedicated to the municipality or county more than eight years after the improvement to real property has been accepted by the municipality or county for ownership, operation and maintenance if the action or arbitration is based on either a municipal or county code, ordinance or other legal requirement, or a permit that is required as a condition of development. This limitation does not apply to an action or arbitration that is based on a claim of a willful, reckless or concealed violation of a municipal or county requirement. Does not limit any immunity or defense available to a municipality or county under statute. [Chapter 51, Laws 2019](#)

HB 2405 Regulated Water Company; Violations; Enforcement (*Shope*): Allows the Director of the Arizona Department of Environmental Quality to take necessary corrective action for a public water or wastewater treatment facility or system that is regulated by the Arizona Corporation Commission if certain conditions are met. [Chapter 254, Laws 2019](#)

HB 2421 Animal Cruelty; Working Animal; Harassment (*Blackman*): Expands the offense of *cruelty to animals* to include intentionally or knowingly harassing a working animal in a law enforcement vehicle and classifies the violation as a class 1 misdemeanor. [Chapter 32, Laws 2019](#)

HB 2463 Occupational Regulations; Licenses; Communications; Notice (*Petersen*): Requires state agencies to provide a specified notice on communications relating to occupational regulations and online. [Chapter 34, Laws 2019](#)

HB 2475 Water Use; Criminal Penalty; Wells (*Bowers*): Exempts a person from a class 2 misdemeanor for taking water through a registered well without knowledge that the water is sub flow. [Chapter 274, Laws 2019](#)

HB 2477 Adjudication Statutes; Unconstitutional Provisions; Repeal (*Bowers*): Repeals various statutes relating to surface water and general adjudication procedures. [Chapter 155, Laws 2019](#)

HB 2484 Irrigation Grandfathered Right; Containerized Plants (*Griffin*): Allows an irrigation grandfathered right to be used to water containerized plants, subject to conditions and limitations. [Chapter 7, Laws 2019](#)

HB 2547 Horse Racing; Simulcasting (*Finchem*): Outlines requirements for simulcasting of live horse races originating within and outside of Arizona. Allows a commercial racetrack in a county with a population between 700,000 and 1.5 million persons to conduct simulcast wagering for more than 20 days if specified conditions are met. [Chapter 293, Laws 2019](#)

HB 2569 Occupational Licensing; Reciprocity (*Petersen*): Applies the requirements for occupational or professional licensure that are currently provided to military spouses to individuals who establish residency in this state. [Chapter 55, Laws 2019](#)

HB 2660 Occupational Regulation; Prior Conviction; Applicability (*J. Allen*): Prohibits licensing agencies from denying licensure to people convicted for certain offenses more than seven years ago. [Chapter 166, Laws 2019](#)

HB 2662 Zoning Hearing; Annexation; Petition; Testimony (*Weninger*): Authorizes the governing body of a municipality to consider testimony of an aggrieved party in relation to a zoning ordinance and specifies that an interested party in an annexation must be within the territory to be annexed. [Chapter 205, Laws 2019](#)

HB 2672 Vacation Rentals; Short-Term Rentals; Regulation (*Kavanagh*): Stipulates that the list of purposes for which counties and municipalities are permitted to regulate short-term rentals is expanded to include restricting the maximum number of adult occupants allowed on the property at any one time to no more than two adults per sleeping room plus two adults, restricting the maximum number of guests, requiring the installation of safety and monitoring equipment that monitors and detects the level of noise and number of occupants on the property and transmittal of that information to the property owner or manager, and requiring the owner to provide contact information for the person responsible for responding to complaints at any time of day. Under the bill, vacation rentals and short-term rentals are prohibited from being used for nonresidential uses, including a retail, restaurant, banquet space, event center or other similar use. [Chapter 240, Laws 2019](#)

SB 1003 Industrial Hemp; Licensing; Effective Date (*Borrelli*): Requires the Arizona Department of Agriculture (ADA) to adopt the initial rules for the regulation of industrial hemp by May 31, 2019. [Chapter 5, Laws 2019](#)

SB 1039 Pain Management Clinics; Regulation (*Brophy McGee*): Subjects pain management clinics to Department of Health Services (DHS) licensure, supervision, regulation and control. [Chapter 184, Laws 2019](#)

SB 1261 Lobbyists; Filing; Perjury (*Livingston*): Establishes that reports, statements and forms signed by a principal lobbyist or public body lobbyist are signed under penalty of perjury. [Chapter 218, Laws 2019](#)

SB 1271 Purchase Dwelling Actions; Notice; Complaints (*Fann*): Modifies construction defect notification and purchaser dwelling action procedures, and limits indemnity provisions in or relating to construction contracts involving dwellings. [Chapter 60, Laws 2019](#)

SB 1317 Bodily Fluids Exposure; Testing (*Boyer*): Adds reasons for which a public safety employee or volunteer may petition the court for an order authorizing testing of an individual for certain viruses or diseases. [Chapter 21, Laws 2019](#)

SB 1398 Miniature Scooters; Electronic Standup Scooters (Pace): Grants an operator of an electric standup scooter the same rights, privileges and duties of a person riding a bicycle. [Chapter 120, Laws 2019](#)

Parks & Recreation

SB 1398 Miniature Scooters; Electronic Standup Scooters (Pace): Grants an operator of an electric standup scooter the same rights, privileges and duties of a person riding a bicycle. [Chapter 120, Laws 2019](#)

Public Safety

HB 2005 Traffic Survival School (Kavanagh): Requires the completion of traffic survival school for certain traffic violations. [Chapter 201, Laws 2019](#)

HB 2012 Historic Emergency Vehicles; Lighting; Parades (Griffin): Exempts historic emergency vehicles from special lamp restrictions in a parade. [Chapter 47, Laws 2019](#)

HB 2107 Municipalities; Parking; Public Vehicles (Grantham): Stipulates that municipalities cannot prohibit a resident from parking a motor vehicle on a street or driveway in the municipality if the vehicle is required to be available at designated periods at the person's residence as a condition of the person's employment and the resident is employed by either a public service corporation or a public safety agency. The bill does not prevent a municipality from enforcing public health, safety and welfare requirements, including requirements relating to parking and traffic that are applied on a uniform and nondiscriminatory basis. [Chapter 73, Laws 2019](#)

HB 2119 School Safety; Reporting (Barto): Directs the governing body of a school district or charter school to prescribe and enforce policies and procedures for reporting suspected crimes and threatening conduct and notifying the parents of students involved. [Chapter 177, Laws 2019](#)

HB 2132 Personal Mobile Cargo Carrying Devices (Thorpe): Allows the operation of personal mobile carrying devices on sidewalks. [Chapter 89, Laws 2019](#)

HB 2146 Contracts; Licensure Requirements; Waiver; Applicability (Rivero): States that where there is a contract between two or more parties, the parties are authorized to agree to waive any state, county or municipal laws relating to licensure, certification, registration or other authorization if a list of specified conditions applies. Some exceptions, including for health professions and any regulated practice of law. [Chapter 285, Laws 2019](#)

HB 2276 Ambulances; Certificates; Name Change (Biasiucci): Outlines the process for a legal name change of an ambulance service. [Chapter 100, Laws 2019](#)

HB 2281 Liquor Omnibus (Weninger): Makes various changes relating to liquor licenses and control. [Chapter 136, Laws 2019](#)

HB 2318 Texting While Driving; Prohibition; Enforcement (*Campbell*): Prohibits the use of a portable wireless communication device or stand-alone electronic device while operating a motor vehicle. [Chapter 112, Laws 2019](#)

HB 2421 Animal Cruelty; Working Animal; Harassment (*Blackman*): Expands the offense of *cruelty to animals* to include intentionally or knowingly harassing a working animal in a law enforcement vehicle and classifies the violation as a class 1 misdemeanor. [Chapter 32, Laws 2019](#)

HB 2532 Critical Health Information; Emergency Responders (*Gabalton*): Authorizes municipalities and counties to establish by ordinance a program to provide "emergency responders" with critical health information about program participants so that emergency responders may aid program participants who are involved in motor vehicle emergencies or accidents and who are unable to communicate. The program requirements are specified and program participants may be charged a nominal fee for program costs. [Chapter 292, Laws 2019](#)

HB 2672 Vacation Rentals; Short-Term Rentals; Regulation (*Kavanagh*): Stipulates that the list of purposes for which counties and municipalities are permitted to regulate short-term rentals is expanded to include restricting the maximum number of adult occupants allowed on the property at any one time to no more than two adults per sleeping room plus two adults, restricting the maximum number of guests, requiring the installation of safety and monitoring equipment that monitors and detects the level of noise and number of occupants on the property and transmittal of that information to the property owner or manager, and requiring the owner to provide contact information for the person responsible for responding to complaints at any time of day. Under the bill, vacation rentals and short-term rentals are prohibited from being used for nonresidential uses, including a retail, restaurant, banquet space, event center or other similar use. [Chapter 240, Laws 2019](#)

SB 1231 Public Safety; Residency Requirements; Prohibition (*Boyer*): Prohibits municipalities and counties from requiring a firefighter or peace officer, as a condition of employment, to reside in the county or municipality of the firefighter's or peace officer's employment. [Chapter 95, Laws 2019](#)

SB 1291 Prohibited Weapons; Nunchaku; Repeal (*Gowan*): Declassifies a nunchaku as a prohibited weapon. [Chapter 207, Laws 2019](#)

SB 1317 Bodily Fluids Exposure; Testing (*Boyer*): Adds reasons for which a public safety employee or volunteer may petition the court for an order authorizing testing of an individual for certain viruses or diseases. [Chapter 21, Laws 2019](#)

SB 1348 Fireworks; Retail Sales; Enforcement (*Gowan*): Adds additional days in which permissible consumer fireworks may be sold and used in counties with 500,000 people or more. The legislation adds 20 more days a year that fireworks can be used and sold in the state's most populated counties. [Chapter 260, Laws 2019](#)

SB 1398 Miniature Scooters; Electronic Standup Scooters (*Pace*): Grants an operator of an electric standup scooter the same rights, privileges and duties of a person riding a bicycle.

[Chapter 120, Laws 2019](#)

SB 1448 Alarm Systems; Low-Voltage Electric Fences (*E. Farnsworth*): Includes low-voltage electric fence in the definition of alarm or alarm system and specifies that the regulation of low-voltage electric fence alarm systems is of statewide concern. [Chapter 67, Laws 2019](#)

SB 1468 Schools; Suicide Prevention Training (*Bowie*): Requires the Arizona Health Care Cost Containment System Administration to make suicide awareness and prevention training available and requires school districts, charter schools and Arizona teacher training programs to include suicide awareness and prevention training. [Chapter 199, Laws 2019](#)

SB 1535 AHCCCS; Opioid Treatment Programs; Requirements (*Brophy McGee*): Establishes reporting requirements for Opioid Treatment Programs (OTPs) that receive reimbursement from the Arizona Health Care Cost Containment System Administration (AHCCCS) and its contractors. The bill directs AHCCCS to suspend reimbursement for OTP providers who do not meet prescribed reporting requirements. The bill also establishes the Opioid Use Disorder Review Council. [Chapter 224, Laws 2019](#)

Public Works

HB 2107 Municipalities; Parking; Public Vehicles (*Grantham*): Stipulates that municipalities cannot prohibit a resident from parking a motor vehicle on a street or driveway in the municipality if the vehicle is required to be available at designated periods at the person's residence as a condition of the person's employment and the resident is employed by either a public service corporation or a public safety agency. The bill does not prevent a municipality from enforcing public health, safety and welfare requirements, including requirements relating to parking and traffic that are applied on a uniform and nondiscriminatory basis. [Chapter 73, Laws 2019](#)

HB 2113 Public Restrooms; Diaper Changing Stations (*Griffin*): Requires, under certain conditions, the construction or renovation of restrooms in public buildings to include at least one diaper changing station capable of serving babies and adults. [Chapter 176, Laws 2019](#)

HB 2146 Contracts; Licensure Requirements; Waiver; Applicability (*Rivero*): States that where there is a contract between two or more parties, the parties are authorized to agree to waive any state, county or municipal laws relating to licensure, certification, registration or other authorization if a list of specified conditions applies. Some exceptions, including for health professions and any regulated practice of law. [Chapter 285, Laws 2019](#)

HB 2179 Video Service Providers (*Weninger*): Stipulates that a video service provider is included in the definition of "cable operator" for the purpose of the transaction privilege taxes. Various statutes regulating and relating to cable operators and licensed cable television systems are expanded to include video service providers and licensed video service networks, including various public utility regulations, use of public streets for utility right of ways, utility relocation cost reimbursement, and the prohibition against fraudulently obtaining video services. [Chapter 163, Laws 2019](#)

HB 2463 Occupational Regulations; Licenses; Communications; Notice (*Petersen*): Requires state agencies to provide a specified notice on communications relating to occupational regulations and online. [Chapter 34, Laws 2019](#)

SB 1214 Rental Car Surcharge; Exception (*Livingston*): Exempts rental motor vehicles owned by a governmental entity from the rental car surcharge. [Chapter 206, Laws 2019](#)

SB 1271 Purchase Dwelling Actions; Notice; Complaints (*Fann*): Modifies construction defect notification and purchaser dwelling action procedures, and limits indemnity provisions in or relating to construction contracts involving dwellings. [Chapter 60, Laws 2019](#)

Town Clerk

HB 2023 Political Signs; Ballot Measures; Tampering (*Kavanagh*): Modifies the penalties period and what is included in the removal, alteration, defacing or covering of political material or signs. [Chapter 27, Laws 2019](#)

HB 2134 Municipal Elections; Write-In Candidates (*Cobb*): Prohibits a city write-in candidate from advancing to the runoff or general election unless they receive at least the number of votes required in statute. [Chapter 284, Laws 2019](#)

HB 2191 Criminal Justice Records; Prohibited Uses (*Payne*): Outlines prohibited uses of criminal justice records and liabilities for violations. The bill specifies that a mugshot website operator publishing a subject individual's criminal justice record for a commercial purpose on a publicly accessible website is deemed to be transacting business. Prohibits a mugshot website operator from using criminal justice records, names, addresses and telephone numbers to solicit business for monetary gain. Specifies that a subject individual whose criminal justice record is published and who suffers a monetary loss or is otherwise adversely affected has a cause of action against the person who commits the violation. The bill exempts any act performed for the purpose of disseminating news to the public; any act performed by a publisher, owner, agent, employee or retailer of a newspaper, radio station or network, television station or network or other online news outlet in connection with disseminating news to the public; and activities by a licensed attorney, private investigator or registered process server associated with a current or anticipated criminal or civil proceeding. [Chapter 42, Laws 2019](#)

HB 2236 County Recorder; Petition Signature Verification (*Townsend*): Stipulates that county recorders must perform petition signature verifications for nomination petition challenges. [Chapter 127, Laws 2019](#)

HB 2281 Liquor Omnibus (*Weninger*): Makes various changes relating to liquor licenses and control. [Chapter 136, Laws 2019](#)

HB 2721 Town Elected Officials; Term Limits (*Lawrence*): Allows a majority vote of a town's qualified electors to enact, enforce or repeal term limits for the town common council or mayor. [Chapter 80, Laws 2019](#)

SB 1054 Early Ballots; Deficiencies; Cure Period (*Ugenti-Rita*): Modifies the procedure for handling early ballots and affidavits. [Chapter 39, Laws 2019](#)

SB 1090 Emergency Voting Procedures; Board Action (*Ugenti-Rita*): Delineates procedures for an elector to vote early as the result of an emergency. Allows the county Board of Supervisors (BOS) to authorize emergency voting centers by resolution. [Chapter 107, Laws 2019](#)

SB 1154 Primary Date; First August Tuesday (*Gowan*): Moves, beginning in 2020, the primary election from the 10th Tuesday before a general election to the 1st Tuesday in August for any year in which a general election is held. The bill changes dates and deadlines relative to the primary election date. [Chapter 246, Laws 2019](#)

SB 1451 Statewide Ballot Measures; Circulators; Procedures (*Leach*): Outlines requirements for circulators of statewide initiative and referendum measures. [Chapter 315, Laws 2019](#)

SB 1474 POW/MIA Flag; Display (*Contreras*): Allows the POW/MIA flag to be displayed on or in front of municipal court buildings, justice court buildings and regional justice court centers on any day when the U.S. Flag is displayed. [Chapter 23, Laws 2019](#)

Town Manager

HB 2109 County Transportation Excise Tax (*Shope*): Increases the county transportation excise tax to no more than 20 percent when alone or together with any tax imposed for the county transportation excise tax. [Chapter 50, Laws 2019](#)

HB 2113 Public Restrooms; Diaper Changing Stations (*Griffin*): Requires, under certain conditions, the construction or renovation of restrooms in public buildings to include at least one diaper changing station capable of serving babies and adults. [Chapter 176, Laws 2019](#)

HB 2146 Contracts; Licensure Requirements; Waiver; Applicability (*Rivero*): States that where there is a contract between two or more parties, the parties are authorized to agree to waive any state, county or municipal laws relating to licensure, certification, registration or other authorization if a list of specified conditions applies. Some exceptions, including for health professions and any regulated practice of law. [Chapter 285, Laws 2019](#)

HB 2179 Video Service Providers (*Weninger*): Stipulates that a video service provider is included in the definition of "cable operator" for the purpose of the transaction privilege taxes. Various statutes regulating and relating to cable operators and licensed cable television systems are expanded to include video service providers and licensed video service networks, including various public utility regulations, use of public streets for utility right of ways, utility relocation cost reimbursement, and the prohibition against fraudulently obtaining video services. [Chapter 163, Laws 2019](#)

HB 2229 Cable Licensing; Video Service Providers (*J. Allen*): Establishes licensure and regulation requirements for Video Service Providers (VSP) under Title 11 (Counties). The bill

replicates Title 9 (Cities and Towns) statutes governing VSPs as established last year by Laws 2018, Chapter 331. [Chapter 76, Laws 2019](#)

HB 2318 Texting While Driving; Prohibition; Enforcement (*Campbell*): Prohibits the use of a portable wireless communication device or stand-alone electronic device while operating a motor vehicle. [Chapter 112, Laws 2019](#)

HB 2405 Regulated Water Company; Violations; Enforcement (*Shope*): Allows the Director of the Arizona Department of Environmental Quality to take necessary corrective action for a public water or wastewater treatment facility or system that is regulated by the Arizona Corporation Commission if certain conditions are met. [Chapter 254, Laws 2019](#)

HB 2464 Water Infrastructure Finance; Municipal Approval (*Shope*): Increases the population threshold from 50,000 people to 150,000 people, allowing for a city or town to pursue Water Infrastructure Finance Authority of Arizona (WIFA) funding for water and waste water improvements, without voter approval when taxpayer funds are not utilized. [Chapter 33, Laws 2019](#)

