



**"HUB OF THE SOUTHWEST"**

465 1<sup>st</sup> Avenue  
P.O. Box 970  
Holbrook, AZ 86025

**OUR MISSION**

*City of Holbrook Government exists to provide ethical and responsible local government.*

**AGENDA**

Regular City Council Meeting  
6:00 p.m. December 13, 2023

1. CALL TO ORDER:
2. ROLL CALL:
3. PLEDGE OF ALLEGIANCE/INVOCATION:
4. CONSENT AGENDA:  
November 8, 2023, meeting minutes. Tab 1  
November 15, 2023, work session minutes
5. CALL TO THE PUBLIC FOR NON-AGENDA ITEMS:  
\*Three-minute time limit per individual.
6. CALL TO THE PUBLIC FOR AGENDA ITEMS:  
\*Five-minute time limit per individual.
7. NEW BUSINESS (DISCUSSION AND POSSIBLE ACTION):
  - a. Call of Election: One Time Override of Expenditure Limitation-Lisa Hunt, City Clerk Tab 2
  - b. Liquor License-012 Restaurant—66 Restaurant—2501 Navajo Boulevard Tab 3  
Vidhi Sharma
  - c. Discussion/Possible action entering into a lease agreement with Petracom Tab 4  
of Holbrook.
  - d. Resolution 23-16: A resolution entering into an IGA with the Arizona Department Tab 5  
of Revenue.
  - e. Purchase of a back up Greens Mower Tab 6
  - f. Code Enforcement Update Tab 7
  - g. Personnel Policy section 202 – Nepotism-Robert Black, Councilmember Tab 8
  - h. Personnel Policy Section 802 – Vacation-Robert Black, Councilmember Tab 9
8. SUMMARY OF CURRENT EVENTS:  
Mayor:  
Council Members:  
City Manager:
9. \*\*SUBMISSION OF WRITTEN PETITION FOR ITEMS NOT ON THE AGENDA:
10. ADJOURNMENT  
Posted the 7th day of December 2023.

Lisa Hunt, City Clerk

\*Individuals must submit a "Request to Address City Council" form to the City Clerk prior to the start of the meeting.

Anyone may address the City Council on any issue within the jurisdiction of the Council. City Council may generally not discuss items that are not specifically identified on the agenda, except in certain circumstances. Therefore, pursuant to A.R.S. § 38-431.01 (H), action taken as a result of public comment will be limited to directing City staff to study the matter, responding to any criticism, or scheduling the matter for further consideration and decision at a later date. Items on the agenda will not be heard or discussed in Call to the Public. Video or audio tapes or other overhead visual aids may not be presented during these public appearances. All speakers should begin their remarks by stating their name and address for the record.

\*\*Any citizen of the City may appear before the Council at any regular meeting and present a written petition. Such petitions shall be considered, and response given within 31 days in conformity with the requirements of the Charter, the Open Meeting Law, and other statutory and constitutional provisions per Holbrook City Charter Article II, Section 2.18.

Unauthorized remarks from the audience, clapping, stomping of feet, yelling or any similar demonstrations are also prohibited. Violations of these rules may result in removal from the meeting. Individual members of the public body may respond to comments made by others who have addressed the public body.

The Holbrook City Council may discuss or take legal action on any item listed on the Agenda.

Pursuant to ARS 38-431.02, notice is hereby given to the Holbrook City Council, and to the General public that a meeting, which is open to the public, will be held on above-mentioned date, in the City Council Chambers, at 465 First Avenue, Holbrook, Arizona. Members of the City Council may choose to participate in this meeting telephonically. The City Council may adjourn into executive session, which will not be open to the public, to discuss any matter listed on the agenda in accordance with A.R.S. 38-431.03. The Holbrook City Council may vote to hold an executive session for the purpose of obtaining legal advice from the Council's attorney on any matter listed on the agenda pursuant to A.R.S. § 38-431.03(A)(3).

Electronic versions of this agenda can be found at [www.holbrookaz.gov](http://www.holbrookaz.gov).

MINUTES OF THE WORK SESSION  
OF THE HOLBROOK CITY COUNCIL HELD ON  
November 15, 2023

CALL TO ORDER: Mayor Smith called the meeting to order at 6:00 p.m.

ROLL CALL: Mayor Kathleen Smith, Councilmembers Robert Black, Tim Dixon, Arcenia Pacheco, Karina Pack, Teri Tafoya, and Vice Mayor Mike Nilsson.

CITY STAFF: Interim City Manager Randy Sullivan and City Clerk Lisa Hunt.

STRATEGIC DISCUSSION SESSION: Mayor Smith introduced Eveyln Casuga - CEcD, Certified Economic Developer, Director, Community & Economic Prosperity, Center for the Future of Arizona. Ms. Casuga facilitated discussion from The Holbrook City Council in the following areas:

-Accomplishments of Holbrook in the last 12-18 months.

-Environmental Scan/Opportunities & Risks -global, national, state, regional, and local.

A Strategic Discussion addressed the following:

-Areas of Focus.

-Roles and Responsibilities.

-City Manager Profile and Priorities.

Evelyn Casuga will be compiling the results of the Strategic Discussion Session and sending it to the Holbrook City Council.

ADJOURNMENT:

The Work Session adjourned at 7:54 p.m.

I hereby certify that the forgoing minutes are a true and correct copy of the minutes of the Work Session of the Holbrook City Council held on November 15, 2023. I further certify that the meeting was duly called and held and that a quorum was present.

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Lisa Hunt, Deputy Clerk

PASSED, APPROVED AND ADOPTED this 13<sup>th</sup> day of November 2023.

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Kathleen Smith, Mayor

MINUTES OF THE REGULAR MEETING  
OF THE HOLBROOK CITY COUNCIL HELD ON  
November 8, 2023

CALL TO ORDER: Mayor Smith called the meeting to order at 6:00 p.m.

ROLL CALL: Mayor Kathleen Smith, Vice Mayor Nilsson, Councilmembers Robert Black, Tim Dixon, Karina Pack, Arcenia Pacheco and Teri Tafoya appeared in Council Chambers.

CITY STAFF: Finance Director Randy Sullivan, Golf Superintendent Steve Rutherford and City Clerk Lisa Hunt.

PLEDGE OF ALLEGIANCE/INVOCATION: The Pledge of Allegiance was led by Councilmember Pacheco. The Invocation was given by Vice Mayor Nilsson.

CONSENT AGENDA:

October 12, 2023, meeting minutes.

MOTION: Councilmember Tafoya made a motion to approve the consent agenda.

SECONDED: Vice Mayor Nilsson

MOTION CARRIED

CALL TO THE PUBLIC FOR NON-AGENDA ITEMS: None

CALL TO THE PUBLIC FOR AGENDA ITEMS: None

NEW BUSINESS:

- a. Liquor License-010 Beer and Wine Store-950 Navajo Boulevard:

MOTION: Councilmember Dixon

SECONDED: Councilmember Pacheco

MOTION CARRIED

- b. Resolution 23-14: A grant for pavement preservation: Mayor Smith read Resolution 23-14 in its entirety. Interim City Manager reviewed the grant agreement. Discussion was held.

ROLL CALL VOTE: Councilmember Black "Aye"; Councilmember Dixon "Aye"; Vice Mayor Nilsson "Aye"; Councilmember Pacheco "Aye"; Councilmember Pack "Aye"; Councilmember Tafoya "Aye"; Mayor Smith "Aye".

MOTION CARRIED

- c. Resolution 23-15: Entering into a Mutual Aid Compact: Mayor Smith read Resolution 23-15 in its entirety. Catrina Jenkins from Navajo County explained the Mutual Aid Compact and answered questions from the Council.

ROLL CALL VOTE: Councilmember Black "Aye"; Councilmember Dixon "Aye"; Vice Mayor Nilsson "Aye"; Councilmember Pacheco "Aye"; Councilmember Pack "Aye"; Councilmember Tafoya "Aye"; Mayor Smith "Aye"

MOTION CARRIED

- d. Golf Course-Annual Report- Steve Rutherford: Golf Superintendent Steve Rutherford gave updates on the Golf Course and answered questions from the Council.

SUMMARY OF CURRENT EVENTS-COUNCILMEMBERS:

-Vice Mayor Nilsson shared that the Senior Center/Food Bank raised \$2700.00 from its Bingo/Auction fundraiser. He also shared that the Food Bank is now taking applications for food boxes. There is an ongoing raffle with \$3000.00 worth of prizes to help bring back Meals on Wheels and communal meals at the Senior Center.

-Councilmember Black shared that Millie Jones passed away and that her funeral is on November 18<sup>th</sup> at the Stake Center.

-Councilmember Pack said thank you to the Water Department for fixing the water main.

-Councilmember Dixon- No report.

-Councilmember Tafoya said that the Bingo at the Senior Center was fun. She also shared that there are Green Lights at the Old Courthouse for Operation Green Light- a salute to our Veterans.

-Councilmember Pacheco-No report.

**SUMMARY OF CURRENT EVENTS-MAYOR:**

-Mayor Smith shared Veteran's Day activities: A Veteran's Day Program will be held at the Historic Navajo County Courthouse on November 11<sup>th</sup> at 5:00 pm and the Holbrook Library will have an Honor Quilt Presentation at 6:30 pm for Veterans.

-Mayor Smith shared that the Chamber of Commerce will host a Business Break on Thursday November 9<sup>th</sup> from 8-9 am at the Historic Courthouse—You can meet Kurry Klingel with NPC's Business Department and other business leaders.

-There will be a Blood Drive on Thursday at the Fire Station at 100 Airport Rd. from 1 pm to 6pm.

-Saxton Projects is hosting an adult and kids Cornhole Tournament this Saturday, November 11<sup>th</sup> starting at 1:30 pm. After the kids, the adults will do teams, singles with a double elimination. The price is \$20.00 for high school age and up and \$10.00 for kids. There will be a couple of food vendors there and the Grad Night Committee will be there as well. This event will support three great organizations: Saxton Projects, Youth Football, and Grad Night. They will have a bonfire that starts when it's dark. Saxton's Projects are a 501c3 non-profit so if you would like to donate it can be used as a tax write off.

-Next week's Strategic Planning Session with Evelyn Casuga will be held at 6 pm on Wednesday, November 15<sup>th</sup> and is open to the public to listen to the discussion.

-Mayor Smith also shared Christmas Events. The Christmas Tree Lighting Ceremony will be held on November 30<sup>th</sup> at 6pm. Holbrook Jr. High Choir will be there and there will also be vendors, hot cocoa and cookies. The Festival of Trees is December 7<sup>th</sup> – 9<sup>th</sup>. The theme is "Christmas Traditions", you can register online on Facebook. Also, the Parade of Lights will be held on December 9<sup>th</sup> at dusk/6 pm- You can register with the Holbrook Chamber of Commerce.

**SUMMARY OF CURRENT EVENTS-CITY MANAGER:** No Report

**SUBMISSION OF WRITTEN PETITION FOR ITEMS NOT ON THE AGENDA:** None

**ADJOURNMENT:**

MOTION: Vice Mayor Nilsson

SECONDED: Councilmember Tafoya

MOTION CARRIED

Meeting adjourned at 6:48 p.m.

I hereby certify that the forgoing minutes are a true and correct copy of the minutes of the Regular Meeting of the Holbrook City Council held on November 8, 2023. I further certify that the meeting was duly called and held and that a quorum was present.

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Lisa Hunt, City Clerk

PASSED, APPROVED AND ADOPTED this 13th day of December 2023.

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Kathleen Smith, Mayor

**CALL OF ELECTION**  
**PUBLIC NOTICE OF THE CITY OF HOLBROOK**

Notice is hereby given that the City of Holbrook, Arizona will hold an election:

**Election: Tuesday, May 21, 2024**

**One Time Override of Expenditure Limitation**

Voter Registration Deadline for Primary Election: April 22, 2024.

For more information, call the City Clerk's Office at (928) 524-6225.

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Lisa Hunt, CMC, City Clerk

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Date

**State of Arizona  
Department of Liquor Licenses and Control**

Created 10/23/2023 @ 10:34:16 AM

Local Governing Body Report

**LICENSE**

Number:		Type:	012 RESTAURANT
Name:	66 RESTAURANT		
State:	Pending		
Issue Date:		Expiration Date:	
Original Issue Date:			
Location:	2501 N NAVAJO BOULEVARD HOLBROOK , AZ 86025 USA		
Mailing Address:	2501 N NAVAJO BOULEVARD HOLBROOK , AZ 86025 USA		
Phone:	(928)524-6234		
Alt. Phone:	(602)824-2371		
Email:	VIDHIS.SHARMA@GMAIL.COM		

**AGENT**

Name:	VIDHI SHARMA
Gender:	Female
Correspondence Address:	2501 N NAVAJO BOULEVARD HOLBROOK . AZ 86025 USA
Phone:	(602)824-2371
Alt. Phone:	
Email:	VIDHIS.SHARMA@GMAIL.COM

**OWNER**

Name:	VIDHI SHARMA
Gender:	Female
Correspondence Address:	2501 N NAVAJO BOULEVARD HOLBROOK . AZ 86025 USA
Phone:	(602)824-2371
Alt. Phone:	
Email:	VIDHIS.SHARMA@GMAIL.COM

## APPLICATION INFORMATION

Application Number: 256467  
Application Type: New Application  
Created Date: 08/29/2023

## QUESTIONS & ANSWERS

### 012 Restaurant

- 1) Are you applying for an Interim Permit (INP)?  
No
- 2) Are you one of the following? Please indicate below.  
Property Tenant  
Subtenant  
Property Owner  
Property Purchaser  
Property Management Company  
Property Owner
- 3) Is there a penalty if lease is not fulfilled?  
No
- 4) Is the Business located within the incorporated limits of the city or town of which it is located?  
Yes
- 5) What is the total money borrowed for the business not including the lease?  
Please list each amount owed to lenders/individuals.  
300K-WESTSTAR PACIFIC MORTGAGE : 2525 E CAMELBACK RD #1101 PHOENIX, AZ  
85016
- 6) Are there walk-up or drive-through windows on the premises?  
No
- 7) Does the establishment have a patio?  
No
- 8) Is your licensed premises now closed due to construction, renovation or redesign or rebuild?  
No
- 9) What type of business will this license be used for?  
Restaurant

## DOCUMENTS

DOCUMENT TYPE	FILE NAME	UPLOADED DATE
DIAGRAM/FLOOR PLAN	66 Restaurant Diagram.gif	09/22/2023
QUESTIONNAIRE	lic_questionnaire_Manager (1).pdf	09/22/2023
RECORDS REQUIRED FOR AUDIT	aud_requiredrecords_notary (1).pdf	09/22/2023