HB 2467 West Basin Water Users; Committee (*Cobb*): Establishes the Mohave County West Basin Water Users Study Committee and the La Paz County West Basin Water Users Study Committee; however, representatives from Mohave and La Paz counties repeatedly used this legislation as a platform to oppose the Town's proposed purchase of water rights from a private property owner in Cibola Valley. Due to our concerns, Representative Cobb committed to holding a stakeholder meeting to provide clear guidance regarding the focus and scope of the study committee which is not to delve into issues such as municipal/private property water transfers and other exploration of the use of Colorado River water. [Chapter 212, Laws 2019](#)

HB 2662 Zoning Hearing; Annexation; Petition; Testimony (*Weninger*): Authorizes the governing body of a municipality to consider testimony of an aggrieved party in relation to a zoning ordinance and specifies that an interested party in an annexation must be within the territory to be annexed. [Chapter 205, Laws 2019](#)

HB 2672 Vacation Rentals; Short-Term Rentals; Regulation (*Kavanagh*): Stipulates that the list of purposes for which counties and municipalities are permitted to regulate short-term rentals is expanded to include restricting the maximum number of adult occupants allowed on the property at any one time to no more than two adults per sleeping room plus two adults, restricting the maximum number of guests, requiring the installation of safety and monitoring equipment that monitors and detects the level of noise and number of occupants on the property and transmittal of that information to the property owner or manager, and requiring the owner to provide contact information for the person responsible for responding to complaints at any time of day. Under the bill, vacation rentals and short-term rentals are prohibited from being used for nonresidential uses, including a retail, restaurant, banquet space, event center or other similar use. [Chapter 240, Laws 2019](#)

HB 2721 Town Elected Officials; Term Limits (*Lawrence*): Allows a majority vote of a town's qualified electors to enact, enforce or repeal term limits for the town common council or mayor. [Chapter 80, Laws 2019](#)

HB 2757 Tax Provisions; Omnibus (*Toma*): Provides for the adoption of provisions under the transaction privilege and use tax statutes for the taxation of retail sales into Arizona by marketplace facilitators and remote sellers. Additionally, it provides for an economic presence test and safe harbor and undue burden provisions. [Chapter 273, Laws 2019](#)

SB 1094 Planned Communities; Applicability (*Borrelli*): States that the planned community statutes do not apply to certain nonprofit corporations or unincorporated associations unless the members elect in writing to be subject to such statutes. [Chapter 185, Laws 2019](#)

SB 1146 PSPRS; EORP; CORP; Modifications (*Livingston*): Makes various changes to the statutes relating to the Public Safety Personnel Retirement System (PSPRS), Elected Officials Retirement System (EORP) and the Corrections Officer Retirement Plan (CORP).
[Chapter 38, Laws 2019](#)

SB 1186 Municipalities; Pension Fund; Transfer (*Pratt*): Allows a city or town that maintains a fund for past or present volunteer firefighters, or both, or past or present part-time firefighters, or both, to elect to transfer excess monies from that Fund to the Public Safety Personnel Retirement System (PSPRS) to be applied to any past or present unfunded liability. The bill requires the city or town, before transferring any monies to PSPRS, to determine by actuarial procedures prescribed by the Fund Board of Trustees, the amount necessary to fully fund any benefits accrued for part-time or volunteer firefighters as of the date or dates of the proposed transfer of monies.
[Chapter 186, Laws 2019](#)

SB 1261 Lobbyists; Filing; Perjury (*Livingston*): Establishes that reports, statements and forms signed by a principal lobbyist or public body lobbyist are signed under penalty of perjury.
[Chapter 218, Laws 2019](#)

SB 1227/HB 2545 Amendments; Colorado River Drought Contingency (*Bowers*): Makes various changes to the management of water supplies, eligibility for and exchange of long-term storage credits, and groundwater fees collected in certain localities. Establishes new funds and appropriates \$7 million in FY 2019 for groundwater and irrigation efficiency projects and \$30 million in FY 2020 for system conservation. Redirects an additional \$2 million appropriation in FY 2019 for groundwater and irrigation project funding and \$2 million in FY 2020 for groundwater augmentation or conservation assistance projects. [Chapter 1, Laws 2019](#)

SB 1231 Public Safety; Residency Requirements; Prohibition (*Boyer*): Prohibits municipalities and counties from requiring a firefighter or peace officer, as a condition of employment, to reside in the county or municipality of the firefighter's or peace officer's employment.
[Chapter 95, Laws 2019](#)

SB 1348 Fireworks; Retail Sales; Enforcement (*Gowan*): Adds additional days in which permissible consumer fireworks may be sold and used in counties with 500,000 people or more. The legislation adds 20 more days a year that fireworks can be used and sold in the state's most populated counties. [Chapter 260, Laws 2019](#)

SB 1398 Miniature Scooters; Electronic Standup Scooters (Pace): Grants an operator of an electric standup scooter the same rights, privileges and duties of a person riding a bicycle.

[Chapter 120, Laws 2019](#)

SB 1468 Schools; Suicide Prevention Training (Bowie): Requires the Arizona Health Care Cost Containment System Administration to make suicide awareness and prevention training available and requires school districts, charter schools and Arizona teacher training programs to include suicide awareness and prevention training. [Chapter 199, Laws 2019](#)

SB 1528 Video Service Providers; License (Carter): Modifies regulations relating to video service providers. [Chapter 319, Laws 2019](#)

Utilities

HB 2004 Nuclear Management Fund; Appropriation; Assessment (Kavanagh): Appropriates monies from the Nuclear Emergency Management Fund (NEMF) to state agencies in FY 2020 and FY 2021 for administration and enforcement of the state off-site nuclear emergency response plan.

HB 2146 Contracts; Licensure Requirements; Waiver; Applicability (Rivero): States that where there is a contract between two or more parties, the parties are authorized to agree to waive any state, county or municipal laws relating to licensure, certification, registration or other authorization if a list of specified conditions applies. Some exceptions, including for health professions and any regulated practice of law. [Chapter 285, Laws 2019](#)

HB 2229 Cable Licensing; Video Service Providers (J. Allen): Establishes licensure and regulation requirements for Video Service Providers (VSP) under Title 11 (Counties). The bill replicates Title 9 (Cities and Towns) statutes governing VSPs as established last year by Laws 2018, Chapter 331. [Chapter 76, Laws 2019](#)

HB 2405 Regulated Water Company; Violations; Enforcement (Shope): Allows the Director of the Arizona Department of Environmental Quality to take necessary corrective action for a public water or wastewater treatment facility or system that is regulated by the Arizona Corporation Commission if certain conditions are met. [Chapter 254, Laws 2019](#)

HB 2464 Water Infrastructure Finance; Municipal Approval (Shope): Increases the population threshold from 50,000 people to 150,000 people, allowing for a city or town to pursue Water Infrastructure Finance Authority of Arizona (WIFA) funding for water and waste water improvements, without voter approval when taxpayer funds are not utilized.

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HB 2467 West Basin Water Users; Committee (Cobb): Establishes the Mohave County West Basin Water Users Study Committee and the La Paz County West Basin Water Users Study Committee; however, representatives from Mohave and La Paz counties repeatedly used this legislation as a platform to oppose the Town's proposed purchase of water rights from a private property owner in Cibola Valley. Due to our concerns, Representative Cobb committed to holding a stakeholder meeting to provide clear guidance regarding the focus and scope of the study

committee which is not to delve into issues such as municipal/private property water transfers and other exploration of the use of Colorado River water. [Chapter 212, Laws 2019](#)

HB 2475 Water Use; Criminal Penalty; Wells (*Bowers*): Exempts a person from a class 2 misdemeanor for taking water through a registered well without knowledge that the water is sub flow. [Chapter 274, Laws 2019](#)

HB 2477 Adjudication Statutes; Unconstitutional Provisions; Repeal (*Bowers*): Repeals various statutes relating to surface water and general adjudication procedures. [Chapter 155, Laws 2019](#)

HB 2484 Irrigation Grandfathered Right; Containerized Plants (*Griffin*): Allows an irrigation grandfathered right to be used to water containerized plants, subject to conditions and limitations. [Chapter 7, Laws 2019](#)

HCM 2004 Reserved Water Rights; Exclusion (*Griffin*): Urges Congress to allow Arizona to manage its water resources in federally designated areas. [Transmitted to Secretary of State](#)

SB 1227/HB 2545 Amendments; Colorado River Drought Contingency (*Bowers*): Makes various changes to the management of water supplies, eligibility for and exchange of long-term storage credits, and groundwater fees collected in certain localities. Establishes new funds and appropriates \$7 million in FY 2019 for groundwater and irrigation efficiency projects and \$30 million in FY 2020 for system conservation. Redirects an additional \$2 million appropriation in FY 2019 for groundwater and irrigation project funding and \$2 million in FY 2020 for groundwater augmentation or conservation assistance projects. [Chapter 1, Laws 2019](#)

SJR 1001 Colorado River Drought Contingency Plan (*Bowers*): Authorizes the Director of the Arizona Department of Water Resources to enter into various agreements relating to an interstate Drought Contingency Plan. [Chapter 2, Laws 2019](#)

SB 1397 Registrar of Contractors Omnibus (*Mesnard*): Makes various revisions to statute relating to Registrar of Contractors. [Chapter 145, Laws 2019](#)

SB 1528 Video Service Providers; License (*Carter*): Modifies regulations relating to video service providers. [Chapter 319, Laws 2019](#)

FY 2020 STATE BUDGET SUMMARY

On May 27, 2019, after several days of intense infighting within the Republican caucus, Arizona lawmakers passed an \$11.8 billion FY 2020 budget, the largest in state history.

The FY 2020 budget increases the State's rainy day fund to \$1 billion, gives raises to state law-enforcement and corrections officers and delivers the next phase of the teacher pay raises promised last year (20% by 2020). The FY 2020 spending package also cuts income taxes and fees by \$386 million, to offset higher state revenue expected from tax conformity to the 2017 federal tax cuts,

taxing online sales by out-of-state retailers (Wayfair decision) and a two-year phase down of the vehicle license fee, passed last legislative session.

Despite an earlier negotiated budget deal between legislative leadership and the Governor, several rank-and-file Republicans refused to initially support the deal until many of their specific priorities were addressed, some of which were non-budget related.

Senator Michelle Ugenti-Rita (R-Scottsdale) refused to support the budget until an agreement was made to repeal the \$32 vehicle license registration fee, authorized by the Legislature last session. When the fee was authorized a year ago to fund the Department of Public Safety, members were told that it would be around \$18 per vehicle; however, the fee turned out to be \$32. A deal was made with Senator Ugenti-Rita to completely phase out the fee at the conclusion of the next two years.

The real major holdup on the budget was actually over a non-budget issue, increasing the statute of limitations for childhood sexual assault victims to sue their assailants. Senators Paul Boyer (R-Glendale) and Heather Carter (R-Cave Creek) threatened to withhold their budget votes until the legislature agreed to take action. After several days of tense negotiating, the impasse on the budget came to an end when lawmakers unanimously passed [HB 2466 Civil Action; Assault; Limitation; Applicability \(Blackman\)](#).

HB 2466 creates a statute of limitations of 12 years after a plaintiff reaches 18 years of age for lawsuits involving minor victims of unlawful sexual conduct and sexual contact. The legislation allows victims, until December 31, 2020, who are otherwise time-barred to bring their claims as outlined.

Another major sticking point on the budget centered on the issue of tax conformity. The finalized budget proposal will reduce the number of income tax brackets from five to four, lowers the State's top tax rate to 4.5%, and conforms the State's standard deduction to the federal standard deduction of \$12,000 for single taxpayers and \$24,000 for married couples. A number of members, including Senator J.D. Mesnard (R-Chandler) had objected to this plan and wished to see the number of tax brackets reduced from five to two or three.

Nevertheless, after several days of tense budget negotiations and an extensive lobbying effort from legislative leadership and the Governor, the Legislature passed the FY 2020 budget on a straight party-line vote, clearing the way for the 54th Arizona State Legislature, 1st Regular session to end.

FY 2020 KEY BUDGET HIGHLIGHTS

Economic Development/Tax Reductions

- Reduces the number of income tax brackets from five to four, lowers the State's top tax rate to 4.5%, and conforms the State's standard deduction to the federal standard deduction of \$12,000 for single taxpayers and \$24,000 for married couples.
- \$542 million deposit into the Rainy-Day Fund.
- Reduces state debt by \$220 million.
- \$475,000 for two trade offices in Mexico and one in Israel.

2019 Legislative Summary – Town of Queen Creek

- Requires remote sellers of tangible retail goods to pay state and local sales tax. This requirement will also apply to third-party facilitators such as E-Bay. It also exempts micro businesses and hobbyists with less than \$200,000 in gross annual sales, a threshold that steps down to \$100,000 after three years; and also establishes a single tax retail base, in which definitions and treatment are uniform across the state.
- \$15 million to the Housing Trust Fund to prevent and reduce homelessness through affordable housing programs.

Transportation, Infrastructure & Natural Resources

- \$6.5 million for a second interchange bridge at State Route 24 near the Gateway/Mesa Airport.
- \$130 million over three years to expand Interstate 17.
- \$3 million to expand broadband services in underserved rural areas.
- \$700,000 for a Mariposa Port of Entry Cold Inspection Facility.
- \$37 million to implement the multiparty Drought Contingency Plan.
- \$2.6 million for Nogales wastewater treatment infrastructure.
- \$20 million to Pinal County farmers to help drill new wells.
- \$197,000 in additional transportation funding to cities/towns.

Healthcare (AHCCCS, Department of Health Services, Department of Economic Security)

- Eliminates the KidsCare Freeze (FY20 - \$1.6M, FY21 - \$9.4M, FY22 - \$9.4M)
- \$4.8 million for Prop. 206 funding for Elderly Long-Term Care
- \$7 million ongoing for new Arizona Long Term Care System Provider Funding
- \$750,000 for the State Loan Repayment Program
- \$750,000 for North Country GME
- \$8 million for the University of Arizona Health Science Center
- \$5.5 million for Rural GME (\$1.6 – State/\$3.9 – Federal) for FY2020
- \$4.4 million for Urban GME (\$1.3 – State/\$3.1 – Federal) for FY 2020

Higher Education/Universities

- \$15 million to expand the Arizona Teachers Academy.
- \$15 million for the Pima Community College Aviation Technology Center.
- \$14.2 million for rural community colleges.
- \$6 million over three years for STEM programing at Maricopa and Pima Community Colleges.

K-12 Education

- \$165 million for the second installment of the 20% teacher pay raises by school year 2020.
- \$136 million for District and Charter Additional Assistance.
- \$88 million for school building renewal.
- \$76 million for new school construction.
- \$30 million in new dollars for results-based funding, for a total of \$68 million.
- \$10 million for Career and Technical Education programs at public high schools.
- \$20 million for school safety grant program where schools apply for counselors or on-campus law enforcement officers.

TOWN OF QUEEN CREEK LEGISLATIVE IMPACT

Below is a list of specific bills the Town of Queen Creek’s intergovernmental relations team engaged legislative members and/or staff on and worked with the League of Arizona Cities and Towns to either defeat or favorably amend during the 2019 Legislative Session:

Bill/Issue	Final Outcome
HB 2047 HURF Distribution; Cities, Towns, Counties (<i>Cook</i>)	Favorably Amended – Failed to Pass Legislature, included in the budget
HB 2158 Food; Municipal Tax Exemption (<i>Bolick</i>)	Failed to Pass Legislature
HB 2413 Water; West Basin Advisory Councils (<i>Cobb</i>)	Failed to Pass Legislature
HB 2434 Colorado River Transfer; Limitation (<i>Cobb</i>)	Failed to Pass Legislature
HB 2467 West Basin Water Users; Committee (<i>Cobb</i>)	Passed Legislature
HB 2468 Colorado River Transfers; Emergency Rulemaking (<i>Cobb</i>)	Failed to Pass Legislature
HB 2734 TPT; Contractors; Reform (<i>Cobb</i>)	Failed to Pass Legislature
SB 1248 Property Taxes; Valuation; Property Modifications (<i>Leach</i>)	Passed Legislature
SB 1460 TPT; Digital Goods & Services (<i>Ugenti-Rita</i>)	Failed to Pass Legislature

Below is a list of specific bills the Town of Queen Creek’s intergovernmental relations team worked to support and engage legislative members and/or staff on during the 2019 Legislative Session:

Bill/Issue	Final Outcome
HB 2319 HURF Transfers; Highway Patrol; Repeal (<i>Campbell</i>)	Passed Legislature
HB 2464 Water Infrastructure Finance; Municipal Approval (<i>Shope</i>)	Passed Legislature
HB 2609 Harquahala Non-Expansion Area; Groundwater Transfer (<i>Petersen</i>)	Failed to Pass Legislature
HB 2615 Water Utility Acquisition; Municipal Action (<i>Shope</i>)	Failed to Pass Legislature

OTHER LEGISLATION OF INTEREST

HB 2026 Public Resources; Influence Elections; Penalties (Kavanagh): Allows a resident of a jurisdiction that is alleged to have violated the prohibition against the use of city, town, county, school district, or charter school resources to influence elections to initiate a suit in superior court. There are already existing processes in place for the public to file a complaint if they believe public resources were improperly used. A strike-everything amendment was eventually offered to the bill for a bridge maintenance project in Globe. **Failed to Pass Legislature**

HB 2047 HURF Distribution; Cities, Towns, Counties (Cook): Appropriated \$60 million from the state General Fund in FY 2020 to the Arizona Department of Transportation (ADOT) to be distributed to counties, cities and towns for infrastructure. Specifically, the bill appropriates \$30 million to cities and towns with \$150,000 going to each city and town, with the remaining monies distributed based on population for street and highway construction and maintenance. **Failed to Pass Legislature, amended version included in the budget.**

HB 2087 Investor-Owned Short-Term Rentals; Local Regulation (Kavanagh): Expands the list of purposes for which municipalities and counties may regulate vacation rentals or short-term rentals to include ensuring that "investor-owned" vacation rentals or short-term rentals comply with residential use and zoning ordinances if the ordinances are applied in the same manner as other property classified as class 3 or class 4 property for property tax purposes. **Failed to Pass Legislature**

HB 2100 Appropriation; 2020 Census; Outreach (Espinoza): Appropriates \$5 million from the General Fund in FY 2020 to the Secretary of State for distribution to counties and municipalities on a pro rata basis, based on population, to conduct outreach effort before the 2020 U.S. decennial census for the purpose of increasing the response rate and accuracy of the census in Arizona. **Failed to Pass Legislature**

HB 2108 Real Estate Signs; Cities; Counties (Grantham): Stipulates that counties and municipalities cannot prohibit an owner of real property or the owner's agent from displaying on the property and/or in an area within a public or private right-of-way a sign advertising that the property is for sale or rent, an open house, the owner or agent's name and contact information, and directions to the property. The bill was eventually used as a vehicle for a strike-everything amendment dealing with correctional officers. **Failed to Pass Legislature**

HB 2143 Water; West Basin Advisory Councils (Cobb): Establishes the Mohave County West Basin Water Users Advisory Council and the La Paz County West Basin Water Users Advisory Council, each consisting of 10 members. Under the bill, the Councils are required to analyze groundwater withdrawal data and make recommendations to the Department of Water Resources on sound groundwater management programs and policies for the basins. The bill requires the Councils to each submit a report of its recommendations to the Governor and the Legislature by December 31, 2022. The Councils would sunset on July 1, 2027. **Failed to Pass Legislature**

HB 2158 Food; Municipal Tax Exemption (Bolick): Stipulates that municipalities and other

taxing jurisdictions are prohibited from levying a transaction privilege, sales, use or other similar tax or fee on the sale of food items intended for human consumption in the home as defined by Department of Revenue rules. The revenue impact to the state is estimated to be \$115.8 million annually. The direct impact to the Town is almost a \$2.4 million revenue loss.