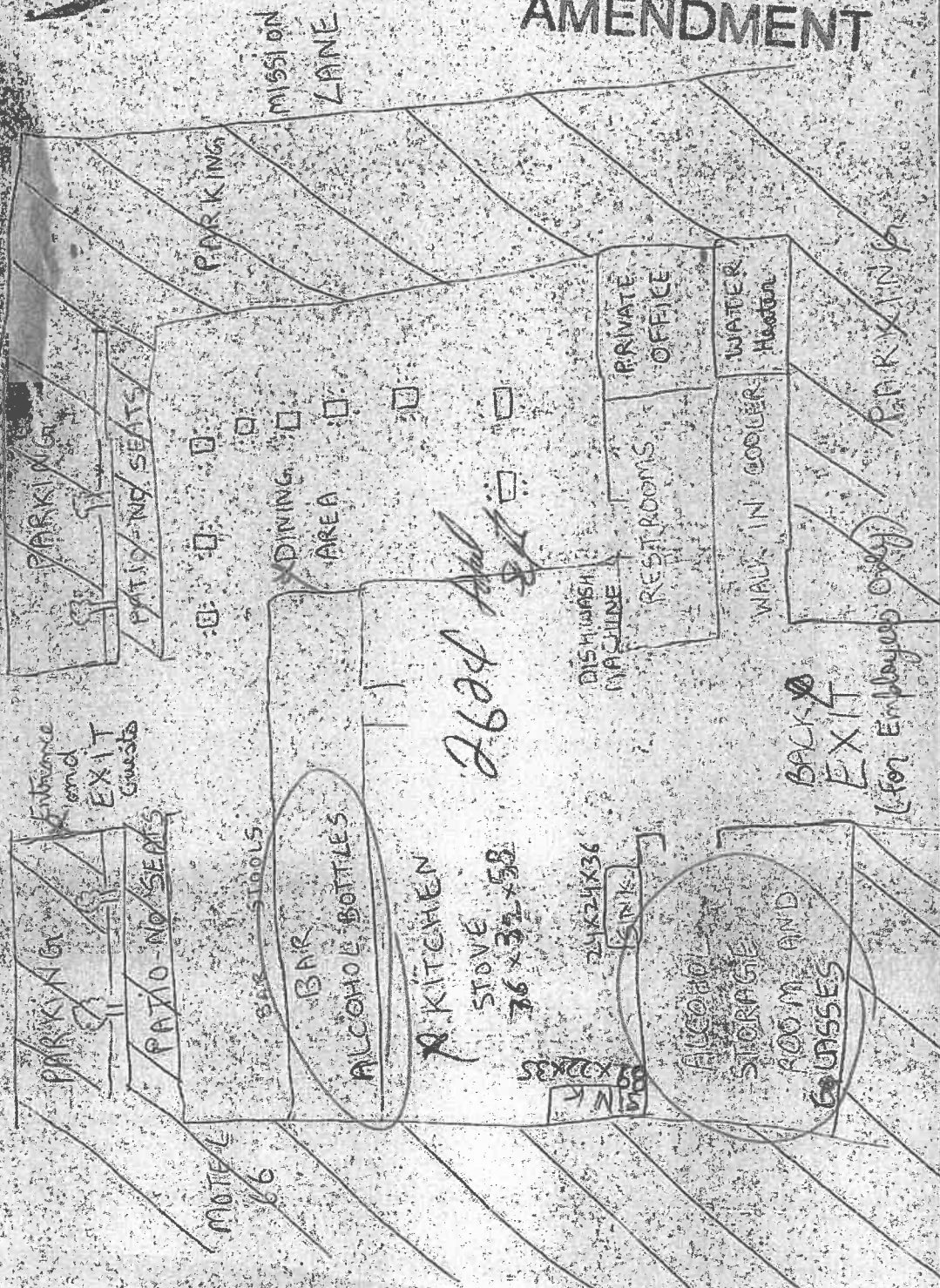


RESTAURANT OPERATION PLAN	lic_restaurantoperationplan_access (1).pdf	09/22/2023
MENU	Drinks (1).docx	09/22/2023
	20231012_152226.jpg	10/12/2023
	lic_questionnaire_Agent (3).pdf	10/17/2023
	20231017_021106.jpg	10/17/2023
	lic_restaurantoperationplan_access (1).pdf	10/17/2023

NOV. 18 1966

# AMENDMENT

NAVADO BOULEVARD  
RESTAURANT



MISSION LANE

PARKING

PARKING

PATIO - NO SEATS

DINING AREA

BAR

ALCOHOL BOTTLES

KITCHEN

STOVE 36 x 32 x 58

DISHWASH MACHINE

RESTROOMS

PRIVATE OFFICE

WALK-IN COOLER

WATER HEATER

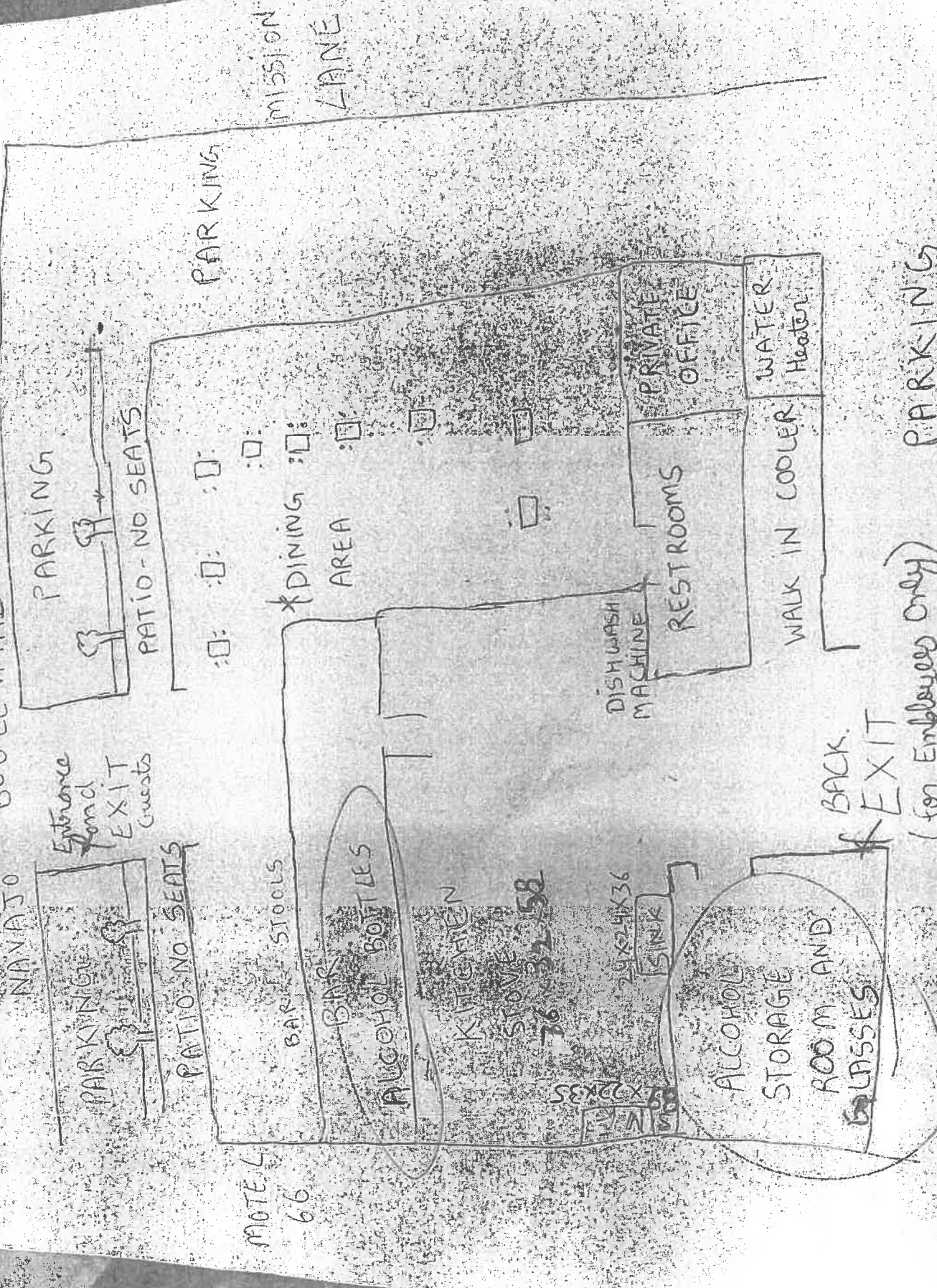
BACK EXIT  
(For Employees Only)

PARKING

MOTEL 66

\* Pats & Parking not part of leased premise

BOULEVARD 66 RESTAURANT



NAVajo

ENTRANCE  
EXIT  
GUESTS

PARKING  
PATIO - NO SEATS

MOTEL  
66

BAR  
STOOLS

ALCOHOL  
BOTTLES

KITCHEN

STOVE  
76 32 58

SINK  
29 X 24 X 36

ALCOHOL  
STORAGE  
ROOM AND  
GLASSES

BACK  
EXIT  
(for Employees only)

DINING  
AREA

PARKING

PATIO - NO SEATS

PARKING

DISHWASH  
MACHINE

RESTROOMS

PRIVATE  
OFFICE

WATER  
Heater

WALK IN COOLER

PARKING

MISSION  
LANE



## RESTAURANT/HOTEL/MOTEL OPERATION PLAN

Arizona Dept. of Liquor Licenses and Control  
800 W. Washington St. 5<sup>th</sup> Floor Phoenix, AZ 85007  
(602) 542-5141

Type or Print with Black Ink

1. Name of restaurant (Please print): 66 Restaurant

2. Must indicate the equipment below by Make, Model, and Capacity:

**LIST ONLY THE FOLLOWING - NO ATTACHMENTS**

Grill	Garland G60-4G36RR 33,000 BTU 76*32*58
Oven	Garland Stove with 2 Big Oven
Freezer	Whirlpool Refrigerator and Freezer
Refrigerator	CHEF AAA Commercial 40 cu.ft. NSF
Sink	Sink 24*24*36
Dish Washing Facilities	ECOLAB Dishwashing Machine
Food Preparation Counter (Dimensions)	3 feet by 2 feet
Other	

3. Attach a copy of your FULL menu with pricing **INCLUDING NON-ALCOHOLIC BEVERAGES**

4. What percentage of your public premises is used primarily for restaurant dining?

(Do not include kitchen, bar, hi-top tables, or game area.) 60 %

5. Does your restaurant have a bar area that is distinct and separate from the dining area?  YES  No

(If yes, what percentage of the public floor space does this area cover?) \_\_\_\_\_ %

6. List the seating capacity for:

a) Restaurant dining area of your premises:

(DO NOT INCLUDE PATIO SEATING)

b) Bar area

~~1300sqft~~ <sup>60</sup> UK  
~~700sqft~~ <sup>40</sup> UK  
 TOTAL [ = ~~2000sqft~~ ] <sup>100</sup> UK



7. What type of dinnerware is primarily used in your restaurant?

Reusable

Disposable

Both

8. Does your restaurant contain any **games, televisions, or any other entertainment**?

YES

No

If yes, specify what types and how many (examples: 4-TV's, 2-Pool Tables, 1-Video Game, etc.)

3 TV

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

9. Do you have live entertainment or dancing?  YES  No

If yes, what type and how often (example: DJ-2 x a week, Karaoke-2 x a month, Live Band-1 x a month, etc.)

Live Band on Weekends

DJ-2\* a week

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

10. List number of employees for each position:

Position	How many
Cooks	2
Bartenders	2
Hostesses	2
Managers	1
Servers	2
Other ( )	
Other ( )	
Other ( )	

I, (Print Full Name) Vidhi Sharma, hereby swear under penalty of perjury and in compliance with A.R.S. § 4-210(A)(2) and (3) that I have read and understand the foregoing and verify that the information and statements that I have made herein are true and correct to the best of my knowledge.

Applicant Signature: Vidhi Sharma

66 Restaurant Menu

All Day Breakfast ( Comes with one Drink with Choice of toast or Pancakes)

- |   |       |
|---|-------|
| 1. Lumberjack Breakfast Plate ( Bacon ,Sausage, Eggs and Hash Brown)  | 10.99 |
| 2. Lumberjack Breakfast Skillet( Baked Potatoes mixed with scrambled eggs , green peppers topped with Cheese) | 10.99 |
| 3. Breakfast for 2 , 4 eggs, 4 bacon, 4 sausage, hashbrowns   | 13.00 |
| 4. 2 Eggs ,Toast and Hashbrowns   | 6.50  |
| 5. Bacon Egg and Cheese Biscuit   | 3.50  |
| 6. Build your own Omelet  | 6.00  |
| 7. Pancakes 4 with Any Toppings (Strawberry or Banana)  | 5.50  |
| 8. Biscuits and Gravy   | 5.00  |
| 9. Cereal and Milk  | 4.00  |
| 10. Fruit in Season and Yogurt  | 5.50  |
| 11. Oatmeal   | 2.99  |
| 12. Bowl of Grits   | 2.99  |
| 13. French Toast  | 2.99  |
| 14. Bowl of Rice  | 2.99  |

Kids Breakfast

- |   |      |
|---|------|
| 1. 2 Pancakes                                     | 1.99 |
| 2. 1 Egg,Hashbrown and 1 Toast                    | 3.99 |
| 3. Captain Crunch , Fruit Loops Cereal            |      |
|   |      |
| 1. HamBurger                                      | 6.99 |
| 2. French Fries Small 1.99 Medium 2.99 Large 3.99 |      |
| 3. CheeseBurger                                   | 6.99 |
| 4. Bacon Cheese Burger                            | 6.99 |
| 5. BLT  | 6.99 |

6. Grilled Cheese		6.99
7. Fried Rice with choice of Meat		8..99
8. Burritos		6.99
9. Tacos		8.99
10. Chicken Nuggets	4 pc -3.99	8 pc- 5.99
11. PBandJ		3.99 <sup>u</sup>
12. Chef Salad (Chicken or Beef)		3.99 ,
13. Soup of the day		
14. Hot Links	3.00	
15. Hot Dogs	3.00	
16. Corn Dogs	3.00	
17. Fish and Chips	9.95	
18. Shrimp Basket with Fries	12.95	
19. Shrimp Pasta		
20. Chicken Parmesan with Pasta (Breaded Chicken Breasts topped with Mozzarella)		17.95
21. Steak (Ribeye ,		
22. Ny Strip Steak	17.95	
23. Sirloin Steak	18.95	
24. T Bone Steak	37.00	
25. Pasta with meatballs		
26. Fettuccine Alfredo		
27. Pizza		10.95
Sides		
1 Macaroni and Cheese		
2 Beans, Corn, or Broccoli		
3 Potatoes		
4 Side Salad		
5 Cheesesteaks		
6 Onion Rings		
7 Poppers		
8. Mozzarella Sticks		
	Small 2.79	Large 4.79

- 9 Fried Zucchini
- 10. Fried Cauliflower
- 11. Calamari

Deserts

- 1. Ice Cream, Shakes or Smoothie ( Strawberry, Vanilla or Chocolate) 2.49
- 2. Cheesecake 3.00
- 3. Pie 2.00
- 4. Brownie 2.00

Drinks

- 1. Soda, Tea, Coffee, Milk, Orange Juice 1.49
- 2. Bottled Water 1.00
- 3. Cappuccino 2.49



# Drinks

## *Signature drinks*

Pink Lemonade Mimosa Classic Aperol Spritz

Margarita	8
Mojito	8
Pina Colada	8
Moscow Mule	8
Paloma	8
The Blue	8
Old Fashioned	12
On the Beach	12

## *Wine*

red wine, white wine, pink wine sparkling wine 8

## *Beer*

dark beer, light beer, non alcoholic beer 4

### NON ALCOHOLIC

soft drinks, orange juice, sparkling water 2



**RECORDS REQUIRED  
FOR AUDIT  
RESTAURANT/HOTEL/MOTEL**

Arizona Dept. of Liquor Licenses and Control  
800 W. Washington St. 5<sup>th</sup> Floor Phoenix, AZ 85007  
(602) 542-5141

Type or Print with Black Ink

In the event of an audit, you will be asked to provide to the Department any documents necessary to determine Compliance with A.R.S. §4-205.02(G). Such documents requested may include however, are not limited to:

**66 Restaurant**

1. Name of restaurant (Please print): \_\_\_\_\_
2. All invoices and receipts for the purchase of food and spirituous liquor for the licensed premises.
3. A list of **all** food and liquor vendors
4. The restaurant menu used during the audit period
5. A price list for alcoholic beverages during the audit period
6. Mark-up figures on food and alcoholic products during the audit period
7. A recent, **accurate** inventory of food and liquor (taken within two weeks of the Audit Interview Appointment)
8. Monthly Inventory Figures - beginning and ending figures for food and liquor
9. Chart of accounts (copy)
10. Financial Statements-Income Statements-Balance Sheets
11. General Ledger
  - A. Sales Journals/Monthly Sales Schedules
    - 1) Daily sales Reports (to include the name of each waitress/waiter, bartender, etc. with sales for that day)
    - 2) Daily Cash Register Tapes - Journal Tapes and Z-tapes
    - 3) Dated Guest Checks
    - 4) Coupons/Specials/Discounts
    - 5) Any other evidence to support income from food and liquor sales
  - B. Cash Receipts/Disbursement Journals
    - 1) Daily Bank Deposit Slips
    - 2) Bank Statements and canceled checks
12. Tax Records
  - A. Transaction Privilege Sales, Use and Severance Tax Return (copies)
  - B. Income Tax Return - city, state and federal (copies)
  - C. Any supporting books, records, schedules or documents used in preparation of tax returns

13. Payroll Records

- A. Copies of all reports required by the State and Federal Government
- B. Employee Log (A.R.S. §4-119)
- C. Employee time cards (actual document used to sign in and out each work day)
- D. Payroll records for all employees showing hours worked each week and hourly wages

14. Off-site Catering Records (must be complete and separate from restaurant records)

- A. All documents which support the income derived from the sale of food off the license premises.
- B. All documents which support purchases made for food to be sold off the licensed premises.
- C. All coupons/specials/discounts

The sophistication of record keeping varies from establishment to establishment. Regardless of each licensee's accounting methods, the amount of gross revenue derived from the sale of food and liquor must be substantially documented.

**REVOCAION OF YOUR LIQUOR LICENSE MAY OCCUR IF YOU FAIL TO COMPLY WITH  
A.R.S. §4-210(A)7 AND A.R.S. §4-205.02(G).**

**A.R.S. §4-210(A)7**

The licensee fails to keep for two years and make available to the department upon reasonable request all invoices, records, bills or other papers and documents relating to the purchase, sale and delivery of spirituous liquors and, in the case of a restaurant or hotel-motel licensee, all invoices, records, bills or other papers and documents relating to the purchase, sale and delivery of food.

**A.R.S. §4-205.02(G)**

For the purpose of this section:

- 1. "Restaurant" means an establishment which derives **at least forty percent (40%)** of its gross revenue from the sale of food
- 2. "Gross revenue" means the revenue derived from all sales of food and spirituous liquor on the licensed premises regardless of whether the sales of spirituous liquor are made under a restaurant license issued pursuant to this section or under any other license that has been issued for the premises pursuant to this article.

I, (Print Full Name) VIDHI SHARMA hereby swear under penalty of perjury and in compliance with A.R.S. § 4-210(A)(2) and (3) that I have read and understand the foregoing and verify that the information and statements that I have made herein are true and correct to the best of my knowledge.

Applicant Signature: Vidhi Sharma

**\*MAKE A COPY OF THIS DOCUMENT AND KEEP IT WITH RECORDS REQUIRED BY THE STATE\***

LC:  
Amount:

'23 OCT 18 Liq. Lic. AM1141



**AGENT/CONTROLLING PERSON QUESTIONNAIRE**

**DLLC USE ONLY**  
Job #: 256467  
Date Accepted: 10/23/23  
CSR: CA

Arizona Dept. of Liquor Licenses and Control  
800 W. Washington St. 5<sup>th</sup> Floor Phoenix, AZ 85007  
(602) 542-5141

Type or Print with **Black Ink** **AMENDMENT**

License Number:

85-451

**ATTENTION APPLICANT:** This is a legally binding document. An investigation of your background will be conducted. Incomplete applications will not be accepted. False or misleading answers may result in the denial or revocation of a license or permit and could result in criminal prosecution.

**Attention local governments:** Social security and birth date information is confidential. This information will be given to law enforcement agencies for background checks only.

**QUESTIONNAIRE IS TO BE COMPLETED ACCORDINGLY AND SUBMITTED TO THE DEPARTMENT WITH A BLUE OR BLACK LINED FINGERPRINT CARD AND \$22 FEE. FINGERPRINTS MUST BE DONE BY A LAW ENFORCEMENT AGENCY OR BONA FIDE FINGERPRINT SERVICE.**

1. Check the Appropriate Box →

Agent  Controlling Person

2. Name: Sharma Vidhi Birth Date: \_\_\_\_\_  
Last First Middle (NOT a public record)

3. Social Security #: \_\_\_\_\_ Drivers License #: 522124368 State Issued: KE

4. Place of birth: Ajmer Rajasthan India Height: 5.4 Weight: 160 Eyes: Black Hair: Black  
City State COUNTRY

5. Name of current/most recent spouse: Sharma Nitin Birth Date: \_\_\_\_\_  
Last First Middle (NOT a public record)

6. Are you a bonafide resident of Arizona? Yes  No  If yes, what is your date of residency? 06/01/2018

7. Daytime telephone number: 6028242371 Email address: vidhis.sharma@gmail.com

8. Premises Name: 66 Restaurant Business Phone: 928 / 524 / 6234

9. Premises Address: 2101 Navajo Boulevard Holbrook AZ Navajo 86025  
Street (do not use PO Box) City State County Zip

LC:  
Amount:



# PREMISES MANAGER QUESTIONNAIRE

**DLLC USE ONLY**  
Job #: 250407  
Date Accepted: 10/23/23  
CSR: CA

Arizona Dept. of Liquor Licenses and Control  
800 W. Washington St. 5<sup>th</sup> Floor Phoenix, AZ 85007  
(602) 542-5141

Type or Print with **Black Ink**

License Number:

805-451

**ATTENTION APPLICANT:** This is a legally binding document. An investigation of your background will be conducted. Incomplete applications will not be accepted. False or misleading answers may result in the denial or revocation of a license or permit and could result in criminal prosecution.

**Attention local governments:** Social security and birth date information is confidential. This information will be given to law enforcement agencies for background checks only.

QUESTIONNAIRE IS TO BE COMPLETED ACCORDINGLY AND SUBMITTED TO THE DEPARTMENT WITH A **BLUE OR BLACK LINED FINGERPRINT CARD AND \$22 FEE. FINGERPRINTS MUST BE DONE BY A LAW ENFORCEMENT AGENCY OR BONA FIDE FINGERPRINT SERVICE.**

1. Name: Vidhi Sharma Birth Date: \_\_\_\_\_  
Last First Middle (NOT a public record)

2. Social Security #: \_\_\_\_\_ Driver's License #: J22124368 State Issued: AZ

3. Place of birth: AJMER Rajasthan India Height: 5'4 Weight: 160 Eyes: black Hair: black  
City State COUNTRY

4. Name of current/most recent spouse: SHARMA NITIN Birth Date: \_\_\_\_\_  
Last First Middle (NOT a public record)

5. Are you a bonafide resident of Arizona? Yes  No  If yes, what is your date of residency? May 2018

6. Daytime telephone number: 6028242371 Email address: vidhis.sharma@gmail.com

7. Premises Name: 66 Restaurant Business Phone: 928 524 6234

8. Premises Address: 2101 Navajo Boulevard Holbrook AZ Navajo 86025  
Street (do not use PO Box) City State County Zip

10. List your employment or type of business during the past five (5) years, if unemployed, retired, or student, list place of residence address. (ATTACH ADDITIONAL SHEET IF NECESSARY)