Failed to Pass Legislature

HB 2201 Partisan Offices; Cities; Towns (Carroll): Stipulates that municipalities are required to print on the ballot the party designation for all candidates for the office of mayor or city or town council, and statute authorizing municipalities to provide for nonpartisan primary election victories are deleted. The bill applies to elections held on or after January 1, 2020.

Failed to Pass Legislature

HB 2319 HURF Transfers; Highway Patrol; Repeal (Campbell): Repeals statute requiring the Department of Transportation to allocate and transfer \$10 million from revenues of the Arizona Highway User Revenue Fund (HURF) to the Department of Public Safety for funding a portion of highway patrol costs. **Failed to Pass Legislature**

HB 2320 Highway Safety Fee; Reduction (Campbell): Capped the highway safety fee at \$18 and eliminated the requirement that the highways safety fee fully fund 110 percent of the Department of Public Safety highway patrol budget for each fiscal year. The bill appropriated \$47 million from the General Fund in FY 2020 to the Arizona Highway Patrol Fund for highway patrol purposes. While the bill passed out of the House, 57-3, HB 2320 failed to receive a hearing in the Senate. **Failed to Pass Legislature**

HB 2357 Reconstruction Contracting; Local Tax; Exemption/Electronic Smoking Devices (Toma): Stipulates that the gross proceeds of sale or gross income from reconstruction activity that is subject to local tax applies to property that was subdivided and received a condominium plat and that the total cost of the construction activity in the 24 months preceding the sale of any part of the real property exceed 15 percent of the prior value. Additionally, HB 2357 applied a land deduction for each speculative builder. The result of applying the land deduction would have resulted in a \$6.8 million loss in revenue for cities and towns. HB 2357 was eventually used as vehicle for another issue dealing with electronic smoking devices and the problematic underlying bill failed to move forward. **Failed to Pass Legislature**

HB 2434 Colorado River Transfer Limitation (Cobb): Stipulates that an irrigation and water conservation district located in a county that has formed a county water authority is prohibited from transferring fourth priority Colorado River water that is subject to the Boulder Canyon Project Act to a location outside the counties in Arizona that border the Colorado River. HB 2434 was never heard in committee. **Failed to Pass Legislature**

HB 2468 Colorado River Transfers; Emergency Rulemaking (Cobb): Requires the Department of Water Resources to adopt an emergency rule to implement policies to provide for the review and advice of the Director on any negotiation or contract that affects the allocation and use of main stream Colorado River water or the allocation and use of Colorado River water delivered through the Central Arizona Project. Provisions that must be included in the rule are specified. If passed, the bill would cause delay to transfers like the Queen Creek-GSC transfer. HB

2468 was never heard in committee. **Failed to Pass Legislature**

HB 2473 State Liquor Board Membership (Kern): Requires one member of the Board who is not financially interested in a licensed business to be appointed after an association representing cities and towns (League of AZ Cities and Towns) forwards three nominations to the governor. The nominee must be a current or former elected municipal official. The Governor vetoed the bill over concerns that this legislation would add an unnecessary extra step to the nomination process. **VETOED**

HB 2502: S/E Incorporation Petitions; Public Comment; Approval (Blackman): The strike-everything amendment to HB 2502 modified the requirements for incorporating a city or town or an urbanized area into a city or town. The bill required the Board of County Supervisors to approve a petition to incorporate as a city or town before the petitioners obtain signatures. Under the bill, a petition to incorporate would have to include the following criteria:

- Include a reference to the meters and bounds of the proposed incorporated area, which states the signers desire to incorporate the area as a city or town; and
- Be published by the petitioners:
 - With the accompanying description of the area to be incorporate; and
 - As a legal advertisement inviting public comment to the Board no less than 60 days before the initial submission to the county.

The bill required the Board of Supervisors to determine and approval a final map proposal before petitioners obtain signatures and the petitioners have 180 days after the approval of the final map proposal to obtain the required number of signatures.

Under HB 2502, petitioners attempting to incorporate an urbanized area into a city or town must submit to the Board of Supervisors either of the following, before petitioners obtain signatures:

- A resolution adopted by the city or town approving the incorporation; or
- An affidavit requesting annexation of the area proposed for incorporation.

Petitioners are required to obtain the declarants permission to incorporate an area covered by a planned community association into a city or town. The amended bill was never brought to the floor of the House. **Failed to Pass Legislature**

HB 2536 Fuel; Electric Cars; Hybrids; Taxes (Campbell): Increases the tax on motor vehicle fuel possessed, used or consumed in Arizona to 28 cents per gallon in FY2019-20, 38 cents per gallon in FY2020-21, and 43 cents per gallon in FY2021-22, from 18 cents per gallon. The bill imposes a tax on natural gas used in the propulsion of any vehicle at a rate of 19 cents per gallon in FY2019-20, 25 cents per gallon in FY2020-21, and 28 cents per gallon in FY2021-22. HB 2536 imposes a tax on propane used in the propulsion of any vehicle at a rate of 23 cents per gallon in FY2019-20, 30 cents per gallon in FY2020-21, and 34 cents per gallon in FY2021-22. It imposes use fuel taxes on natural gas and propane used in the propulsion of a light class motor vehicle, and establishes use fuel tax rates. It imposes a tax on a vehicle that accesses a street or highway and that is propelled by electricity of \$130 per year for FY2019-20, \$175 per year for FY2020-21, and \$198 per year for FY2021-22. It imposes a tax on a vehicle that accesses a street or highway and that is propelled by a combination of electricity and other fuels of \$52 per year for FY2019-20,

\$70 per year for FY2020-21, and \$80 per year for FY2021-22. For FY2022-23 and each year after, each of these tax rates is required to be adjusted to reflect the change in the gross domestic product implicit price deflator reported by the U.S. Department of Commerce from January 1, 2019 to December 31 of the prior year. Due to a potential increase in state revenue, this legislation requires the affirmative vote of at least 2/3 of the members of each house of the Legislature for passage, and becomes effective on signature of the Governor. HB 2536 was never head on the floor of the House. **Failed to Pass Legislature**

HB 2609 Harquahala Non-Expansion Area; Groundwater Transfer (Petersen): Allows a municipal provider that owns land that is eligible to be irrigated in the Harquahala Irrigation Non-Expansion Area (INA) to withdraw groundwater from the land to transport to an Active Management Area (AMA). The bill would have increased the maximum depth for groundwater to be withdrawn in the Harquahala INA from 1,000 feet to 1,500 feet. HB 2609 was never voted on by the full House. **Failed to Pass Legislature**

HB 2615 Water Utility Acquisition; Municipal Action (Shope): Exempts the construction, purchase, acquisition or lease of any public water or wastewater plan or property by a municipal provider from the requirement of getting voter approval if all of the following occur:

- The property owner has requested to be serviced by a municipal corporation;
- The property is located in the service territory in which the public utility’s manager or operator has been terminated or suspended, or the public utility does not have the capacity to provide safe and sufficient services; and
- The construction, purchase, acquisition or lease does not cause current municipal customer rate increases.

Despite passing out of the House Natural Resources, Energy and Water Committee, 10-2, a number of groups including the Water Utilities Association, Global Water Resources and Robson Communities expressed concerns that our language may be a little too broad. After failing to reach a consensus on narrowing the scope of the bill, the Town made the decision to table the issue and not waste the political capital pushing forward. **Failed to Pass Legislature**

HB 2635 Prohibition; Photo Radar (Payne): Stipulated that state agencies and local authorities are prohibited from using a photo enforcement system to identify violators of traffic control devices and speed regulations. Statutes authorizing and regulating photo enforcement are repealed. **Failed to Pass Legislature**

HB 2636 Mobile Food Vendors; Municipalities (Payne): Allows a mobile food vendor to operate on private property in a residential area if the mobile food vendor:

- Obtains written permission from the property owner;
- Does not serve members of the general public; and
- Is not the property owner, spouse of the property owner or trustee of the property

The bill allows a city or town to limit the hours of operation and number of days a mobile food vendor may operate on a private property parcel in a residential area. Cities and towns are prohibited from requiring a mobile food vendor to be fingerprinted unless the mobile food vendor operates in an area zoned for residential use that is not on private property. Additionally, a city or

a town cannot require a mobile food vendor to pay more than one fee per year to operate on private property within that city or town; however, a city or town may collect more than one fee per year if the fee relates to a special event permit. **Failed to Pass Legislature**

HB 2638 Municipal Tax; Exemption; Food (Bolick): Prohibited a city, town or other taxing jurisdiction with a population of 625,000 persons or more from imposing a tax or fee on the sale of food items intended for home consumption as defined in statute. The bill specified that if a city, town or other taxing jurisdiction with a population of less than 625,000 persons imposes a tax or fee on the sale of food items defined in statute the tax must be applied uniformly to all food and prohibits the application of additional taxes or fees on specific food items.

Failed to Pass Legislature

HB 2702 TPT; Marketplace Facilitators; Nexus (Toma): Creates a marketplace facilitators classification under the transaction privilege tax statutes and allows a city, town or other taxing jurisdiction to levy the same tax subject to requirements. This bill also creates an economic presence test for nexus purposes. The bill establishes an “economic nexus” for out of state sellers doing business in Arizona at 200 transactions or \$100,000 a year. Once an online seller crosses that line, they are required to collect state and local taxes on all future transactions. Most online sellers are already complying with this process under the previous “physical nexus” test. The bill provides for a single point of collection, the state Department of Revenue, and does not apply retroactively. In-state brick and mortar businesses, business organizations, shopping center operators and online sellers such as Amazon, all testified in support of the bill in committee. To further implement this decision, the Municipal Tax Code Commission met on Friday and adopted amendments to the Model City Tax Code that conform the MCTC definition of retail transactions to the state definition. **Failed to Pass Legislature, but included in the budget package**

HB 2734 TPT; Contractor Reform (Cobb): Establishes a 14-member study committee, the Taxation of Prime Contracting Study Committee, to analyze the construction sales tax system. The committee would be tasked with analyzing the legal framework surrounding the taxation of prime contracting and examine the best practices of other states and policy experts to decrease noncompliance with the taxation of prime contracting. **Failed to Pass Legislature**

SB 1001 Highway Safety Fee; Repeal; VLT (Ugenti-Rita): Repeals the Highway Safety Fee that is collected during vehicle registrations used to fund 110 percent of the state’s Highway Patrol budget. It also repeals the modifications made to the valuation for alternative fuel vehicles for purposes of determining the VLT. While this bill did not pass, the final budget package does include a two year phasedown of the VLT fee. **Failed to Pass Legislature**

SB 1141 Distracted Driving (Mesnard): SB 1141 prohibited the operation of a motor vehicle by a person while distracted. The bill specifies that a person commits a violation of distracted driving if both the following occurred:

- a) Engaged in an activity that is not related to the actual driving of the motor vehicle in a manner that visibly interfered with safely driving the motor vehicle; and
- b) Driving a motor vehicle in a manner that was an immediate hazard to a person, or property, or not exercising reasonable control of the vehicle as necessary to avoid colliding with any object, person, vehicle or other conveyance in, entering or adjacent to the highway.

The bill specified that the actions that constitute distracted driving need not be done in the view or presence of an officer. Under the bill, actions that create a hazard for a person, rather than another person constitute distracted driving. Ducey vetoed the bill citing that SB 1141 did not give drivers clear direction about what activities are prohibited and how the law will be enforced. **VETOED**

SB 1147 Municipal Economic Development; Sale; Lease/Tobacco Products; Vapor Products

(Leach): Stipulates that the governing body of a municipality is authorized to sell or lease for "economic development activities" land or buildings owned by the municipality only pursuant to the requirements of this proposed legislation. Under the bill, the governing body of the municipality is required to appoint an experienced, independent appraiser to determine the sale or lease valuation of any land or building valued at more than \$50,000. The governing body is required to give notice of a proposed sale or lease by publication, once each week for four consecutive weeks before executing any sale or lease, in a newspaper of general circulation in the municipality. The bill applies to any agreement made on or after the effective date. A strike-everything amendment was later adopted in the House Health and Human Services Committee that increased the age for purchasing tobacco and vaping products to 21 and contained a state preemption that the sale and regulation of these products is an issue of statewide concern.

Failed to Pass Legislature

SB 1155 Remote Sellers; Taxation; Study Committee **(Gowan):** Establishes the Taxation of Remote Sellers Study Committee (Committee) and outlines Committee membership, powers and duties. **Failed to Pass Legislature**

SB 1285 Construction Contracts; Public Works; Payments **(Borrelli):** Establishes prompt payment requirements for public construction contracts. The bill outlines requirements for payment approval and rejection, payment timeframes, retention, termination or suspension of work and complaints relating to public construction contracts. Under 1285 a contractor is permitted to suspend performance or terminate a contract for late payment with no express right to cure. The bill moved payment on final completion of a project from 60 days to seven days to approve or deny and 14 days after approval for payment. **Failed to Pass Legislature**

SB 1366 Commerce Authority; Data Centers **(Mesnard):** Expanded the transaction privilege (TPT) and use tax exemptions for data center equipment to include rented or leased equipment. The bill expanded an existing TPT exemption for certain software and software maintenance that is used for the operation or benefit of a certified data center. **Failed to Pass Legislature**

SB 1367 Reconstruction Contracting; Local Tax; Exemption **(Mesnard):** Prohibited municipalities and other taxing jurisdictions from levying a transaction privilege or use tax on the gross proceeds of sales or gross income derived from reconstruction contracting. The bill stipulated that reconstruction contracting is prohibited from being included in the tax base unless the property was subdivided and received a condominium plat and the total cost of all construction contracting activities performed on the real property in the 24-month period before the sale of any part of the real property exceeds 15 percent of the prior value of the real property. If tax is assessed on reconstruction contracting, the speculative builder is authorized to exclude from gross income the prior value allowed for reconstruction contracting in determining taxable gross income. A

strike-everything amendment was offered in the House Judiciary Committee that permits the Attorney General to oppose proposed class action settlements it deems inadequate, unfair, or illegal. **Failed to Pass Legislature**

SB 1424 2020 Census; Appropriation; Outreach (Quezada): Appropriates \$5 million from the state General Fund (GF) to the Arizona Department of Administration (ADOA) in Fiscal Year (FY) 2020 to award a statewide contract to a vendor to conduct a communication and outreach effort before the 2020 United States decennial census. **Failed to Pass Legislature**

SB 1460 TPT; Digital Goods & Services (Ugenti-Rita): Creates parameters for determining the taxable status of digital goods and services at the state and local levels. For the purpose of transaction privilege and use taxes and local excise taxes, the gross income, gross receipts, gross proceeds, purchase price or sales price from selling, leasing, licensing, purchasing or using “specified digital services” and from selling, leasing, licensing, purchasing or using “specified digital goods” that are remotely accessed by a customer and not transferred electronically to the customer, are excluded from tax. This would not apply to services provided by a person that is subject to tax under the online lodging marketplace classification. The business of selling, renting or licensing for use of "prewritten computer software," regardless of delivery method, and selling specified digital goods that are "transferred electronically" are added to the retail classification of transaction privilege taxes. The sale of prewritten computer software and specified digital goods must be sourced to the seller's business location if the seller receives the order at a business location in Arizona, and to the purchaser's location in Arizona if the seller receives the order at a business location outside Arizona. Levies an excise tax on the use or consumption in Arizona of prewritten computer software and specified digital goods transferred electronically as a percentage of the acquisition price. The tax rate is the tax rate prescribed in statute for retailers (currently 5 percent and voter protected). Through June 30, 2041, an additional rate increment of 0.6 percent is imposed and must be collected. Each person using or consuming prewritten consumer software or specified digital goods transferred electronically in Arizona is liable for the tax. **Failed to Pass Legislature**

Peer-To-Peer Car Rentals:

Two bills were introduced this past legislative session, **HB 2559 Peer-to-Peer Car Sharing (Grantham)** and **SB 1305 Peer-to-Peer Car Rentals (Livingston)**, which would have established new laws governing the peer-to-peer car sharing industry, allowing for individuals to share their privately-owned cars with other individuals.

Car-sharing allows an owner of a vehicle to register their vehicle with an online provider and then make their vehicle available for use by another person when the host is not using it. The person pays an hourly or daily fee, which is then transmitted to the host with a percentage of proceeds, withheld by the online provider. The center of the debate centered on whether peer-to-peer car sharing companies should be subject to the same regulations and taxes as rental car companies.

HB 2559 established a peer-to-peer car sharing statute, recognizing that it is separate and apart from the rental car industry. The bill required car sharing platforms to carry vehicle liability insurance, and it gave airports the authority to negotiate with car-sharing platforms individually, similar to what is currently set up for Uber and Lyft. A proposed floor amendment would have held tourism along with cities and towns harmless in terms of taxes.

2019 Legislative Summary – Town of Queen Creek

SB 1305 wanted to ensure that peer-to-peer shared cars are treated similarly to rental car transactions and would be subjected to all laws that go along with it.

Unable to reach an agreement on the tax piece, both bills failed to pass this legislative session. Most legislators in both chambers refused to take a firm position on either of the bills, expressing a desire for there to be a consensus before agreeing to move any legislation forward. The various stakeholders will attempt to come together this off-session to see if there can be a resolution.

HB 2559 Peer-to-Peer Car Sharing (Grantham): HB 2559 established guidelines for insurance requirements, safety and taxation of vehicle sharing transactions that occur on a peer-to-peer car sharing program. The bill was never brought to the floor of the Senate. **Failed to Pass Legislature**

SB 1305 Peer-to-Peer Car Rentals (Livingston) /HB 2688 S/E: Taxation; Peer-to-Peer Car Sharing (Campbell): SB 1305 established guidelines for insurance requirements, safety and taxation of vehicle sharing transactions that occur on a peer-to-peer car sharing program. The bill was defeated in the House Commerce Committee; however, the proponents of the bill were able to revive the language as a strike-everything amendment to HB 2688. The bill was never brought to the floor of the Senate. **Failed to Pass Legislature**

Appendix E: Cost Proposal

ATTACHMENT 15: PROPOSAL PRICING

Pricing must include all labor, materials, supplies, transportation, direct/indirect cost, overhead and profit required to perform the Government Relations Services identified in this RFP.

Monthly Retainer Fee Per Described Scope of Services:	\$ 5,000
TOTAL ANNUAL FIRM FIXED PRICE:	\$ 60,000

List Additional Service Level Options
(include additional page, if needed)

Description of ServiceLevel Options:	Fee/Rate:
Please see attachment.	\$
	\$
	\$
	\$
	\$

PROMPT PAYMENT DISCOUNT: The price(s) quoted herein can be discounted by: _____ % if payment is made within _____ days.