FROM Month/Year	TO Month/Year	DESCRIBE POSITION OR BUSINESS	EMPLOYERS NAME OR NAME OF BUSINESS (Street Address, City, State & Zip)
12/2021	CURRENT	Business Owner	66 Motel, 2105 Navajo Blvd Holbrook AZ 86025
09/2020	01/2021	Unemployment Specialist	State of Arizona, 515 N 51st Avenue, Phoenix AZ 85043
03/2020	08/2020	Unemployed	3382 S Rincon Drive Chandler AZ
12/2018	<del>07/2020</del>	SAP Consultant	Edgerock Technology Partners, 260 Franklin St Floor 3, Boston MA 02110
04/2018	11/2018	SAP Consultant	NLB Services, 11340 Lakefield Drive, Suite#200, Johns Creek GA, 30097

11. Provide your residence address information for the last five (5) years A.R.S. §4-202(D) (ATTACH ADDITIONAL SHEET IF NECESSARY)

FROM Month/Year	To Month/Year	Street	City	State	Zip
06/2018	CURRENT	3382 S Rincon Drive Chandler AZ 85286			

(ATTACH ADDITIONAL SHEET IF NECESSARY)

AMENDMENT

12. As an Agent or Controlling Person, will you be managing the day to day operation of the licensed premises? If you answered YES, then answer #13 below. If NO, skip to #14. Yes  No
13. Have you attended a DLLC approved Basic and Management Liquor Law Training Course within the past 3 years? MUST attach copies of both training certificates. Yes  No
14. Have you been cited, arrested, indicted, convicted, or summoned into court for violation of ANY criminal law or ordinance, regardless of the disposition, even if dismissed or expunged, within the past five (5) years? Yes  No
15. Are there ANY administrative law citations, compliance actions or consents, criminal arrests, indictments or summons pending against you? (Do not include civil traffic tickets) A.R.S. §4-202, 4-210 Yes  No
16. Has anyone EVER obtained a judgement against you the subject of which involved fraud or misrepresentation? Yes  No
17. Have you had a liquor application or license rejected, denied, revoked or suspended in or outside of Arizona within the last five years? A.R.S. §4-202(D) Yes  No
18. Has an entity in which you are or have been a controlling person had an application or license rejected, denied, revoked, or suspended in or outside of Arizona within the last five years? A.R.S. §4-202(D) Yes  No

If you answered "YES" to any Question 14 through 18 YOU MUST attach a signed statement. Give complete details including dates, agencies involved and dispositions. CHANGES TO QUESTIONS 14-18 MAY NOT BE ACCEPTED

I, (Print Full Name) Vidhi Sharma hereby swear under penalty of perjury and in compliance with A.R.S. § 4-210(A)(2) and (3) that I have read and understand the foregoing and verify that the information and statements that I have made herein are true and correct to the best of my knowledge.

Signature: Vidhi Sharma Date: 10/17/2023

Job # 256467

23 OCT 23 Lic. Lic. AM1040

9. List your employment or type of business during the past five (5) years, if unemployed, retired, or student, list place of residence address. (ATTACH ADDITIONAL SHEET IF NECESSARY)

FROM Month/Year	TO Month/Year	DESCRIBE POSITION OR BUSINESS	EMPLOYERS NAME OR NAME OF BUSINESS (Street Address, City, State & Zip)
12/2021	CURRENT	66 Motel	2105 Navajo Boulevard Holbrook AZ 86025
10/2020	01/2022	State of Arizona	5324 E Washington St, Phoenix, AZ 85034
03/2020	08/2020	Unemployed during COVID	
01/2018	03/2020	Private Software Contractor	

10. Provide your residence address information for the last five (5) years A.R.S. §4-202(D)(ATTACH ADDITIONAL SHEET IF NECESSARY)

FROM Month/Year	To Month/Year	Street	City	State	Zip
05/2018	CURRENT	3382 South Rincon Drive Chandler AZ 85286			

- 11. Have you attended a DLLC approved Basic Liquor Law Training Course within the past 3 years? Yes  No
- 12. Have you been ~~cited, arrested, indicted, convicted, or summoned~~ into court for violation of ANY criminal law or ordinance, regardless of the disposition, even if dismissed or expunged, within the past five (5) years? Yes  No
- 13. Are there ANY administrative law citations, compliance actions or consents, criminal arrests, indictments or summons pending against you? (Do not include civil traffic tickets) A.R.S. §4-202.4-210 Yes  No
- 14. Has anyone EVER obtained a judgement against you the subject of which involved fraud or misrepresentation? Yes  No
- 15. Have you had a liquor application or license rejected, denied, revoked or suspended in or outside of Arizona within the last five years? A.R.S. §4-202(D) Yes  No
- 16. Has an entity in which you are or have been a controlling person had an application or license rejected, denied, revoked, or suspended in or outside of Arizona within the last five years? A.R.S. §4-202(D) Yes  No

If you answered "YES" to any Question 12 through 16 YOU MUST attach a signed statement. Give complete details including dates, agencies involved and dispositions. CHANGES TO QUESTIONS 12-16 MAY NOT BE ACCEPTED

I, (Print Full Name) Vidhi Sharma hereby swear under penalty of perjury and in compliance with A.R.S. § 4-210(A)(2) and (3) that I have read and understand the foregoing and verify that the information and statements that I have made herein are true and correct to the best of my knowledge.

Signature: Vidhi Sharma Date: 9/22/23

The Licensee has authorized the person named on this questionnaire to act as manager for the above License.

Print Name: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_





# FINGERPRINT VERIFICATION FORM

Arizona Department of Liquor Licenses and Control  
800 W. Washington St. 5<sup>th</sup> Floor Phoenix, AZ 85007  
(602) 542-5141

DLLC USE ONLY	
Job#:	No App
Date Accepted:	10-16-23
CSR:	AP

805-451

**ATTENTION FINGERPRINT TECHNICIAN:**

Please follow the instructions below for fingerprinting this applicant.

1. Please fill out or ensure that the applicant has filled out all the required boxes on the fingerprint card prior to taking the fingerprints.
2. Request a valid, unexpired government-issued photo ID from the applicant and compare the physical descriptors on the applicant's photo ID to the applicant and to the information on the fingerprint card.
3. Fill out the information in the boxes below. **Please print clearly.**
4. Once the prints have been taken, place the fingerprint card and this form into the envelope and seal it. Please write your name or identification across the edge of the seal. Return the sealed envelope to the applicant.  
**Do not give the applicant the fingerprint card without first sealing it inside the envelope.**

**5. Write applicants name on front of sealed envelope.**

**PRINT** the following information:

Date 10/12/23	Name of Applicant: Vidhi Sharma	
Name of Fingerprint Technician: Christopher Stapley		
Fingerprint technician's Signature: C. Stapley 1815		
Fingerprint technician's Agency/company Name: NCSU		Phone Number: 928 524 4143
Type of Photo ID Provided (check one):		
<input checked="" type="checkbox"/> Driver's License <input type="checkbox"/> Passport <input type="checkbox"/> Other (Please specify)		



Arizona Department of Liquor Licenses and Control  
800 W. Washington St. 5<sup>th</sup> Floor Phoenix, AZ 85007  
(602) 542-5141

23 OCT 16 PM 2:13 AZDLLC

Your fingerprints will be used to check the criminal history records of the FBI.

If you have a criminal history record, the officials making a determination of your suitability for employment, license, or other benefit must provide you the opportunity to complete or challenge the accuracy of the information in the record. You should be afforded a reasonable amount of time of twenty one (21) days to correct or complete the record (or decline to do so) before officials deny you employment, license, or other benefit based on information in the criminal history record.

The procedures for obtaining a change, correction, or updating of your FBI criminal history record are set forth in Title 28, Code of Federal Regulations, Sections 16.30 through 16.34. Information on how to review and challenge your FBI criminal history record can be found at [www.fbi.gov](http://www.fbi.gov) under "Services" and then "Identity History Summary Checks" or by calling (304) 625-5590.

To obtain a copy of your Arizona criminal history in order to review/update/correct the record, you can contact the Arizona Department of Public Safety Criminal History Records Unit at (602) 223-2222 to obtain a fingerprint card and a Review and Challenge packet. Information on the review and challenge process can be found on the DPS website ([www.azdps.gov](http://www.azdps.gov)).

### Privacy Act Statement

*This privacy act statement is located on the back of the FD-256 fingerprint card.*

**Authority:** The FBI's acquisition, preservation, and exchange of fingerprints and associated information is generally authorized under 28 U.S.C. 534. Depending on the nature of your application, supplemental authorities include Federal statutes, State statutes pursuant to Pub. L. 92-544, Presidential Executive Orders, and federal regulations. Providing your fingerprints and associated information is voluntary; however, failure to do so may affect completion or approval of your application.

**Principal Purpose:** Certain determinations, such as employment, licensing, and security clearances, may be predicated on fingerprint-based background checks. Your fingerprints and associated information/ biometrics may be provided to the employing, investigating, or otherwise responsible agency, and/or the FBI for the purpose of comparing your fingerprints to other fingerprints in the FBI's Next Generation Identification (NGI) system or its successor systems (including civil, criminal, and latent fingerprint repositories) or other available records of the employing, investigating, or otherwise responsible agency. The FBI may retain your fingerprints and associated information/biometrics in NGI after the completion of this application and, while retained, your fingerprints, may continue to be compared against other fingerprints submitted to, or retained by NGI.

**Routine Uses:** During the processing of this application and for as long thereafter as your fingerprints and associated information/biometrics are retained in NGI, your information may be disclosed pursuant to your consent, and may be disclosed without your consent as permitted by the Privacy Act of 1974 and all applicable Routine Uses as may be published at any time in the Federal Register, including the Routine Uses for the NGI system and the FBI's Blanket Routine Uses. Routine uses include, but are not limited to, disclosures to: employing, governmental or authorized non-governmental agencies responsible for employment, contracting, licensing, security clearances, and other suitability determinations; local, state, tribal, or federal law enforcement agencies; criminal justice agencies; and agencies responsible for national security or public safety.

As of 03/30/2018



# ALIEN STATUS

Arizona Dept. of Liquor Licenses and Control  
800 W. Washington St. 5th Floor Phoenix, AZ 85007  
(602) 542-5141

Type or Print with **Black Ink**

Title IV of the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (the "Act"), 8 U.S.C. § 1621, provides that, with certain exceptions, only United States citizens, United States non-citizen nationals, non-exempt "qualified aliens" (and sometimes only particular categories of qualified aliens), nonimmigrant, and certain aliens paroled into the United States are eligible to receive state, or local public benefits. With certain exceptions, a professional license and commercial license issued by a State agency is a State public benefit.

Arizona Revised Statutes § 41-1080 requires, in general, that a person applying for a license must submit documentation to the license agency that satisfactorily demonstrates the applicant's presence in the United States is authorized under federal law.

**Directions: All applicants must complete Sections I, II, and IV. Applicants who are not U.S. citizens or nationals must also complete Section III.**

Submit this completed form and a copy of one or more document(s) from the attached "Evidence of U.S. Citizenship, U.S. National Status, or Alien Status" with your application for license or renewal. If the document you submit does not contain a photograph, you must also provide a government issued document that contains your photograph. You must submit supporting legal documentation (i.e. marriage certificate) if the name on your evidence is not the same as your current legal name.

## SECTION I – APPLICANT INFORMATION

APPLICANT NAME (Print or type) Vidhi Sharma

## SECTION II – CITIZENSHIP OR NATIONAL STATUS DECLARATION

Are you a citizen or national of the United States?  Yes  No - If yes, indicate place of birth:

City CITIZEN State RAJASTHAN COUNTRY INDIA

If you answered **Yes, 1)** Attach a legible copy of a document from the list below,

2) Name of document: DRIVERS LICENCE

If you answered **No**, you must complete Sections III,

**EVIDENCE OF U.S. CITIZENSHIP, U.S. NATIONAL STATUS, OR ALIEN STATUS** Lic. RM 9 43

**You must submit supporting legal documentation (i.e. marriage certificate) if the name on your evidence is not the same as your current legal name.**

**Evidence showing authorized presence in the United State includes the following:**

1. An Arizona driver license issued after 1996 or an Arizona non-operating identification card.
2. A driver license issued by a state that verifies lawful presence in the United States.
3. A birth certificate or delayed birth certificate showing birth in one of the 50 states, the District of Columbia, Puerto Rico (on or after Jan. 13, 1941), Guam, the U.S. Virgin Islands (on or after January 17, 1917), American Samoa, or the Northern Mariana Islands (on or after November 4, 1986, Northern Mariana Islands local time)
4. A United States certificate of birth abroad.
5. A United States passport. \*\*\*Passport must be signed\*\*\*
6. A foreign passport with a United States visa.
7. An I-94 form with a photograph.
8. A United States citizenship and immigration services employment authorization document or refugee travel document.
9. A United States certificate of naturalization.
10. A United States certificate of citizenship.
11. A tribal certificate of Indian blood.
12. A tribal or bureau of Indian affairs affidavit of birth.
13. Any other license that is issued by the federal government, any other state government, an agency of this state or a political subdivision of this state that requires proof of citizenship or lawful alien status before issuing the license.

1943

**SECTION III – QUALIFIED ALIEN DECLARATION**

Applicants who are not citizens or nationals of the United States. Please indicate alien status by checking the appropriate box. Attach a legible copy of a document from the attached list or other document as evidence of your status.

\_\_\_\_\_  
Name of document provided

**Qualified Alien Status** (8 U.S.C. §§ 1621(a)(1), -1641(b) and (c))

- 1. An alien lawfully admitted for permanent residence under the Immigration and Nationality Act (INA)
- 2. An alien who is granted asylum under Section 208 of the INA.
- 3. A refugee admitted to the United States under Section 207 of the INA.
- 4. An alien paroled into the United States for at least one year under Section 212(d)(5) of the INA.
- 5. An alien whose deportation is being withheld under Section 243(h) of the INA.
- 6. An alien granted conditional entry under Section 203(a)(7) of the INA as in effect prior to April 1, 1980.
- 7. An alien who is a Cuban/Haitian entrant.
- 8. An alien who has, or whose child or child's parent is a "battered alien" or an alien subject to extreme cruelty in the United States

**Nonimmigrant Status** (8 U.S.C. § 1621(a)(2))

- 9. A nonimmigrant under the Immigration and Nationality Act [8 U.S.C § 1101 et seq.] Non-immigrants are persons who have temporary status for a specific purpose. See 8 U.S.C § 1101(a)(15).

**Alien Paroled into the United States for Less Than One Year** (8 U.S.C. § 1621(a)(3))

- 10. An alien paroled into the United States for less than one year under Section 212(d)(5) of the INA

**Other Persons** (8 U.S.C § 1621(c)(2)(A) and (C))

- 11. A nonimmigrant whose visa for entry is related to employment in the United States, or
- 12. A citizen of a freely associated state, if section 141 of the applicable compact of free association approved in Public Law 99-239 or 99-658 (or a successor provision) is in effect [Freely Associated States include the Republic of the Marshall Islands, Republic of Palau and the Federate States of Micronesia, 48 U.S.C. § 1901 et seq.];
- 13. A foreign national not physically present in the United States.
- 14. **Otherwise Lawfully Present**
- 15. A person not described in categories 1-13 who is otherwise lawfully present in the United States.

**PLEASE NOTE: The federal Personal Responsibility and Work Opportunity Reconciliation Act may make persons who fall into this category ineligible for licensure. See 8 U.S.C. §**

**VIDHI SHARMA**

Print Name

*Vidhi Sharma*

Signature

**10/18/23**

Date

DEPARTMENT OF HOMELAND SECURITY

1089 027 164  
OCT 23 09 17C AT 9-43

No. 42051017

CERTIFICATE OF CITIZENSHIP

Personal description of holder  
as of date of naturalization:

Date of birth

Sex FEMALE

Height: 5 feet 09 inches

Marital status: MARRIED

Country of former nationality:  
INDIA

U.S.C.I.S. Registration No. 1089 027 164

I certify that the description given is true and that the holder is a citizen of the United States.