Does your firm accept electronic payments through:

Electronic Funds Transfer (EFT): Yes No

Automated Clearing House (ACH): Yes No

List any additional discounts that may result from paying electronically: _____ % Discount

Kutak Rock LLP

8601 N Scottsdale Rd #300, Scottsdale, AZ 85253

(Firm) 

(Address)

480.429.4862

(Signature Required)

(Phone)

Marcus B. Osborn

marcus.osborn@kutakrock.com

(Print Name)

(Email)

Senior Government Relations Director

07.23.2021

(Print Title)

(Date)

Additional Service Level Options

Nexxus Consulting - Federal Government Relations Services:

- **Tier I (\$1,000 per month):** This option would avail Queen Creek of regular access to Nexxus partners as well as at least one monthly update about the latest happenings in Washington, DC. In addition, Nexxus would provide an annual report of potential grant or federal funding opportunities that the Town could pursue.
- **Tier II (\$3,000 per month):** Tier II would include everything in Tier I. This option would also include one yearly visit by the Nexxus team to meet and brief the Mayor and Council and Town's executive team to discuss potential federal projects for lobbying and federal appropriations and grant opportunities. Finally, this option would include an annual visit to Washington, DC in which the Nexxus team would arrange meetings with various federal agencies of interest and the congressional delegation. Nexxus would provide a follow-up memo to the Mayor, Council and Town Manager summarizing the meetings and the Town's potential for procuring federal funding, grants and/or legislation.
- **Tier III (\$5,000 per month):** This option would include everything in the Tier I and Tier II package and is our full-service federal lobbying plan. In addition, Tier III affords Queen Creek unlimited access to the Nexxus team, at least three annual visits to Queen Creek to meet with the Mayor, Council and Town department heads. This option would include unlimited lobbying trips to Washington, DC by the Mayor, Council and staff that will be arranged by the Nexxus team and will include accompanying the Town team to meetings. It will include regular updates about legislation and potential opportunities for the Town to be successful. Nexxus will help draft testimony, talking points, and white papers for use by the Town. Nexxus will also maintain consistent contact with the Arizona congressional delegation about issues important to the Town and will be a virtual extension of Town staff in Washington, DC.
- **Hourly Fee Option (\$300 per hour):** In addition, these pricing options offer the opportunity to include an hourly fee of \$300 per partner for additional services. For instance, if the Town opted for Tier I but also wanted to include a DC lobbying trip and needed Nexxus to prepare meetings materials, which is not included in this option, Nexxus would charge an extra fee based on hours of work.
- **Project Based Fee (TBD):** Nexxus Consulting would also consider working on a fixed fee per project basis. For example, if Queen Creek opted for Tier II, but had a special project or grant request that required additional help, the firm would happily to negotiate a fixed price for the project regardless of the time it took to complete as opposed to an hourly rate. This would create more certainty for the Town in terms of pricing.

In short, Nexxus is open to creative ways to ensure a partnership is beneficial for both the firm and the Town and is not limited to the options above.

Appendix F: Required Forms

ATTACHMENT 1: AUTHORIZATION TO SUBMIT RESPONSE AND REQUIRED CERTIFICATIONS

By signing below, the Respondent hereby certifies that:

- * They have read, understand, and agree that acceptance by the Town of Queen Creek of the Respondent's Response by the award and execution of a contract will create a binding contract; and
- * They agree to fully comply with all terms and conditions as set forth in the Town's Purchasing Policy, and amendments thereto, together with the specifications and other documentary forms herewith made a part of this specific procurement;

The person signing the Response certifies that he/she is the person in the Respondent's organization responsible for, or authorized to make, decisions.

The Respondent is a corporation or other legal entity.

No attempt has been made or will be made by the Respondent to induce any other Respondents or person to submit or not to submit a Response in response to this RFP.

The price (if any) and terms and conditions in this Response are valid for 180 days from the date of submission.

Kutak Rock LLP

RESPONDENT SUBMITTING Response

<u>8601 North Scottsdale Road, Suite 300, Scottsdale, AZ 85253</u>	<u>480.429.4862</u>
--	---------------------

ADDRESS	CITY STATE ZIP CODE	TELEPHONE
---------	---------------------	-----------

<u>47-0597598</u>	<u>marcus.osborn@kutakrock.com</u>
-------------------	------------------------------------

FEDERAL TAX ID NUMBER	EMAIL
-----------------------	-------

	<u>07.23.2021</u>
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AUTHORIZED SIGNATURE	DATE
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Marcus B. Osborn, Senior Government Relations Director

PRINTED NAME AND TITLE

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak Rock 2021 Contract)

ATTACHMENT 2: ADDENDUM ACKNOWLEDGMENT

Receipt by the undersigned of the following addenda is hereby acknowledged:

Addendum Number: 1 Dated: None

Addendum Number: 2 Dated: _____

Addendum Number: 3 Dated: _____

Addendum Number: 4 Dated: _____

Addendum Number: 5 Dated: _____

Addendum Number: 6 Dated: _____

Kutak Rock LLP
 (Respondent)


8601 N Scottsdale Rd #300
 (Address Line 1)

Marcus B. Osborn
 (Print Name)

Scottsdale, AZ 85253
 (Address Line 2)

Senior Government Relations Director
 (Print Title)

480.429.4862
 (Phone)


 (Signature Required)

480.429.5001
 (Fax)

marcus.osborn@kutakrock.com
 (Email Address)

47-0597598
 (Federal Taxpayer ID Number)

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak Rock 2021 Contract)

ATTACHMENT 3: ORGANIZATIONAL INFORMATION

The Respondent shall use this document to describe the background of its company.

1. Name of Respondent: Kutak Rock LLP

dba: _____

2. To whom should correspondence regarding this contract be addressed?

Individual's Name: Marcus B. Osborn

Company Name: Kutak Rock LLP

Address: 8601 N Scottsdale Rd #300

City/State/Zip: Scottsdale, AZ 85253

Phone: 480.429.4862 Fax: 480.429.5001 Email address: marcus.osborn@kutakrock.com

Contact Person (if different from above): _____

3. Date business was established: 1955

4. Ownership (e.g., public company, partnership, subsidiary): Partnership

5. Primary line of business: Legal services

6. Total number of employees: Approximately 955

7. Is your agency acting as the administrative agent for any other agency or organization? No
If yes, describe the relationship in both legal and functional aspects.

8. Does the organization have any uncorrected audit exceptions? No
If yes, please explain.

9. Has any state or federal agency ever made a finding of non-compliance with any relevant civil rights requirement with respect to your program? No
If yes, please explain.

10. Have there ever been any felony convictions of any key personnel (i.e., Administrator, CEO, Financial Officers, major stockholders or those with controlling interest)? No
If yes, please explain:

11. Identify any potential representational conflicts, such as issues or clients which might raise a conflict in representing the Town of Queen Creek: We are not aware of any circumstance that would likely give rise to a conflict of interest between our representation of the Town and our representation of any other current client.

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak Rock 2021 Contract)

ATTACHMENT 4: FIRM AND KEY PERSONNEL LICENSES/REGISTRATIONS
(COMPLETE IF APPLICABLE)

(List Only Arizona Professional Licenses/Registrations for Firm)

Firm Name: Kutak Rock LLP

Firm Licenses/Registrations: Arizona Secretary of State - Legislative Lobbyist Registration: 3608071

List your Firm's current individual Arizona Professional Licenses/ Only:

Arizona Branch	Individual	Discipline	Arizona Licenses/Board of Technical Registration	Expiration Date
Scottsdale	Marcus B. Osborn	Government Relations	Legislative Lobbyist Registration: 702914	
Scottsdale	Daniel A. Romm	Government Relations	Legislative Lobbyist Registration: 703277	
Scottsdale	Jennifer Kraham	Legislative, Corporate	Arizona Bar #: 233318	
Scottsdale	Kelly McGuire	Public Finance	Arizona Bar #: 17368	
Scottsdale	Marc Lieberman	Institutional Investments	Arizona Bar #: 9180; Board Certified	
			Specialist, Real Estate Law	

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak Rock 2021 Contract)

ATTACHMENT 6: EXCEPTIONS TO RFP REQUIREMENTS AND/OR CONTRACT PROVISIONS

Respondents must use this section to state any exceptions to the RFP requirements and/or any requested language changes to the terms and conditions, contract, etc.

This is the only time Respondents may contest these issues. Requests for changes after the date Responses are due will not be considered and could subject the Respondent to non-award on grounds of non-responsiveness.

Please sign and include this statement with your Response.

I have read the Town' Contract Provisions and:

- I accept them
- I have stated my exceptions and have included them in this Response.

Marcus B. Osborn

Printed Name of Authorized Individual



Signature of Authorized Individual

Kutak Rock LLP

Name of Submitting Firm

07.23.2021

Date

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak Rock 2021 Contract)

Exceptions

We have reviewed the RFP and have exceptions to the following items:

- With respect to the Insurance requirements in Attachment 14 and Exhibit A, it is not feasible and the firm is not able to provide renewal quotations 30 days prior to the expiration of the firm's professional liability and commercial general liability, automobile and workers compensation policies. Likewise 30 days prior written notice of cancellation of the firm's professional liability insurance is not feasible or possible; however, the firm's professional liability insurance has never been cancelled or not renewed, and is in fact renewed annually in June at amount which substantially exceeds the minimum required by the RFP.
- With respect to Indemnification in Article 9, the firm requests the reference to "defend" be deleted insofar as professional liability insurance is concerned. It would be unfair to expect the firm to defend a frivolous claim for which the client ultimately would have no liability. However, if the client would be found liable as the result of an act of the firm, the client would have recourse for any damages it could prove which were caused by the firm, including its defense costs.

ATTACHMENT 7: PROPRIETARY AND/OR CONFIDENTIAL INFORMATION

Since the Town of Queen Creek is subject to Arizona’s Public Records Act, Title 39 Chapter 1 of the Arizona Revised Statutes, Respondent is advised that any documents it provides to the Town in response to a solicitation will be available to the public if a proper Public Records Request is made, except that the Town is not required to disclose or make available any record or other matter that reveals proprietary information provided to the Town by a Respondent that is from a non-governmental source. See A.R.S. § 48-5541.01(M)(4)(b).

Any specific documents or information that the Firm deems to be proprietary and/or confidential must be clearly identified as such in the firm along with justification for its proprietary and/or confidential status.

The Firm may not claim that the entire Response or the entire submission is proprietary and/or confidential. It is the Firm’s responsibility to clearly identify each document and each piece of information in their submission that is proprietary and/or confidential. The final determination of nondisclosure, however, rests with the Procurement Officer.

Firms should be aware that if a Court determines that the Firm’s information is not proprietary and/or confidential; Town will be required to disclose such information pursuant to a public records request. In such cases, the firm understands and agrees that the Town shall comply with the Court’s determination and Respondents shall not hold the Town liable for any costs, damages or claims whatsoever related to releasing the information.


This is the only notice that will be given to Respondents regarding the Firm’s responsibility to clearly identify its proprietary and/or confidential information. If a public records request is submitted to the Town and the Respondent did not clearly identify its proprietary and/or confidential information at the time their Response is submitted, the Town will not provide Firm with any subsequent notice or opportunity to identify proprietary and/or confidential documents or information.

I hereby certify that I acknowledge acceptance of the terms above and that I have:

- Determined that no documents or information contained within this Response are proprietary and/or confidential in nature.
- Clearly identified specific documents or information that are deemed to be proprietary and/or confidential and have justified the reason for the proprietary status of any identified documents or information contained herein.

Marcus B. Osborn

Printed Name of Authorized Individual



Signature of Authorized Individual

Kutak Rock LLP

Name of Submitting Firm

07.23.2021

Date

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak Rock 2021 Contract)

**Request for Taxpayer
Identification Number and Certification**

Give Form to the
requester. Do not
send to the IRS.

▶ Go to www.irs.gov/FormW9 for instructions and the latest information.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.
Kutak Rock LLP

2 Business name/disregarded entity name, if different from above

3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only **one** of the following seven boxes.

Individual/sole proprietor or single-member LLC C Corporation S Corporation Partnership Trust/estate

Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____

Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is **not** disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.

Other (see instructions) ▶ _____

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):

Exempt payee code (if any) _____

Exemption from FATCA reporting code (if any) _____

(Applies to accounts maintained outside the U.S.)

5 Address (number, street, and apt. or suite no.) See instructions.
1650 Farnam Street

6 City, state, and ZIP code
Omaha, NE 68102-2186

7 List account number(s) here (optional)

Requester's name and address (optional)

Remit To Address: PO Box 30057, Omaha, NE 68103-1157

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Social security number

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Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

or

Employer identification number

4	7	-	0	5	9	7	5	9	8
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Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here Signature of U.S. person ▶  Date ▶ 1/1/2021

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
 - Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
 - Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
 - Form 1099-S (proceeds from real estate transactions)
 - Form 1099-K (merchant card and third party network transactions)
 - Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
 - Form 1099-C (canceled debt)
 - Form 1099-A (acquisition or abandonment of secured property)
- Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.

ATTACHMENT 9: LEGAL WORKER CERTIFICATION

As required by A.R.S. § 41-4401, the Town of Queen Creek is prohibited from awarding a contract to any Professional who fails, or whose consultants fail, to comply with A.R.S. § 23-214(A). The undersigned entity warrants that it complies fully with all federal immigration laws and regulations that relate to its employees, that it shall verify, through the employment verification pilot program as jointly administered by the U.S. Department of Homeland Security and the Social Security Administration or any of its successor programs, the employment eligibility of each employee hired after December 31, 2007, and that it shall require its consultants and sub-consultants to provide the same warranties to the below entity.

The undersigned acknowledges that a breach of this warranty by the below entity or by any consultant or sub-consultant under any Contract resulting from this solicitation shall be deemed a material breach of the Contract, and is grounds for penalties, including termination of the Contract, by the Town. Town retains the right to inspect the records of the below Respondent, consultants and sub-consultants employee who performs work under the Contract, and to conduct random verification of the employment records of the below entity and any consultants and sub-consultants who works on the Contract, to ensure that the below entity and each consultant and sub-consultant is complying with the warranties set forth above.

Kutak Rock LLP

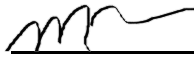
(Respondent)

Marcus B. Osborn

(Print Name)

Senior Government Relations Director

(Print Title)



(Signature Required)

marcus.osborn@kutakrock.com

(Email Address)

07.23.2021

(Date)

8601 N Scottsdale Rd #300

(Address Line 1)

Scottsdale, AZ 85253

(Address Line 2)

480.429.4862

(Phone)

480.429.5001

(Fax)

47-0597598

(Federal Taxpayer ID Number)

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak Rock 2021 Contract)

ATTACHMENT 10: NON-COLLUSION AFFIDAVIT

STATE OF ARIZONA)
)
COUNTY OF MARICOPA) SS

MARCUS B. OSBORN being first duly sworn, deposes and says:

That he/she is the Senior Gov Relations of Kutak Rock
(Title) Director (Name of Firm)

submitting this Response in response to the RFP identified below.

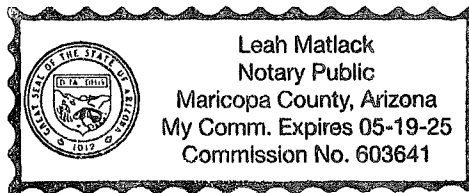
That, in connection with the above-mentioned Project, neither he/she, nor anyone associated with the aforesaid Firm, has, directly or indirectly, participated in any collusion, entered into any contract, combination, conspiracy or other act in restraint of trade or commerce in violation of the provisions of A.R.S. § 34-251, as amended.

[Signature]
(Signature of Affiant)

Subscribed and sworn to before me this 27th day of July, 2021.

My Commission Expires: _____ Leah Matlack

(Notary Public)



ATTACHMENT 11: CONFLICT OF INTEREST CERTIFICATION

The undersigned certifies that to the best of his/her knowledge: **(check only one)**

- There is no officer or employee of the Town of Queen Creek or whose relative has, a substantial interest in any contract resulting from this request.
- The names of any and all public officers or employees of the Town of Queen Creek who have, or whose relative has, a substantial interest in any contract resulting from this request, and the nature of the substantial interest, are included below or as an attachment to this certification. Include any potential conflicts of interest with other clients and the Town of Queen Creek.

Kutak Rock LLP

(Firm)



(Signature Required)

Marcus B. Osborn

(Print Name)

Senior Government Relations Director

(Print Title)

8601 N Scottsdale Rd #300, Scottsdale, AZ 85253

(Address)

480.429.4862

(Phone)

marcus.osborn@kutakrock.com

(Email)

47-0597598

(Federal Taxpayer ID Number)


Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak Rock 2021 Contract)

ATTACHMENT 12: ANTI-LOBBYING CERTIFICATION
Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions

In accordance with the Federal Acquisition Regulation ("FAR"), 52.203-11:

- (a) The definitions and prohibitions contained in the clause, at FAR 52.203-12, Limitation on Payments to Influence Certain Federal Transactions, included in this solicitation, are hereby incorporated by reference in paragraph (b) of this certification.
- (b) The offeror, by signing its offer, hereby certifies to the best of his or her knowledge and belief that on or after December 23, 1989:
 - (1) No Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress on his or her behalf in connection with the awarding of this contract;
 - (2) If any funds other than Federal appropriated funds (including profit or fee received under a covered Federal transaction) have been paid, or will be paid, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress on his or her behalf in connection with this solicitation, the offeror shall complete and submit, with its offer, OMB standard form LLL, Disclosure of Lobbying Activities, to the Contracting Officer; and
 - (3) He or she will include the language of this certification in all subcontract awards at any tier and require that all recipients of subcontract awards in excess of \$100,000 shall certify and disclose accordingly.
- (c) Submission of this certification and disclosure is a prerequisite for making or entering into this contract imposed by section 1352, Title 31, United States Code. Any person who makes an expenditure prohibited under this provision or who fails to file or amend the disclosure form to be filed or amended by this provision, shall be subject to a civil penalty of not less than \$10,000, and not more than \$100,000, for each such failure.

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak Rock 2021 Contract)

<u>Kutak Rock LLP</u>	<u>8601 N Scottsdale Rd #300, Scottsdale, AZ 85253</u>
(Firm)	(Address)
<u></u>	<u>480.429.4862</u>
(Signature Required)	(Phone)
<u>Marcus B. Osborn</u>	<u>marcus.osborn@kutakrock.com</u>
(Print Name)	(Email)
<u>Senior Government Relations Director</u>	<u>47-0597598</u>
(Print Title)	(Federal Taxpayer ID Number)

Date: 07.23.2021

**ATTACHMENT 13: CERTIFICATION REGARDING DEBARMENT, SUSPENSION, PROPOSED
DEBARMENT, AND OTHER RESPONSIBILITY MATTERS**

In accordance with the Federal Acquisition Regulation, 52.209-5:


1. The Offeror certifies, to the best of its knowledge and belief, that:
 - A. The Offeror and/or any of its Principals:
 - (i) (Check one) **Are** () or **are not** (✓) presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency; (The debarred list (List of Parties Excluded from Federal Procurement and Non-Procurement Programs) is at <http://epls.arnet.gov> on the Web.)
 - (ii) (Check one) **Have** () or **have not** (✓), within a three-year period preceding this offer, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, state, or local) contract or subcontract; violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, or receiving stolen property; and
 - (iii) (Check one) **Are** () or **are not** (✓) presently indicted for, or otherwise criminally or civilly charged by a governmental entity with, commission of any of the offenses enumerated in paragraph (a)(1)(i)(B) of this provision.
 - B. The Offeror (Check one) **has** () or **has not** (✓), within a three-year period preceding this Response, had one or more contracts terminated for default by any Federal agency.
2. "Principals," for the purposes of this certification, means officers; directors; owners; partners; and, persons having primary management or supervisory responsibilities within a business entity (e.g., general manager, plant manager; head of a subsidiary, division, or business segment, and similar positions).
3. This Certification Concerns a Matter Within the Jurisdiction of an Agency of the United States and the Making of a False, Fictitious, or Fraudulent Certification May Render the Maker Subject to Prosecution Under Section 1001, Title 18, United States Code.
4. The Offeror shall provide immediate written notice to the Contracting Officer if, at any time prior to contract award, the Offeror learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
5. A certification that any of the items in paragraph (a) of this provision exists will not necessarily result in withholding of an award under this solicitation. However, the certification will be considered in connection with a determination of the Offeror's responsibility. Failure of the Offeror to furnish a certification or provide such additional information as requested by the Contracting Officer may render the Offeror non-responsible.
6. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render, in good faith, the certification required by paragraph (a) of this provision. The knowledge and information of an Offeror is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

7. The certification in paragraph 1 above is a material representation of fact upon which reliance was placed when making award. If it is later determined that the Respondent knowingly rendered an erroneous certification, in addition to other remedies available to the Government, the Contracting Officer may terminate the contract resulting from this solicitation for default.

Kutak Rock LLP
(Firm)

Marcus B. Osborn
(Print Name)

Senior Government Relations Director
(Print Title)


(Signature Required)

marcus.osborn@kutakrock.com
(Email Address)

07.23.2021
(Date)

8601 N Scottsdale Rd #300
(Address Line 1)

Scottsdale, AZ 85253
(Address Line 2)

480.429.4862
(Phone)

480.429.5001
(Fax)

47-0597598
(Federal Taxpayer ID Number)

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak Rock 2021 Contract)

ATTACHMENT 14: INSURANCE REQUIREMENTS

*Any Respondent awarded a contract subsequent to this solicitation will be expected, upon request by the Town, to submit the forms in this **Attachment** as a condition of the Contract, in addition to acknowledging the insurance requirements on this **Attachment** and submitting this signed **Attachment** as part of their Response.*

INSURANCE PROVISIONS AND REQUIRED COVERAGE, TERM AND TERMINATIONS


1. The Consultant shall secure and maintain during the life of this Contract, the insurance coverage set forth in this Attachment 15, which shall include statutory workman's compensation, comprehensive general and automobile liability, Consultant's liability insurance and errors and omissions professional liability. The comprehensive general and automobile liability limits shall be no less than one million dollars (\$1,000,000.00) combined single limit. The Consultant's general liability limits shall be no less than one million dollars (\$1,000,000.00) for each occurrence and one million dollars (\$1,000,000.00) policy aggregate naming the Town as an additional insured. The minimum amounts of coverage for Consultant's professional liability shall be one million dollars (\$1,000,000.00). In other than errors and omissions professional liability, and workman's compensation, the Town shall be named as an additional insured. All insurance coverage shall be written through carriers licensed in Arizona, or on an approved non-admitted list of carriers published by the Arizona Department of Insurance, and possessing an A.M. Best rating of at least A or better through Lloyd's of London. Should coverage be written on a claims-made basis, the Consultant shall provide, prior to commencement of any work, an initial certificate of insurance evidencing required coverage limits from date of contract execution through date of policy expiration. Subsequently, a certificate of insurance or a renewal quotation accompanied by evidence of premium payment shall be presented a minimum of thirty (30) days prior to date of expiration of current certificate. Such certificate or evidence of continuous coverage shall be provided on a periodic basis for a minimum of two (2) years after completion of contract, and shall contain a certification that the claims period for such insurance is retroactive to the effective date of this Contract. In the event the Consultant fails to provide such certificate of coverage retroactive to the beginning date of this Contract, the Town may, but shall not be required to, purchase insurance, if available, to protect itself against any losses which would have been covered by the errors and omissions policy Consultant is required to maintain under this Article. If the Town elects to purchase the insurance under this provision, Consultant shall be liable to the Town for all costs incurred by the Town for purchasing such insurance.

2. The Consultant shall submit to the Town a certificate of insurance evidencing the coverage and limits stated in the foregoing paragraph **within ten (10) days** of award of this Contract. Insurance evidenced by the certificate shall not expire, be canceled, or materially changed without thirty (30) days prior written notice to the Town, and a statement to that effect must appear on the face of the certificate and the certificate shall be signed by a person authorized to bind the insurer. The amount of any errors and omissions deductible shall be stated on the face of the certificate. The Contract Administrator may require the Consultant to furnish a financial statement establishing the ability of Consultant to fund the deductible. If in the sole judgment of the Contract Administrator the financial statement does not establish the Consultant's ability to fund the deductible, and no other provisions acceptable to the Contract Administrator are made to assure funding of the deductible, the Contract Administrator may, in

his/her sole discretion, terminate this Contract and the Town will have no further obligation to the Consultant.

3. Additional Insurance Requirements: The Consultant is primarily responsible for the risk management of its Services under this Contract, including but not limited to obtaining and maintaining the required insurance and establishing and maintaining a reasonable risk control and safety program. Town reserves the right to amend the requirements herein at any time during the Contract subject to at least 30 days written notice. The Consultant shall require any and all subcontractors to maintain insurance as required herein naming Town and Consultant as "Additional Insured" on all insurance policies, except Worker's Compensation, and this shall be reflected on the Certificate of Insurance. The Consultant's insurance coverage shall be primary insurance with respect to all other available sources. Coverage provided by the Consultant shall not be limited to the liability assumed under the Indemnification provision of this Contract. To the extent permitted by law, Consultant waives all rights of subrogation or similar rights against Town, its council members, agents, representatives, officers, officials, and employees. All insurance policies, except Workers' Compensation required by this Contract, and self-insured retention or deductible portions, shall name, to the fullest extent permitted by law for claims arising out of the performance of this Contract, Town of Queen Creek, its council members, agents, representatives, officers, officials and employees as Additional Insureds. The Town reserves the right to require complete copies of all insurance policies required by this Contract at any time. Failure to maintain the insurance policies as required by this Contract, or to provide evidence of renewal, is a material breach of contract.

Attachment: RFP 22-003 Government Relations Services Contract - Kutak Rock (Kutak Rock 2021 Contract)

<u>Kutak Rock LLP</u>	<u>8601 N Scottsdale Rd #300, Scottsdale, AZ 85253</u>
(Firm)	(Address)
	<u>480.429.4862</u>
(Signature Required)	(Phone)
<u>Marcus B. Osborn</u>	<u>marcus.osborn@kutakrock.com</u>
(Print Name)	(Email)
<u>Senior Government Relations Director</u>	<u>47-0597598</u>
(Print Title)	(Federal Taxpayer ID Number)

Date: 07.23.2021



Requesting Department

Town Manager

TO: HONORABLE MAYOR AND TOWN COUNCIL
THROUGH: JOHN KROSS, ICMA-CM, TOWN MANAGER
FROM: TRACY CORMAN, ASSISTANT TO THE TOWN MANAGER
RE: CONSIDERATION AND POSSIBLE APPROVAL OF AN INTERGOVERNMENTAL AGREEMENT (IGA) WITH MARICOPA COUNTY FOR THE PROVISION OF JUDICIAL SERVICES AND OPERATION OF THE JUSTICE COURT IN QUEEN CREEK.
DATE: October 6, 2021

Staff Recommendation:

Staff recommends the approval of an IGA with Maricopa County for the provision of judicial services and operation of the Justice Court in Queen Creek.

Relevant Council Goal(s):

Safe Community

Proposed Motion:

Move to approve an IGA with Maricopa County for the provision of judicial services and operation of the Justice Court in Queen Creek.

Discussion:

The Town currently has an IGA with the Town of Gilbert for court services related to Town Code violations. Typically, this is the animal control cases that may go to the Gilbert court, and all other citations are handled through the county justice courts. However, a gap in service has been identified because the Town of Gilbert doesn't hear juvenile cases, rather they have an automatic diversion program that doesn't utilize their court system.

This means the Town does not have an avenue to cite juveniles for Town code violations (typically related to curfew or motorized vehicles). This has become a bigger issue recently as MCSO is getting more complaints from residents regarding activities such as ATV use. Without the ability to cite juveniles into a court, the juveniles can't be stopped or detained to contact their parents.

This IGA fills this gap, and would allow Judge Goodman from the San Tan Justice Court to hear all Town code cases, both juvenile and adult. This IGA will also create a more efficient process for Town residents, the new Queen Creek Police Department (QCPD), and Town Code Enforcement with the ability for all Town code cases to be heard in Queen Creek. Judge

Goodman currently holds traffic court in the Community Chambers once a month, and the Town code cases could be heard during this time or could be scheduled virtually. The initial (and usually only) appearance by a juvenile would be virtual, and any follow up could be here in Queen Creek.

Judge Goodman uses a diversion program for juveniles because the goal is not to punish, but to give the future QCPD the ability to effectively respond in juvenile cases. Staff estimates there to be about 60-70 potential Town code cases annually. Judge Goodman has indicated that this case load is not a concern, as he typically hears more than 60 cases in one day.

The Town's current IGA with the Town of Gilbert for court services expires in November 2023. Entering into the IGA with Maricopa County does not conflict with the current IGA with Gilbert, and it is recommended to leave the IGA with Gilbert in place as a back-up until it reaches its expiration date. The proposed IGA with Maricopa County is for a five year term, with the option to renew for three additional two year terms. The IGA is anticipated to be on the Maricopa County Board of Supervisors October 20, 2021 meeting agenda.

Fiscal Impact:

The proposed IGA allows the Justice Court to collect and keep any revenues in the form of fines and fees to cover their costs. This is the same as the provision in the Town's current IGA with the Town of Gilbert for court services. Under the proposed IGA with Maricopa County, the Town will reimburse the County for any costs beyond the revenues collected, however, it is anticipated that the revenues will be enough to cover the expenses at the projected case load.

Alternatives:

1. The Town Council may decide to explore an agreement with another court. There is not another nearby court, so using a different court would cause Town residents, Queen Creek police officers and Town Code Enforcement to travel outside the Town for court. This would also cause a delay in addressing the juvenile Town code violations, and would likely be sometime after the start-up of the Queen Creek Police Department before another agreement may be negotiated.
2. The Town Council may choose not to enter into an IGA for court services to cite juvenile Town code violations. This would mean that the Queen Creek Police Department would not be able to enforce juvenile criminal Town code violations including misdemeanors, petty offenses, and curfew.

Attachment(s):

1. Intergovernmental agreement by and between Maricopa County and the Town of Queen Creek regarding the provision of judicial services and operation of the Justice Court in Queen Creek

**INTERGOVERNMENTAL AGREEMENT BY AND BETWEEN
MARICOPA COUNTY AND THE TOWN OF QUEEN CREEK
REGARDING THE PROVISION OF JUDICIAL SERVICES AND OPERATION OF
THE JUSTICE COURT
IN QUEEN CREEK**

Maricopa County #C-_____
G-30231

This Intergovernmental Agreement (“IGA” or “Agreement”) is made and entered into by and between MARICOPA COUNTY, a political subdivision of the state of Arizona (“County”) and the TOWN OF QUEEN CREEK, a municipal corporation of the State of Arizona (“Queen Creek”). The County and Queen Creek may be referred to herein collectively as “Parties” and individually as a “Party.”

The Maricopa County Superior Court presiding judge is required to approve this Agreement, in accordance with A.R.S. § 11-952.

RECITALS

WHEREAS, Maricopa County, Arizona is a general law county, and operates county courts as part of its general area of jurisdiction and responsibility as empowered by A.R.S. § 22-401 *et seq.*; and

WHEREAS, the Town of Queen Creek, Arizona, is a general law town, and wishes to avail itself of the services of the Maricopa County Justice Court Administration to provide the judicial and administrative function of the court for Queen Creek as is empowered by A.R.S. § 22-401 *et seq.*; and

WHEREAS, Queen Creek owns and operates certain real property known as the Law Enforcement and Community Chambers building which is located at 20727 E. Civic Parkway in Queen Creek, Arizona (“Property”); and

WHEREAS, County and Queen Creek are parties to that certain Intergovernmental Agreement known as County G-30206 (C-24-18-003-3-00) which was fully executed on June 27, 2018 (the “2018 IGA”), to use the premises for similar services and, upon full execution of this Agreement, the Parties agree that this Agreement supersedes the 2018 IGA and agree to immediately terminate it.

WHEREAS, Queen Creek desires to make that portion of the Property depicted on Exhibit A attached hereto and incorporated herein by this reference (the “Premises”) available to the County for use as a venue to hold court hearings; and

WHEREAS, County desires to use the Premises and ancillary portions of the Property for the San Tan Justice Court (“Justice Court”) and the San Tan Justice Court Presiding Judge, to

conduct hearings concerning civil and criminal adult and juvenile violations of the Queen Creek Town Code (“Code”); and

WHEREAS, County and Queen Creek are authorized to enter into this Agreement pursuant to A.R.S. § 11-952; and

WHEREAS, Queen Creek is also empowered by general law and statute, including A.R.S. § 9-240(B), as amended, to enter into this Agreement; and

WHEREAS, in accordance with A.R.S. § 11-952, the Presiding Judge of the Maricopa County Superior Court is also required to approve this Agreement; and

WHEREAS, the Parties desire to enter into this Agreement to set forth each Party’s understandings and agreements related to the provision of court services and the use of the Property.

NOW THEREFORE in consideration of the mutual assurances and agreements contained herein, the above Recitals are herein incorporated as agreements of the Parties and it is further agreed as follows:

GENERAL PROVISIONS

1. **Court Service.** Queen Creek hereby designates the Maricopa County San Tan Justice Court and the Justice Court Presiding Judge as a court of jurisdiction for adult and juvenile violations arising from the enforcement of the Code and related codes authorized by Queen Creek officials.
 - 1.1. Processing. The Justice Court shall process adult and juvenile Code violations cited into the Justice Court using its normal processes, subject to Arizona law, the Arizona Rules of Civil Procedure, and the Arizona Rules of Criminal Procedure.
 - 1.2. Location of Hearings. The Justice Court may utilize its virtual courtroom systems for any hearings in its sole discretion. In the event an in-person hearing is necessary, the Justice Court shall have use of the Premises as provided herein. Queen Creek and the Justice Court shall follow all Center for Disease Control (“CDC”) and Queen Creek guidelines for the use of the Premises.
2. **Personnel.** To the extent not provided by Queen Creek, County shall provide all of the personnel, including prosecutors and public defenders, as required in connection with offenses that occur within the limits of Queen Creek.
3. **Revenue; Reimbursement.**
 - 3.1. Revenue. All revenues of any natures, including any fines and fees, attributed to Queen Creek shall remain and be paid to the County for the services provided herein

(“Service Revenue”). The Justice Court shall report the annual Service Revenue to Queen Creek within thirty (30) days of the end of each fiscal year.

3.2. Reimbursement. Queen Creek shall reimburse County an amount equal to the County’s Annual Expense less the Service Revenue (“Service Reimbursement”). The County’s “Annual Expense” shall mean the aggregated pro rata portion of the salary of each full-time employee or independent contractor (collectively “County Personnel”) working on Queen Creek matters. Such reimbursement shall be calculated by multiplying each employee’s annual salary, or independent contractor’s annual compensation, by a ratio, the numerator of which is the annual number of hours spent on Queen Creek matters, and the denominator is the total number of annual hours worked for each County Personnel. The County shall provide Queen Creek with an invoice for the Service Reimbursement within thirty (30) days of the end of each fiscal year, with supporting documentation reasonably requested by Queen Creek. Queen Creek shall pay County the Service Reimbursement within thirty (30) days of receiving the invoice and all supporting documents reasonably requested by Queen Creek. In the event that Service Revenue exceeds the County’s Annual Expense for any given fiscal year, no reimbursement will be owed to Queen Creek by the County.

4. **Term**. The term of this Agreement shall be for five (5) years unless sooner terminated as provided for in this Agreement. This Agreement shall become effective on the date of the last signature.

4.1. Option to Renew. Provided this Agreement is in full force and effect, and Queen Creek is not in default under any of the terms and conditions of this Agreement at the time of notification of its desire to renew, Queen Creek shall have three (3) successive options to renew this Agreement for additional periods of two (2) years each on the same terms and conditions of this Agreement unless otherwise agreed to by the Parties in writing (each a “Renewal Option”).

4.2. Exercise of Option. If Queen Creek elects to exercise a Renewal Option, Queen Creek shall provide County with written notice no later than the date which is at least one-hundred eighty (180) days prior to the then scheduled expiration of this Intergovernmental Agreement.

5. **Permitted Use; Property Usage**. Use of the Premises and Property by County shall be for the purpose of conducting adult and juvenile civil and criminal Code violation hearings in cases that have been cited into the Justice Court (the “Permitted Use”).

5.1. Use Period. Queen Creek hereby authorizes County and their invitees to use, for Justice Court purposes, the Premises and adjacent common areas of the Property which include but are not limited to lobby(ies), restroom(s), and parking for the Permitted Use on the third Thursday of each month between the hours of 1:00 PM and 4:00 PM (the “Use Period”). If the scheduled day of use falls on a County or Queen Creek holiday, Queen Creek will coordinate with the Justice Court in advance to agree upon an alternate day for the Justice Court to operate in the Premises. Other than accommodations for holidays, the Use Period may only be

modified by a prior written agreement by executing the attached form as shown on Exhibit C, attached hereto and incorporated herein at least ten (10) days prior to the requested use. The Maricopa County Superior Court Presiding Judge and Tracy Corman, Assistant to the Town Manager of the Town of Queen Creek, are hereby authorized to sign this Exhibit C.

- 5.2. Personal Property. In addition to the Premises, Queen Creek hereby authorizes County and their invitees to use that certain Queen Creek personal property such as chairs, tables, monitors, and other similar furniture and equipment (the “Town Personal Property”) described in Exhibit B which is attached hereto and made a part hereof, necessary for conducting the Justice Court on the Premises. The County shall provide any other personal property (the “County Personal Property”) necessary for operations, including but not limited to computers, temporary dividing walls, security wands, and other equipment. Queen Creek also agrees to allow the County to use their audio-visual equipment in the Premises to record court proceedings and display evidence if capable and available. With prior written approval, Queen Creek shall reimburse the County for the cost of any additional personal property required to be purchased by the County to facilitate the operation of the Justice Court, which upon such reimbursement by Queen Creek, such additional personal property shall become Town Personal Property. The Parties agree that all County Personal Property and Town Personal Property shall continue to be owned by the supplying Party.
- 5.3. Relocation or Alternate Space. Queen Creek agrees that it shall not require the Justice Court to permanently relocate from the Premises; however, Queen Creek may, from time to time, provide the County with an alternate location within the Property or an alternate facility for the Permitted Use. The alternate location and/or facility shall be as similar to the Premises as possible in regards size, location, and condition. Queen Creek shall provide written notice of any proposed temporary relocation as far in advance as possible. Notwithstanding the foregoing, Queen Creek shall provide a minimum of twenty-four (24) hours’ notice of any proposed temporary relocation.
- 5.4. No Fees for Property Use. The County’s use of the Premises is a mutual benefit to the Parties and the community as a whole; therefore, there is no fee for the use of the Premises and ancillary portions of the Property.
- 5.5. Utilities and Maintenance of Property. Queen Creek, at its sole cost and expense, shall be responsible for: (1) all utilities serving the Premises and Property; (2) provision of janitorial services to the Premises; and (3) providing all maintenance of the Premises and Property, including, but not limited to, maintaining the structure of the Premises and the Property in good repair and correcting any hazardous conditions existing as a result of any structural defect or unsoundness. The term “structure” as used herein includes walls, roofs, floors, foundations, stairways and exterior sidewalks and all electrical, plumbing, heating and air conditioning systems and equipment.

5.6. Compliance with Laws. The Parties agree to comply with all federal, state and local statutes, laws, ordinances, rules, and regulations which relate to their use of the Property.

6. Insurance. County and Queen Creek acknowledge and agree that the Parties to this Agreement are each self-insured. During the entire time that this Agreement is in force, each Party, at its sole cost and expense, shall carry and maintain levels of Commercial General Liability, Automobile Liability, Worker's Compensation insurance, Property, and Environmental/Pollution Insurance coverages that are considered standard for the Property and Permitted Use.

7. Indemnification. Each Party (as "indemnitor") agrees to indemnify, defend, and hold harmless the other Party (as "indemnitee") from and against any and all claims, losses, liability, costs, or expenses (including reasonable attorney's fees) (hereinafter collectively referred to as "claims") arising out of the negligent performance of this Agreement, but only to the extent that such claims which result in vicarious/derivative liability to the indemnitee are caused by the act, omission, negligence, misconduct, or other fault of the indemnitor, its officers, officials, agents, employees, or volunteers.

8. Nondiscrimination.

All Parties shall comply with Executive Order 75-5, as amended by Executive Order 2009-09, which mandates that all persons, regardless of race, color, religion, sex, age, national origin or political affiliation, shall have equal access to employment opportunities, and all other applicable State and Federal employment laws, rules and regulations, including the Americans with Disabilities Act. All Parties shall take affirmative action to ensure that applicants for employment and employees are not discriminated against due to race, creed, color, religion, sex, national origin or disability.

9. E-verify.

All Parties shall comply with A.R.S. § 23-214, which requires verification of employment eligibility through the e-verify program, provides economic development incentives for those that comply, and requires a list to be provided quarterly to the United States SOS listing those employers who have adhered to the requirements.

10. Conflicts; Termination.

10.1. Conflicts. As prescribed by A.R.S. § 38-511 as amended, either Party may cancel this Agreement after its execution and without penalty or further obligation if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of either Party is, at any time while the Agreement or any extension thereof is in effect, an employee or agent of either Party to the contract in any capacity or a consultant to any other Party to the Agreement with

respect to the subject of this Agreement. In the event either Party elects to exercise its right under A.R.S. § 38-511 as amended, the Party agrees to give notice thereof immediately in writing to the other Party.

- 10.2. Non-Appropriation. This Agreement may be terminated by any Party at the end of any fiscal year due to non-appropriation of funds without any penalty or liability to the other Party.
- 10.3. General Termination. Either Party (or County/Queen Creek) may terminate this Agreement at any time for any reason or for no reason by giving the other Party a minimum of 30 days' prior written notice, delivered by personal delivery or by certified mail to the persons at the addresses set forth in Section xx of this Agreement. The Parties may also terminate this Agreement at any time by mutual written agreement.

11. Default.

- 11.1. Each of the terms in this Agreement is considered material and failure to perform any of them shall constitute a breach of this Agreement. Either Party shall have the right to terminate this Agreement if the other Party does not, within thirty (30) days of receipt of a written notice thereof, cure any terms in default. Notwithstanding the foregoing, if the nature of the breach cannot be cured within said thirty (30) day period, the noticing Party shall not have the right to terminate this Agreement if the other Party commences the cure within the thirty (30) period and diligently pursues the cure to completion thereafter.
- 11.2. Neither Party shall be considered to be in default in the performance of any of the obligations hereunder, other than obligations to either Party to pay costs and expenses, if failure of performance shall be due to an uncontrollable force. The term "uncontrollable force" shall mean any cause beyond the control of the Party affected, including but not limited to failure of facilities, flood, earthquake, tornado, storm, fire, lightning, epidemic, war, riot, civil disturbance or disobedience, labor dispute, and action or non-action by or failure to obtain the necessary authorizations or approvals from any governmental agency or authority or the electorate, labor or material shortage, sabotage and restraint by court order or public authority, which by exercise of due diligence it shall be unable to overcome. Nothing contained herein shall be construed so as to require either Party to settle any strike of labor dispute in which it may be involved. Either Party rendered unable to fulfill an obligation by reason of an uncontrollable force shall exercise due diligence to remove such inability with all reasonable dispatch. If either Party claims its failure to perform was due to an uncontrollable force, that Party shall bear the burden of proof that such activity was within the meaning and intent of this section, if such claim is disputed by either Party.

12. Disputes. The laws of the State of Arizona shall govern the construction and interpretation of this Agreement. The Parties agree that the venue for any claim arising out of any or in any way related to this Agreement shall be Maricopa County, Arizona.

12.1. Disputes arising from this Agreement shall be subject to arbitration as may be required by A.R.S. § 12-1518. A notice of a dispute must be provided in writing to the other Parties and provide a summary of the issue that is the subject of the dispute.

12.2. The Parties shall confer within thirty (30) days of receipt of a notice of dispute to resolve the dispute and/or decide, within ten (10) days after conferring, on a mutually acceptable arbiter. If a mutually acceptable arbiter cannot be agreed upon within thirty (30) days after conferring, the Parties agree that each Party shall name one (1) arbiter and those two (2) arbiters shall select a third arbiter. Any decisions made shall be made by a majority of the panel of three arbiters.

12.3. If any Party decides to proceed to arbitration in lieu of terminating this Agreement, arbitration shall be binding. The cost of any arbitration shall be shared equally by the Parties.

13. The Parties agree that each Party retains ownership of its Data, and that the County retains ownership of Data shared with the other Party. Neither Party may release, store, save, disseminate or otherwise use Data in any manner or form.

14. The Parties agree that each Party is responsible for safely maintaining the integrity and confidentiality of the other Party's Data received or under its control as a result of the Agreement. Each Party will immediately notify the other Party upon discovery of a breach of the Data, and will work cooperatively with the other Party to terminate, minimize, and resolve the breach.

15. Notwithstanding any other provision of this Agreement to the contrary, the Parties acknowledge that they are subject to A.R.S. 39-121 through 39-128 regarding public records. Any provision regarding confidentiality is limited to the extent necessary to comply with the provisions of Arizona law.

16. This Agreement does not imply authority to perform any tasks, or acceptance responsibility, not expressly stated in this Agreement. This Agreement does not create a duty or responsibility unless the intention to do so is clearly and unambiguously stated in the Agreement.

17. Sections and other headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

18. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute the same instrument. E-signed, faxed, copied and scanned signatures are acceptable as original signatures.

19. Notice Addresses.

19.1. All notices herein required to be given in writing shall be sent:

To County:

Justice Court Administration
Maricopa County
222 N. Central, Suite 210
Phoenix, AZ 85004

With a copy to:

Maricopa County Real Estate Department
Attn: Director
2801 W. Durango Street
Phoenix, Arizona 85009

To Queen Creek:

Town Manager
Town of Queen Creek
22350 S. Ellsworth Road
Queen Creek, AZ 85142

With a copy to:

Town Attorney
Attn: Scott A. Holcomb
Dickinson Wright PLLC
1850 N. Central Ave. #1400
Phoenix, AZ 85004

19.2. Notice Requirements. All notices required or permitted by this Agreement or applicable law shall be in writing and may be delivered in person (by hand or by courier) or may be sent by first class, certified mail or U.S. Postal Service Express Mail, with postage prepaid, and shall be deemed sufficiently given if served in a manner specified in this section. The addresses specified in this section shall be that Party's address for delivery or mailing of notices. Any Party may, by written notice to the others, specify a different address for notice.

19.3. Date of Notice. Any notice sent by certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by first class mail, the notice shall be deemed given 72 hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantee next day delivery shall be deemed given 24 hours after delivery of the same to the Postal Service or courier.

20. Return of Premises. At the expiration of this Agreement or early termination pursuant to the terms set forth herein, County shall return the Premises to Queen Creek in a reasonable condition, normal wear and tear excepted.

21. Upon full execution of this Agreement, the Parties agree that this Agreement supersedes the 2018 IGA and agree that the 2018 IGA shall be immediately terminated without further action by either Party.

22. Any amendments, including all requests for additional services, shall be in writing and signed by all Parties to this Agreement.

23. This document is the complete and exclusive statement of understanding between the Parties, and it supersedes all proposals, oral or written, and all other documents or communications between the parties relative to the subject matter herein covered, unless such documents or communications are specifically included by reference.

IN WITNESS WHEREOF the parties hereto have caused these presents to be executed on the date last written below:

MARICOPA COUNTY

TOWN OF QUEEN CREEK

Chairman, Maricopa County
Board of Supervisors

Mayor of the Town of Queen Creek

Attest: Maricopa County
Clerk of Board
Board of Supervisors

Attest: Town of Queen Creek Clerk

This agreement shall be recorded and filed with the Maricopa County Clerk of the Board pursuant to A.R.S. § 11-952(G).

Attachment: Intergovernmental agreement by and between Maricopa County and the Town of Queen Creek regarding the provision of judicial

Approved as to form and within the power and authority granted to the parties by the law of Arizona:

Maricopa County,
Deputy County Attorney

Town of Queen Creek
Town Attorney

Reviewed and approved in accordance with ARS 11-952(J):

Hon. Joseph C. Welty, Presiding Judge
Judicial Branch in and for Maricopa County

Attachment: Intergovernmental agreement by and between Maricopa County and the Town of Queen Creek regarding the provision of judicial

Exhibit A

Town of Queen Creek Law Enforcement and Community Chambers Building
Facilities to be used include Community Chambers, overflow classrooms, lobby, and public restrooms.

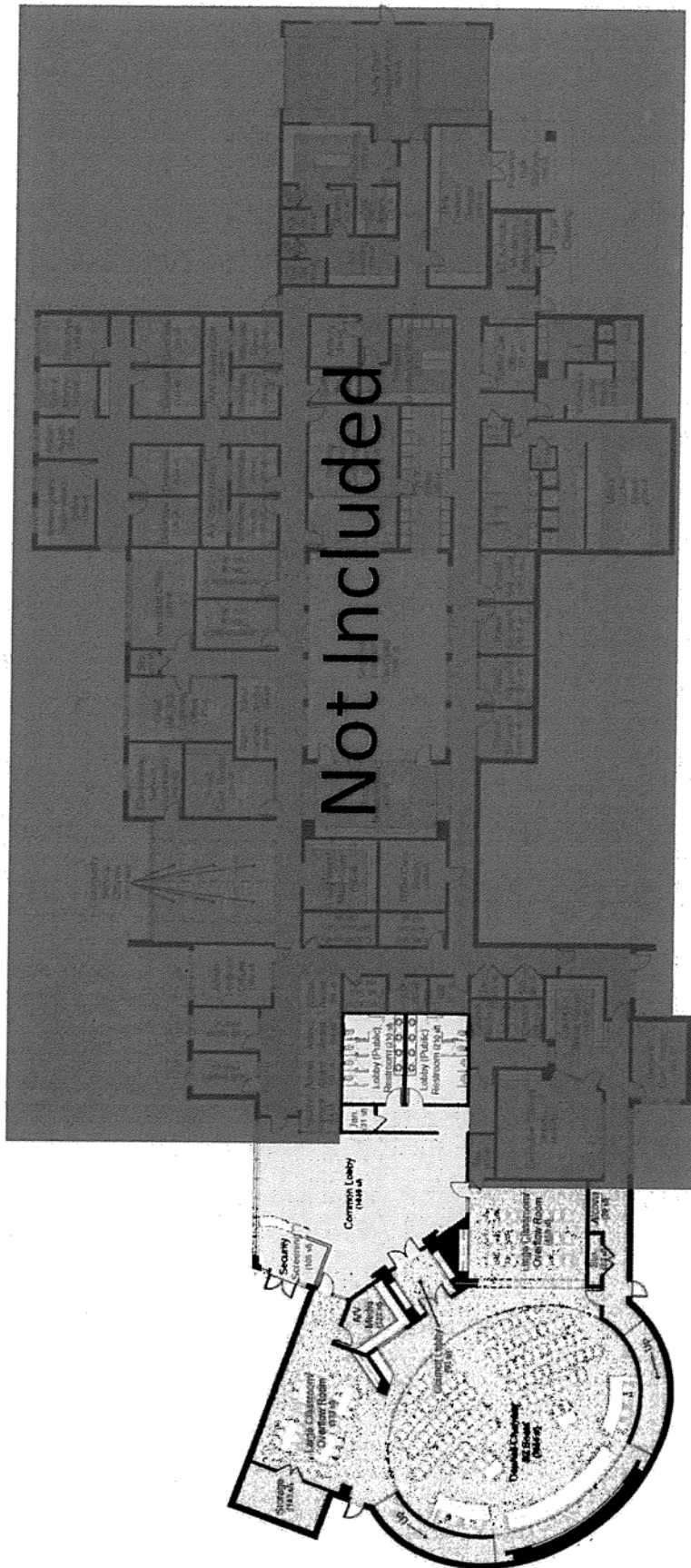


Exhibit B

Maricopa County shall be permitted the use of certain personal property belonging to Queen Creek located within the Community Chambers including:

1. The dais and staff seating.
2. Microphones attached to the dais and podium.
3. Monitors and projection screens.
4. Fixed seating and other free standing chairs.
5. Free standing tables.

Exhibit C

TEMPORARY USE PERIOD CHANGE FORM

The Temporary Use Period shall be for the time period of:

_____AM/PM and _____AM/PM

on

_____, _____, 20____.
(Day) (Month)

through

_____, _____, 20____.
(Day) (Month)

MARICOPA COUNTY

TOWN OF QUEEN CREEK

Presiding Judge,
Maricopa County Justice Courts

Tracy Corman,
Assistant to the Town Manager

Date

Date

4837-5471-8970 v1 [53749-1]

Attachment: Intergovernmental agreement by and between Maricopa County and the Town of Queen Creek regarding the provision of judicial



Requesting Department

Finance

TO: HONORABLE MAYOR AND TOWN COUNCIL
THROUGH: JOHN KROSS, ICMA-CM, TOWN MANAGER
FROM: SCOTT MCCARTY, FINANCE DIRECTOR
RE: CONSIDERATION AND POSSIBLE APPROVAL OF RESOLUTION 1426-21 AUTHORIZING THE APPLICATION FOR A DRINKING WATER STATE REVOLVING FUND LOAN FROM THE WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA IN AN AMOUNT NOT TO EXCEED \$8.3 MILLION.
DATE: October 6, 2021

Staff Recommendation:

Staff recommends approving Resolution 1426-21 authorizing the application for a drinking water state revolving fund loan from the Water Infrastructure Finance Authority of Arizona (WIFA) in an amount not to exceed \$8.3 million.

Relevant Council Goal(s):



Effective Government: KRA Financial Management, Financial Sustainability



Secure Future: KRA Environment

Proposed Motion:

Motion to approve Resolution 1426-21 authorizing the application for a drinking water state revolving fund loan from the Water Infrastructure Finance Authority of Arizona (WIFA) in an amount not to exceed \$8.3 million.

Discussion:

On August 4, 2021, the Town Council approved a contract associated with the acquisition of Non-Indian Agricultural (NIA) Priority Water from the Central Arizona Water Conservation District. However, in order to receive this water allocation, the Town must first pay one-time back capital charges and 9(d) debt. Those costs have been identified at \$1,962 per AF, with the Town's obligation totaling approximately \$8.2 million (plus associated bond and financial advisor costs related to the WIFA transaction). Note, these costs are not associated with the acquisition of a water resource, but rather they represent a contractual requirement the Town must satisfy in order to be eligible to receive our NIA water allocation in the future.

The Town must pay the back-capital charges and submit an order for next year's water

allocation by October 1, 2021. Because this deadline falls before closing of the WIFA loan, the Town will make the \$8.2M payment to the Central Arizona Project (CAP) on September 29, 2021 and then seek reimbursement from WIFA once the loan is finalized.

The attached resolution gives the Town's Finance Director the authority to apply for WIFA financing, which is a requirement of the loan application. WIFA is the most cost-effective source of financing for eligible public utilities. The estimated interest rate (2%) is the lowest rate available when compared to open-market financing estimated to be at 3.5% total interest cost.

After Council approves this resolution, the loan will be considered by WIFA's Board of Directors in late October. Once approved, WIFA will prepare the final loan documents, which will return to Council for approval on November 17. Subsequently, the loan will close and funds will be disbursed to the Town in late November.

Fiscal Impact:

None. This is only the application. Upon approval, WIFA and the Town will enter into a loan agreement regarding the actual financing, which will require approval by the Town Council. By partnering with WIFA, the Town is expected to save more than \$2M.

Alternatives:

Without approval of the resolution, another permanent funding source would need to be identified to pay for these NIA related back charges. As explained above, WIFA is the most cost-effective source of financing available and thus represents the best value for the Town and our ratepayers.

Attachment(s):

1. Resolution 1426-21

RESOLUTION NO. 1426-21

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF QUEEN CREEK, ARIZONA, A MUNICIPAL CORPORATION OF ARIZONA, TO AUTHORIZE THE APPLICATION FOR A DRINKING WATER STATE REVOLVING FUND LOAN FROM THE WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA

WHEREAS, the Town of Queen Creek, Arizona (the "Town"), has identified a need for a water capital project; and

WHEREAS, pursuant to Arizona Revised Statutes §§ 9-521 through 540, and specifically A.R.S. § 9-571, the Town may obligate the revenues generated by its utility system to repay a loan from the Water Infrastructure Finance Authority of Arizona ("WIFA"); and

WHEREAS, the Town certifies that the population of the community is under 150,000 in population as of the most recent U.S. Census Date; and

WHEREAS, it is in the best interest of the Town to pursue and apply for financial assistance from WIFA of an amount not to exceed \$8,300,000 for such water project; and

WHEREAS, the population of the Town at the time of this request is less than 150,000, which meets the requirement under A.R.S. § 9-571;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE TOWN OF QUEEN CREEK, ARIZONA, as follows:

Section 1: The Chief Financial Officer of the Town is hereby authorized to apply for Drinking Water State Revolving Fund financial assistance from WIFA.

Section 2: The Chief Financial Officer of the Town is authorized to take such actions as are necessary to apply for financial assistance in an amount not to exceed \$8,300,000 payable from revenues for the utility system.

Section 3: All actions of the officers and agents of the Town which conform to the purposes and intent of this resolution and which further the completion of the application as contemplated by this resolution, whether heretofore or hereafter taken are hereby ratified, confirmed and approved. The proper officers and agents of the Town are hereby authorized and directed to do all such acts and things and to execute and deliver all such application documents on behalf of such town as may be necessary to carry out the terms and intent of this resolution.

PASSED AND ADOPTED by the Mayor and Council of the Town of Queen Creek, Arizona this 6th day of October, 2021.

FOR THE TOWN OF QUEEN CREEK:

ATTESTED TO:

Gail Barney, Mayor

Maria Gonzalez, Town Clerk

REVIEWED BY:

APPROVED AS TO FORM:

John Kross, Town Manager

Dickinson Wright, PLLC
Attorneys for the Town

Attachment: Resolution 1426-21 (WIFA Drinking Water Authority for NIA)



Requesting Department

Finance

TO: HONORABLE MAYOR AND TOWN COUNCIL

THROUGH: JOHN KROSS, ICMA-CM, TOWN MANAGER

FROM: SCOTT MCCARTY, FINANCE DIRECTOR

RE: PUBLIC HEARING AND POSSIBLE ADOPTION OF ORDINANCE NO. 765-21 AMENDING CHAPTER 3 ADMINISTRATION AND ADDING ARTICLE 3-6 REVENUE AND FINANCE, SECTION 3-6-1 OUTSTANDING ACCOUNTS RECEIVABLE, AND 3-6-1.1 COLLECTION CREATING A COLLECTION FEE NOT TO EXCEED 15% OF THE DELINQUENT BALANCE.

DATE: October 6, 2021

Staff Recommendation:

Staff recommends the approval of Ordinance No. 765-21 amending Chapter 3 Administration and adding Article 3-6 Revenue and Finance, Section 3-6-1 Outstanding Accounts Receivable, and 3-6-1.1 Collection creating a collection fee not to exceed 15% of the delinquent balance.

Relevant Council Goal(s):



Effective Government: Increase effectiveness and efficiency of government services.

Proposed Motion:

Move to approve Ordinance No. 765-21 as presented.

Discussion:

Background

The Town of Queen Creek currently does not contract with a collection agency to provide collection services for accounts greater than 60 days delinquent. However, limited collection efforts are performed by Town staff. To achieve better results and keep costs down for all customers, Town staff is recommending hiring a collection agency to achieve optimal results. Town staff has been in contact with Valley Collection Service. They provide collection services for many of the towns and cities in the Phoenix metro area including Gilbert, Mesa, Scottsdale, Chandler, Tempe, Buckeye, and Goodyear. A cooperative purchase agreement with Valley Collection Services can be initiated through the City of Scottsdale contract.

Prior to suspending water disconnections in 2020 due to the COVID pandemic, the Town's delinquent balance for utility bills increased by \$40,000 annually from 2017-2019. In 2020, the Town's delinquent balance grew by \$55,000, primarily due to suspension of water

disconnections. If the Town is unable to collect past due balances after a year, these amounts are subsequently written off. Contracting with a collections agency could help the Town's debt recovery efforts and reduce write offs.

Valley Collection Service charges a 15% collections fee on the delinquent amount they collect. Agencies have the option to reduce the 15% collections fee from the delinquent amount collected. Or, the 15% collection fee can be added to the amount owed by the debtor. In an effort to try and recoup the full balance owed to the Town, staff recommends applying the 15% collections fee to the debtor's account.

In order to apply the 15% collections fee to the debtor's account, the Town must follow a two-step process outlined in state law. One, provide a public notice for 60 days regarding the intent to recover the 15%. Two, after the 60-day notice period, hold a public hearing and amend the Town Code to apply a collections fee. Town staff also recommends incorporating an outstanding accounts receivable policy to the Town Code. The intent is to formalize the Town's collection policy and add the ability to apply a collection fee and recover all costs of litigation and collection.

On July 21, 2021, initiating third party collection services and adding a collection service fee for delinquent accounts was brought to Town Council under Items for Discussion. The Notice of Intention (step 1 of 2) was approved by Town Council on August 4, 2021 as required by ARS § 9-511.01 setting the public hearing (step 2 of 2) for October 6, 2021. A copy of the notice was published in the newspaper on September 8, 2021 as required. The delinquent fee can be applied 30 days after adoption of the ordinance, which would be November 6, 2021.

The third party collection service fee will be a pass-through and is anticipated to be minimal based on estimated collections. For Water and Wastewater, the annual fee is estimated to be \$1,500 based on anticipated collections. Staff anticipates sending approximately four years of unpaid balances to the collection agency totaling approximately \$155,000 following council adoption of the ordinance. For FY22, the collection fee is anticipated to be approximately \$5,000 based on estimated collections of \$35,000 which includes unpaid balances for prior years.

Fiscal Impact:

There are no anticipated funding impacts with initiating a third party collection service because this will be a pass-through fee (assuming the staff recommendation is implemented). For Water and Wastewater, the fee estimated to be collected in FY22 and paid to the collection agency is \$5,000 based on anticipated collections. In future years, the fee is estimated to be \$1,500 annually.

Attachment(s):

1. Ordinance No. 765-21 Related to Initiating Third Party Collection Services
2. Presentation

ORDINANCE NO. 765-21

AN ORDINANCE OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF QUEEN CREEK, ARIZONA, ADDING ARTICLE 3-6 REVENUE AND FINANCE TO THE TOWN CODE CHAPTER 3 ADMINISTRATION.

WHEREAS, the Town of Queen Creek, Arizona (the “Town”), serves a growing community; and

WHEREAS, the Town makes reasonable efforts to collect all money owing in compliance with policy and procedure; and

WHEREAS, needed adjustments have been identified in the Town Code.

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND COMMON COUNCIL OF THE TOWN OF QUEEN CREEK, ARIZONA, as follows:

Section 1: The Queen Creek Town Code, Arizona Article 3-6 Revenue and Finance is hereby added to read as follows:

- Article 3-6 Revenue and Finance
- Section 3-6-1 Outstanding Accounts Receivable
- 3-6-1.1 Collection.

The Town shall make reasonable attempts to collect all money owing in compliance with Town policy and procedure. The Town reserves the right to assess a late fee for the receivable if payment is not received by the specified date. If such attempts fail and at least 60 days have passed since the original due date, the receivable may be sent to a collection agency or attorney for collection. The Town may apply a collection fee not to exceed 15% of the balance and recover all costs of litigation and collection.

Section 2: This ordinance will be effective on November 6, 2021.

Section 3: If any section, subsection, sentence, clause, phrase or portion of this Ordinance or any part of this additional or modification adopted herein by reference is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

Section 4: The Town Clerk is hereby directed to publish this adopting ordinance in full.

Attachment: Ordinance No. 765-21 Related to Initiating Third Party Collection Services (Notice of Intent for Collection Fee)

PASSED AND ADOPTED by the Mayor and Common Council of the Town of Queen Creek, Arizona, this 6th day of October 2021.

FOR THE TOWN OF QUEEN CREEK:

ATTESTED TO:

Gail Barney, Mayor

Maria Gonzalez, Town Clerk

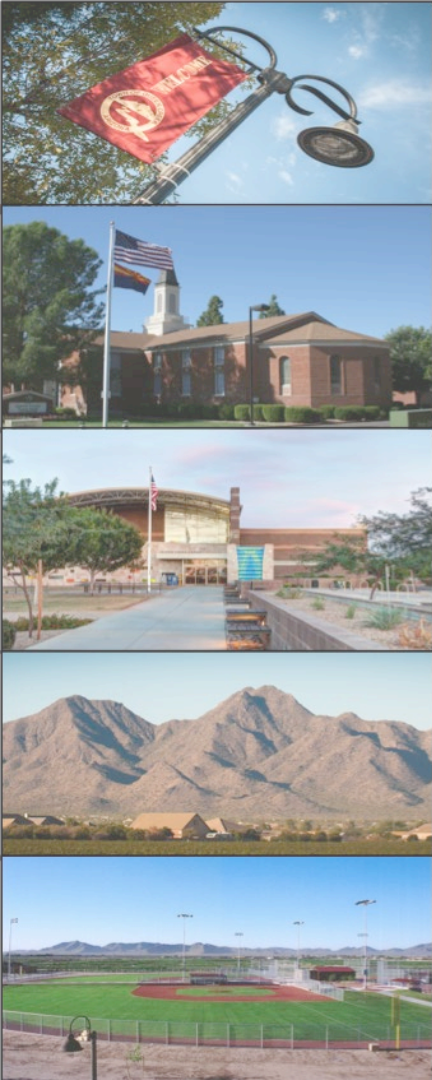
REVIEWED BY:

APPROVED AS TO FORM:

John Kross, Town Manager

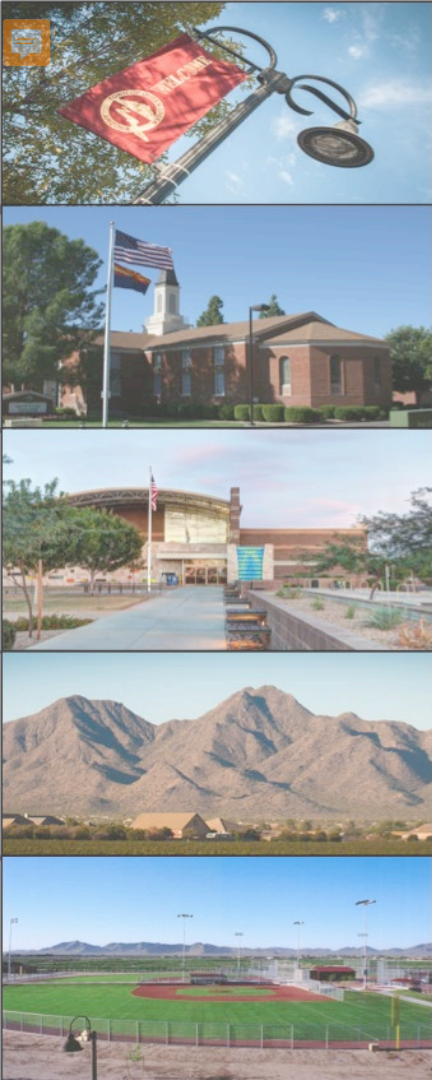
Dickinson Wright, PLLC
Attorneys for the Town

Attachment: Ordinance No. 765-21 Related to Initiating Third Party Collection Services (Notice of Intent for Collection Fee)



PUBLIC HEARING AND POSSIBLE ADOPTION OF A COLLECTION SERVICE FEE FOR DELINQUENT ACCOUNTS

TOWN COUNCIL MEETING
OCTOBER 6, 2021



PURPOSE OF PRESENTATION

- Initiate Third Party Collection Services and Add a Collection Service Fee for Delinquent Accounts

Calendar

July 21, 2021 Town Council Meeting

- Item for Discussion

August 4, 2021 Town Council Meeting

- Notice of Intention Approval

October 6, 2021 Town Council Meeting

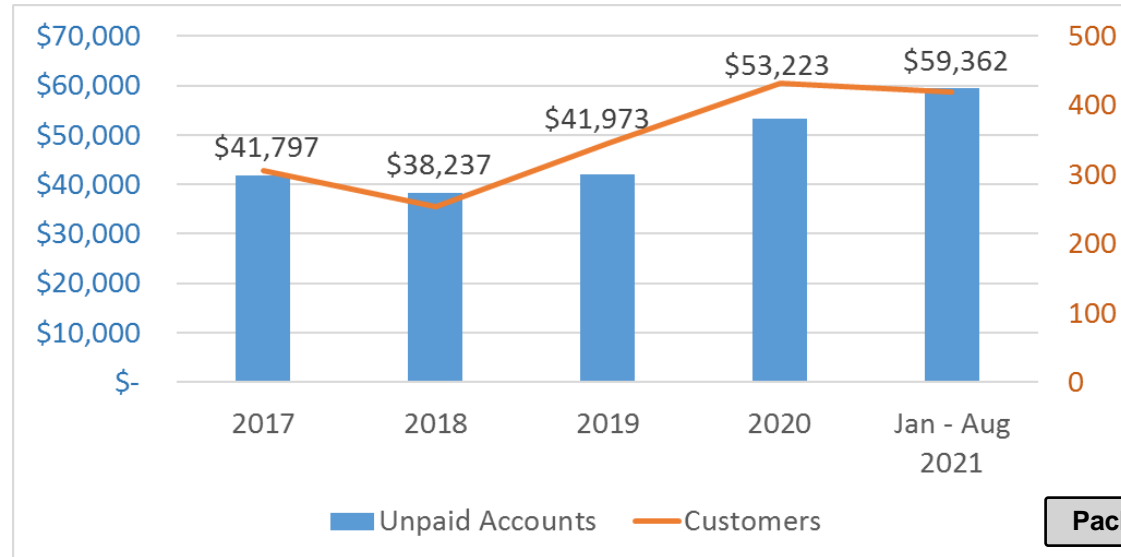
- Public Hearing
- Possible Adoption of Ordinance Amending Town Code Chapter 3 Administration to Create a Collection Fee not to Exceed 15% of the Delinquent Balance

November 6, 2021

- Collection Fee Becomes Effective if Approved

CURRENT PRACTICE

- Town Does Not Use a Collections Agency
- Limited Collection Efforts are Performed by Staff



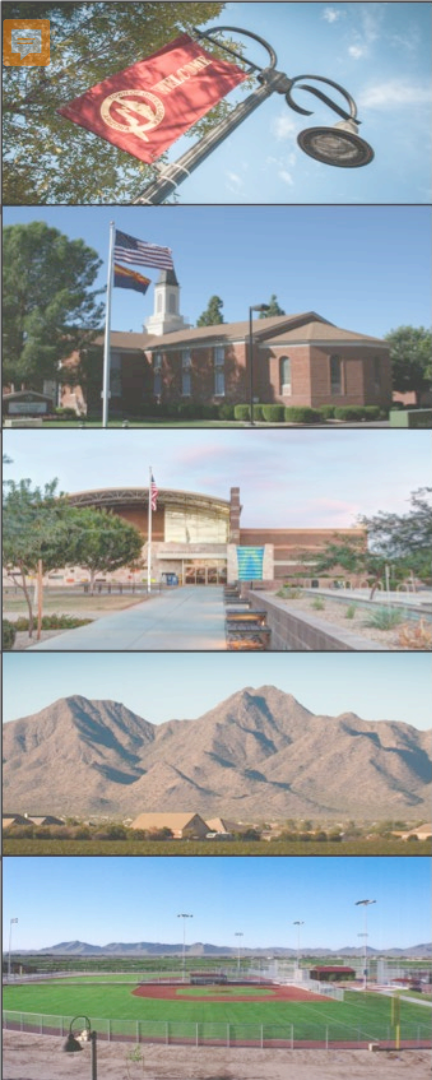
RECOMMENDATION

10.A.b

- Hire a Third Party Collection Agency
 - Better Manage Unpaid Accounts Before they are Closed
- Contract Terms
 - Collect Bills that are 60+ Days Delinquent
 - 15% Collection Fee
 - Total Fee Paid to Collection Agency for Water/Wastewater Unpaid Account Collection Activities Estimated at \$1,500 Annually.
- Delinquent Customer Pays the 15% Collection Fee

Attachment: Presentation (Notice of Intent for Collection Fee)

Packet Pg. 397



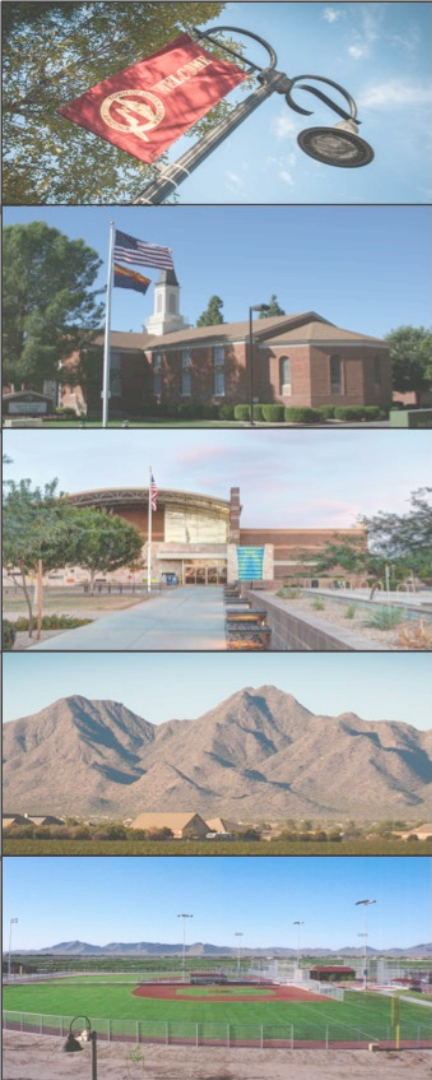
MOTION

10.A.b

Move to Approve Ordinance No. 765-21
Amending Town Code Chapter 3
Administration and Adding Article 3-6
Revenue and Finance, Section 3-6-1
Outstanding Accounts Receivable, 3-6-1.1
Collection, and Establishing an Effective Date
of November 6, 2021.

Attachment: Presentation (Notice of Intent for Collection Fee)

Packet Pg. 398



DISCUSSION AND QUESTIONS



Requesting Department

Finance

TO: HONORABLE MAYOR AND TOWN COUNCIL
THROUGH: JOHN KROSS, ICMA-CM, TOWN MANAGER
FROM: SCOTT MCCARTY, FINANCE DIRECTOR
RE: PUBLISH THE TOWN'S BIENNIAL DEVELOPMENT IMPACT FEE AUDIT REPORT FOR FISCAL YEARS 2018-19 AND 2019-20 AND SET A PUBLIC HEARING FOR NOVEMBER 3, 2021.
DATE: October 6, 2021

Staff Recommendation:

Publish the Town's biennial development impact fee audit report for fiscal years 2018-19 and 2019-20 and set a public hearing for November 3, 2021.

Relevant Council Goal(s):



Effective Government: KRA Financial Management

Proposed Motion:

Motion to publish the Town's biennial development impact fee audit report for fiscal years 2018-19 and 2019-20 and set a public hearing for November 3, 2021.

Discussion:

Development impact fees are subject to statutory requirements on how they are assessed, collected, used, and reported. ARS §9-463.05 states that development impact fees may be assessed to offset the cost of providing necessary public services to a development; however, those fees must be based on Land Use Assumptions (LUA) and an Infrastructure Improvement Plan (IIP) that are formally adopted by the Town.

State law also requires a biennial audit. In the Town's case, the next audit is due for fiscal years 2018-19 and 2019-20. The biennial audit must be performed by an outside entity that was not involved in developing the Town's IIP or LUA. The audit evaluates the Town's actual growth compared to projected development as outlined in the adopted LUA and IIP. The audit also reviews the Town's assessment of impact fees to determine that the correct fees were charged for each development type. Finally, the audit reviews the Town's expenditures of impact fees to verify that costs paid with impact fees are allowed per the IIP.

On June 2, 2021 we presented the results of the Biennial Development Impact Fee Audit for fiscal years 2016-17 and 2017-18. These audits have taken longer to complete than desired. Under ideal circumstances, these audits should have been accepted by the Town Council

approximately 3 months after accepting the financial statements for FY 2017-18 and FY 2019-20. However, this did not occur for two major reasons. One, the first impact fee audit required under the new state law was delayed and not accepted by the Town Council until December 2018. The delay was caused by refunds that were not processed until June, 2019. These refunds required significant staff time to identify and correct issues related to the 24-month grandfather provision under state laws which “freezes” fee increases. Two, the Town staff terminated the prior auditor and had to procure a new auditor.

These audits are now back on the appropriate timeline and the next audit will be started after the close of fiscal year 2021-22 and will cover fiscal years 2020-21 and 2021-22.

Results of the Audit

The auditor’s findings were based on a sample of permits issued and therefore may not have identified all instances where the incorrect fee amounts were charged. The auditor’s report found that the Town’s impact fee program and practices comply with ARS §9-463.05 in the following areas:

- The Town’s progress and pattern of actual development is consistent with the LUA and IIP assumptions included in the May 2014 and November 2019 reports.
- The Town’s progress on infrastructure projects is consistent with Town’s IIP.
- Expenditures of impact fees are consistent with projects identified in the IIP.
- Impact fees were assessed appropriately based on the size and type of development.

The audit did include one exception related to the variances for growth projections for population, number of housing units and nonresidential square footage as reported in the Infrastructure Improvement Plan, Land Use Assumptions, and Development Fees reports when compared to actual results.

In the audit report, Town staff provided the following response to this exception.

The development impact fee reports that were subject to this audit were dated May 2014 and November 2019 and reflected growth projections that were made based on the Land Use Assumptions at that time. During the audit period, population growth (i.e. new, single-family home construction) in the Town was significant and, not surprising, exceeded projections. In February 2020, as a result of the November 2019 impact fee report, new development impact fees took effect and the Land Use Assumptions to calculate those new fees were updated to reflect significant population growth and other growth such as the development of new commercial property.

Next Steps

Now that the audit is complete, several things are required under state law. The audit is to be posted on the Town’s website, and the Town is required to conduct a public hearing on the audit within 60 days of its posting. With approval of the recommended motion, the audit and Town Council agenda material will be posted on our website and the public hearing will be scheduled for November 3, 2021. At that public hearing, the Town Council will formally accept the biennial audit report.

Finally, the Town hired Heinfeld Meech to complete this audit. Town staff would like to express its appreciation to Heinfeld Meech for its work in completing the audit.

Fiscal Impact:

None. Although there were findings, none were related to revenues or expenses nor had any financial implications.

Alternatives:

None. The Town is required to complete a biennial audit for these two fiscal years under state law.

Attachment(s):

1. Town of Queen Creek Biennial Impact Fee Audit Report for the periods FY 2018-19 and FY 2019-20
2. Town Staff Presentation
3. Auditor Presentation



Town of Queen Creek, Arizona
Report on Applying Agreed-Upon Procedures
Biennial Certification of Land Use Assumptions,
Infrastructure Improvement Plan
and Development Impact Fees
For the Period July 1, 2018 through June 30, 2020

**TOWN OF QUEEN CREEK, ARIZONA
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Results of Procedures	3
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Attachment: Town of Queen Creek Biennial Impact Fee Audit Report for the periods FY 2018-19 and FY 2019-20 (Biennial Impact Fee Audit)

**INDEPENDENT ACCOUNTANT’S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

Honorable Mayor and Members of the Town Council

We have performed this agreed-upon procedures engagement to assist management of the Town of Queen Creek, Arizona (Town), with the requirement set forth in Arizona Revised Statutes (A.R.S.) 9-463.05.G.2 “to provide for a biennial certified audit of the municipality’s land use assumptions, infrastructure improvements plan and development fees”. As such, we have performed the procedures identified below, solely to assist users in evaluating the Town’s compliance with the progress reporting requirements of the infrastructure improvement plan for the period from July 1, 2018 through June 30, 2020, as specified in A.R.S. 9-463.05.G.2. Town of Queen Creek, Arizona’s management is responsible for its compliance with those requirements.

Town of Queen Creek, Arizona’s management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in determining whether the Town complied with the specified requirements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

We have applied the following procedures:

The progress of the infrastructure improvements plan.

- 1) Compared growth projections for 2019 and 2020 related to population, number of housing units (single family homes and multi-family units), and nonresidential square footage (industrial, commercial, office/other), as reported in the Infrastructure Improvements Plan (IIP) to actual results. A list of all variances are reported in the Results of Procedures.
- 2) Obtained Town-prepared report (see Appendix A) documenting the progress of each project identified in the Infrastructure Improvements Plan, Land Use Assumptions, and Development Fees report (dated May 7, 2014, and the updated report dated November 2019), and agreed expenditures as of June 30, 2020 to the underlying accounting records.

The collection and expenditures of development impact fees for each project in the plan.

- 3) Selected a sample of 40 building permits issued and determined fees were charged in accordance with authorized fee schedules and that each permit holder was charged the same rate as another equivalent permit holder. Any inequities in the imposition of development fees are reported in the Results of Procedures.
- 4) Selected a sample of 20 building permits issued after February 10, 2020 and determined the rates charged were in accordance with A.R.S. 9-463.05.F (when applicable).
- 5) Selected a sample of 40 expenditures and determined that the expenditures were associated with an approved project in the Town's Infrastructure Improvements Plan, Land Use Assumptions, and Development Fees report (dated May 7, 2014, and the updated report dated November 2019).

Evaluating any inequities in implementing the plan or imposing the development impact fee.

- 6) Determined each developer/unit was charged the same rate as another equivalent developer/unit by recalculating impact fees at the transaction level for the sample mentioned in Step 3 above.
- 7) Determined that there were no instances in which the Town waived development impact fees, except as allowed for under A.R.S. 9-499.10.B and A.R.S. 9-500.18.

The accompanying Results of Procedures describes the items we noted.

We were engaged by Town of Queen Creek, Arizona's management to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Town of Queen Creek, Arizona's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the management of Town of Queen Creek, Arizona, and is not intended to be and should not be used by anyone other than these specified parties.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Tucson, Arizona
September 4, 2021

**TOWN OF QUEEN CREEK, ARIZONA
RESULTS OF PROCEDURES**

EXCEPTION NO. 1

Variations were noted for growth projections for population, number of housing units and nonresidential square footage as reported in the Infrastructure Improvement Plan, Land Use Assumptions, and Development Fees report when compared to actual results. All variations are reported in the tables below.

		2019			
		<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
	Population	45,898	53,138	7,240	16%
	Housing Units	14,516	16,262	1,746	12%
	Nonresidential Sq. Ft. (in 1,000's)				
	Industrial	75	-	(75)	-100%
	Commercial	307	110	(197)	-64%
	Office/Other Services	195	243	48	25%

		2020			
		<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
	Population	50,511	61,727	11,216	22%
	Housing Units	16,080	19,499	3,419	21%
	Nonresidential Sq. Ft. (in 1,000's)				
	Industrial	77	-	(77)	-100%
	Commercial	134	184	50	37%
	Office/Other Services	340	65	(275)	-81%

Note: Due to the nature of growth data available, the nonresidential square footage for the 2019 and 2020 tables are presented as a comparison of incremental growth by year rather than cumulative totals.

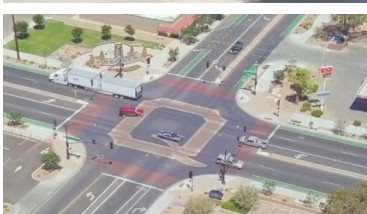
Management Response:

The development impact fee reports that were subject to this audit were dated May 2014 and November 2019 and reflected growth projections that were made based on the Land Use Assumptions at that time. During the audit period, population growth (i.e. new, single-family home construction) in the Town was significant and, not surprisingly, exceeded projections. In February 2020, as a result of the November 2019 impact fee report, new development impact fees took effect and the Land Use Assumptions to calculate those new fees were updated to reflect significant population growth and other growth such as the development of new commercial property.

TOWN OF QUEEN CREEK, ARIZONA
APPENDIX A
PROGRESS OF INFRASTRUCTURE IMPROVEMENT PLAN PROJECTS

<u>Project</u>	<u>Project Description</u>	<u>FY 18-19</u>	<u>FY 19-20</u>
<u>Fire Facilities Development Impact Fee</u>			
MF007	Fire Station #4	\$ 193,636	\$ 1,040,378
MF008	Fire Ladder Truck	532,670	68,280
MF009	Fire Station #5	1,402	361,230
MF010	Fire Station #2 Permanent Facility	-	7,674
MF011	Fire Resource Center	-	9,029
	Total	\$ 727,708	\$ 1,486,591
<u>Parks and Recreation Development Impact Fee</u>			
P0620	East Park	\$ -	\$ 68,755
TE100	QC Wash Trail: Crismon-Rittenhouse	-	37,833
TE200	Sonoqui Wash: Hawes To Ellsworth	-	47,633
TE210	Sonoqui Wash: Ellsworth To Crismon	-	30,146
	Total	\$ -	\$ 184,367
<u>Police Facilities Development Impact Fee</u>			
MF007	Fire Station #4	\$ 59,120	\$ 273,784
MF009	Fire Station #5	428	2,275
MF010	Fire Station #2 Permanent Facility	-	2,020
	Total	\$ 59,548	\$ 278,079
<u>Transportation Facilities Development Impact Fee</u>			
A0107	Ocotillo Rd-Recker To Power	\$ 196,146	\$ -
A0115	Ocotillo: 226th To Ironwood	64,265	68,891
A0116	Ocotillo: Sossaman To Hawes	92,014	150,339
A0306	Rittenhouse: Village Lp To Alliance	1,058,010	2,424,284
A0307	Rittenhouse Bridge At Qc Wash	-	1,662,242
A0510	Riggs: Ellworth To Meridian	3,086,742	674,640
A0520	Riggs Rd: Power To Hawes	264,440	484,653
A0603	Chandler Hts: Sossaman To Power	44,923	177,150
A1002	QC Rd-Ellsworth To Signal Butte	441,864	1,219,409
A1403	Power: Ocotillo To Brooks Farm	272,364	16,583
A1404	Power: Brooks Farm To Chand Hgts	22,121	36,064
A1505	Meridian: Combs To Qc Wash	7,015	187,279
A1802	196Th: Ocotillo To Appleby2	377,152	26,086
A1803	Appleby2: Sossaman To 196Th	400,298	25,064
A2001	Ryan: Crismon To 220Th	-	2,598
I0028	Riggs @ Hawes (T.S.)	159,466	-
I0060	Ellsworth @ Via De Palmas (Ts)	54,440	-
I0061	Ocotillo @ Victoria (Ts)	-	215,267
	Total	\$ 6,541,260	\$ 7,370,549

Attachment: Town of Queen Creek Biennial Impact Fee Audit Report for the periods FY 2018-19 and FY 2019-20 (Biennial Impact Fee Audit)



IMPACT FEE BIENNIAL AUDIT FOR FISCAL YEARS 2018-19 AND 2019-20

Town Council Meeting

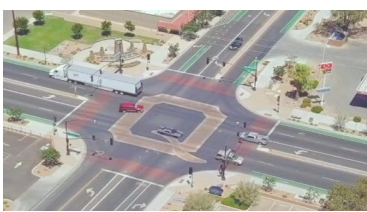
October 6, 2021

PURPOSE OF PRESENTATION

- Review Biannual Audit Results
- Direct Staff to Publish the Biennial Audit Report and Set a Public Hearing Date for November 3, 2021 (within 60 days of Report Publish Date)

BACKGROUND

- Development impact fees (DIF) are subject to statutory requirements on how they are assessed, collected, used, and reported (ARS §9-463.05)
- DIF may be assessed to offset the cost of providing necessary public services to a development
 - Must be based on Land Use Assumptions (LUA) and an Infrastructure Improvement Plan (IIP) adopted by the Town
- Town adopted LUA, IIP and DIF schedules in May 2014 and November 2019
 - Required to update at least every five years



BACKGROUND (CONTINUED)

- Town must establish an infrastructure improvement advisory committee or complete a biennial audit of the Town's land use assumptions, IIP, and DIF
- Biennial audit must:
 - Qualified professional (not Town employee / did not prepare the IIP)
 - Review collection and spending of DIF for each project in the IIP
 - Evaluate any inequities in implementing the LUA, IIP or imposing DIF
- Audit results must be posted on the Town's website
- Town must conduct a public hearing on the audit within 60 days of the release of the audit report to the public



PERMIT ACTIVITY SUMMARY

Permit Type	FY 2018-19	FY 2019-20	TOTAL
Single-Family Units	1,316	1,735	3,051
Multi-Family Units	0	50	50
Commercial (Square Feet)	110,082	184,232	294,314
Office (Square Feet)	243,209	64,658	307,867
Industrial (Square Feet)	0	0	0

REVENUE BY IMPACT FEE

Impact Fee	FY 2018-19	FY 2019-20	TOTAL
1.Parks	\$8.5M	\$6.5M	\$15.0M
2.Streets	\$2.1M	\$14.9M	\$17.0M
3.Police	\$264K	\$495K	\$759K
4.Fire	\$763K	\$13.4M	\$14.2M
5.Town Facilities	\$741K	\$623K	\$1.3M
6.Library	<u>\$1.2M</u>	<u>\$914K</u>	<u>\$2.1M</u>
TOTAL	\$13.6M	\$36.8M	\$50.4M

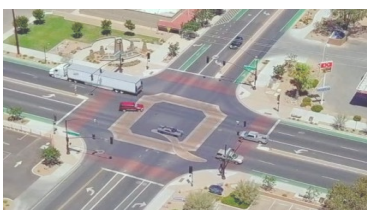
EXPENSE ACTIVITY

Impact Fee	FY 2018-19	FY 2019-20	TOTAL
1.Parks	\$697K	\$697K	\$1.4M
2.Streets	\$7.4M	\$8.0M	\$15.4M
3.Police	\$179K	\$418K	\$597K
4.Fire	\$1.1M	\$2.0M	\$3.1M
5.Town Facilities	\$292K	\$290K	\$582K
6.Library	<u>\$234K</u>	<u>\$233K</u>	<u>\$467K</u>
TOTAL	\$9.9M	\$11.6M	\$21.5M

THIS BIENNIAL AUDIT

- Completed by Heinfeld Meech
- Audit completed September 4, 2021
- Results Presented Separately by Heinfeld Meech





RECOMMENDATION MOTION

12.A.b

Publish the Impact Fee Biennial Audit Report for Fiscal Years 2018-19 and 2019-20 and Set November 3, 2021 as the Date of the Public Hearing for Acceptance of the Audit Report

Attachment: Town Staff Presentation (Biennial Impact Fee

Packet Pg. 417



Biennial Development Impact Fee Audit Results

Fiscal Years 2018-19 and 2019-20

Attachment: Auditor Presentation (Biennial Impact Fee Audit)

Purpose

- Compliance with ARS §9-463.05.G.2
 - Town must either establish an infrastructure improvement committee **or** complete a biennial audit of its land use assumptions, infrastructure improvement plan and development fees.
 - Audit must be conducted by qualified professionals who are not Town employees and did not prepare the IIP, LUA and DIF report.
 - Audit results must be posted on the Town’s website and a public hearing held within 60 days of release of the audit report to the public.



Attachment: Auditor Presentation (Biennial Impact Fee Audit)

Purpose

- **Agreed Upon Procedures (AUP) Engagement**

- Conducted in accordance with attestation standards established by the AICPA.
- Procedures performed are agreed upon by management and outlined in an engagement letter (mirror statutory requirements).
- Specific guidance must be followed for presenting results of agreed upon procedures.

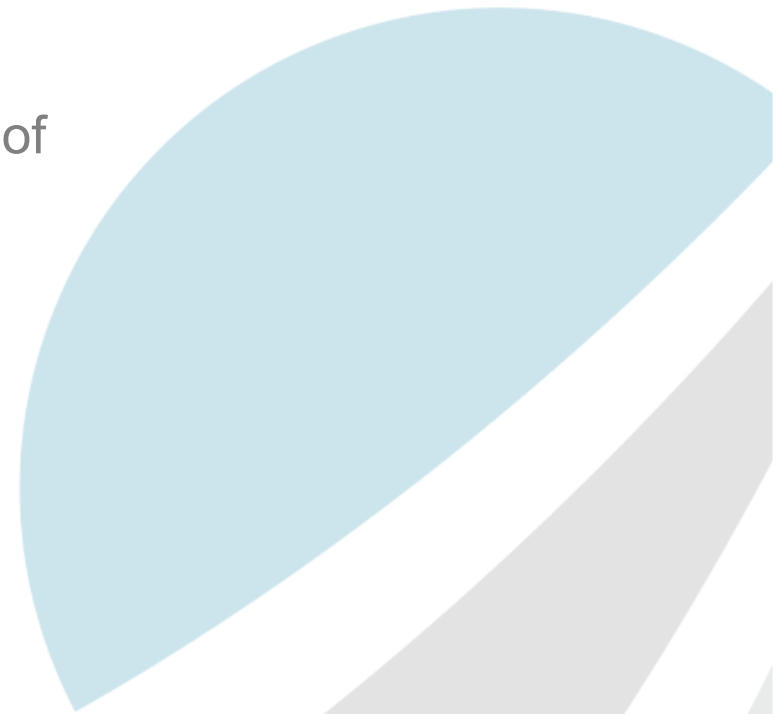


Procedures Performed

- **Progress of Infrastructure Improvement Plan**
 - IIP, LUA and DIF prepared by TischlerBise in May 2014 and updated by Willdan Group in November 2019.
 - Growth Projections (land use assumptions)
 - Housing units
 - Population
 - Nonresidential square footage
 - Progress of projects identified in the IIP
 - Appendix A

Procedures Performed

- **Collection and use of impact fees**
 - Sample permits issued
 - Fees charged in accordance with approved fee schedule and deposited in appropriate fund (40)
 - Additional testing for permits issued within 24 months of the last rate increase (20)
 - Ensure any waived fees were in accordance with statute
 - Sample expenditures
 - Were expenditures for items identified in the infrastructure improvement plan (40)



Results of Procedures

- Variances reported in growth projections for population, housing permits and nonresidential square footage
- No other exceptions identified
- Appreciate assistance provided by Town staff throughout the engagement

Thank you

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Attachment: Auditor Presentation (Biennial Impact Fee Audit)