It is known that, pursuant to applicable provisions of the Homeland Security

at PHOENIX, ARIZONA

The Secretary having found that  
VIDHI SHARMA

residing at  
CHANDLER, ARIZONA

having complied in all respects with all of the applicable provisions of the naturalization laws of the United States, being entitled to be admitted as a citizen of the United States, and having taken the oath of allegiance in a ceremony conducted by

U.S. CITIZENSHIP AND IMMIGRATION SERVICES

at PHOENIX, ARIZONA

on: JULY 23, 2020



such person is admitted as a citizen of the United States of America

Ken C II

U.S. Citizenship and Immigration Services

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A FEDERAL OFFICE AND FOR CHANGE BY LAW

DEPARTMENT OF HOMELAND SECURITY



ARIZONA  
The Grand Canyon State

# DRIVER LICENSE

NOT VALID FOR OFFICIAL FEDERAL PURPOSES



44 DLN [REDACTED]

24 EXP [REDACTED]

4-185 07/08/2023

3 908 [REDACTED]

1 SHARMA

2 VIDHI

3 3382 S RINCON DR  
CHANDLER, AZ 85226-0257

SEX HEIGHT HAIR EYES WEIGHT  
F 5-04" BLK 150 LB

CLASSIFICATION  
D NONE

RESTRICTIONS  
NONE

ISSUANCE DATE [REDACTED]



City of Holbrook  
Council Action Form

**Tab Number:** 4

**Meeting Date:** December 13, 2023

**To:** Mayor and City Council

**From:** Interim City Manager

**Subject:** Discussion possible action entering into a lease agreement Petracom of Holbrook

**Discussion:** Petracom currently rents a building from the City of Holbrook and the building is constantly getting flooded and when that happens, Petracom cannot service equipment. This agreement would allow them to place the equipment in a small corner of the treatment plant and give them easier access.

**Fiscal Impact:** none

**Recommendation:** Enter into Lease agreement

**Approved by:** Randall L Sullivan Jr  
Randall L Sullivan Jr, Interim City Manager



## **LEASE**

THIS LEASE ("Lease") is made this 13th day of December 2023 by and between the **CITY OF HOLBROOK**, an Arizona municipal corporation ("Lessor" or "City" or "Holbrook"), and **PETRACOM OF HOLBROOK, LLC**, a Delaware limited liability company ("Lessee"). Lessor and Lessee may be jointly called "Parties" or individually "Party".

**WHEREAS** Lessor is the owner of certain real property within the jurisdiction of City of Holbrook and the Wastewater Treatment office building located thereon; and

**WHEREAS** Lessee desires to lease a portion of the real property herein described for use by Lessee solely for the operation of an AM transmitter; and

**WHEREAS** it is in the best interests of the City of Holbrook to lease space to Lessee for the purpose of operating an AM transmitter.

**IN CONSIDERATION OF THE PREMISES** and the mutual covenants herein contained, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged by each Party to the other, the Parties hereto agree as follows:

### **1. PREMISES.**

That the subject of this Lease is more particularly described as space, as set forth below, located within Holbrook Wastewater Treatment office building located at 300 Broadcast Ln and designated as follows:

The "Leased Premises" shall be an area located within Lessor's Wastewater Treatment office building, and shall be no larger than 24 contiguous square feet in total floor space. The exact location of the Leased Premises within the Wastewater Treatment office building shall be subject to the approval of the Holbrook City Manager, or his designee, in his sole and absolute discretion.

### **2. OCCUPANCY PERIOD**

Lessor hereby grants to Lessee 24-hour use of the Leased Premises to operate AM transmitter equipment. Lessor hereby agrees to allow reasonable access to the Premises by Lessee's personnel, including, but not limited to, maintenance and replacement of Lessee's AM transmitter equipment.

**3. TERM.**

The term of this Lease shall commence on the Effective Date set forth above and terminate on the date that is five (5) years following the Effective Date. Provided Lessee is not then in default of this Lease, Lessee shall have one option to renew the term of this Lease for five (5) years (the "Option"). For Lessee to exercise the Option, Lessee must give written notice of its intent to exercise the option not less than three (3) months prior to the expiration of the term of this Lease.

**4. TERMINATION.**

Either party has the right to terminate this Lease for cause or convenience upon giving ninety (90) days prior written notice.

**5. WARRANTY.**

Upon the Commencement Date, Lessee shall accept the Leased Premise and fixtures in its existing condition. Lessee agrees that no representations, statements or warranties, express or implied, have been made by or on behalf of the Lessor as to the condition thereof. In no event shall the Lessor be liable for any defect in such Leased Premises or for any limitation on its use.

**6. RENT.**

A. Lessee shall pay to Lessor annual "Rent" in the amount of One (1) dollar for the term of this lease.

B. All rental payments due under the terms of this Lease shall be addressed to the Lessor at the address below, unless and until another address is designated by Lessor for receipt of payments:

City of Holbrook  
465 N 1st Ave  
Holbrook, Arizona 86025  
Attn: City Manager

**7. CITY AND STATE TAXES.** In addition to the rent specified above, Lessee shall be responsible for all taxes, fees, and assessments arising as a result of this Lease, if any. Lessee further understands and agrees that in the event the Leased Premises become subject to government property lease excise tax pursuant to A.R.S. Title 42, Chapter 6, Article 5, Lessee shall pay such excise tax and Holbrook shall have no responsibility whatsoever for such excise

taxes.

**8. SURRENDER OF PREMISES.** Subject to the terms and conditions provided herein, it is agreed that at the expiration of any term of this Lease, or any sooner termination thereof, Lessee will quit and surrender the Leased Premises. At the termination of this Lease, Lessee shall surrender the Leased Premises to Lessor in the same condition as received, ordinary wear and tear excepted. If the Lessee should hold over the said term with the consent, express or implied, of Lessor, such holding over shall be construed as a tenancy only from month to month, and the Lessee shall continue to pay the prevailing rent for such term as Lessee holds same.

**9. USE.**

A. Lessee shall use the Leased Premises solely for the use by Lessee for the operation of an AM transmitter and for no other purpose without Lessor's prior written consent, which consent may be withheld in Lessor's sole and absolute discretion.

B. Lessee shall, at Lessee's expense, comply with all applicable statutes, ordinances, rules, regulations, orders, and requirements in effect during the term or any part of the Term hereof regulating the use by Lessee of the Leased Premises.

C. Lessee hereby accepts the Leased Premises in the condition existing as of the date of the execution hereof, subject to all applicable zoning, municipal, county, and state laws, ordinances, and regulations governing and regulating the use of the Leased Premises, and accepts this Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto. Lessee acknowledges that neither Lessor nor Lessor's agent have made any representation or warranty as to the suitability of the Leased Premises for the conduct of Lessee's business.

D. Lessee acknowledges that its use of the Leased Premises described herein are non-exclusive, and that the Leased Premises will also be used by the Lessor as a Wastewater Treatment office building, and for other municipal and governmental purposes as determined by Lessor.

E. Lessee acknowledges the City shall not incur any charge, cost, fee, or expense on behalf of Lessee for any reason whatsoever.

**10. SIGNS.** Lessee shall place no signs, flags, or posters or other advertising

or promotional materials on the Leased Premises, on the exterior of the building in which the Leased Premises are located, or in the windows of the Leased Premises without having obtained Lessor's prior written consent, which consent may be withheld at the sole discretion of the Lessor.

**11. IMPROVEMENTS; REPAIRS; ALTERATIONS.** Lessee agrees to maintain the Leased Premises, including any improvements thereto, at Lessee's sole cost and expense and to keep the Premises in a good condition as on the Effective Date, normal wear and tear excepted. Lessor shall have absolutely no maintenance obligations to the Premises or any improvement thereto. Lessor agrees to allow Lessee to make alterations or improve the Premises, including granting exterior wall throughput access for Lessee's coaxial cable and any utility connections that may be required by Lessee. Lessor hereby grants permission to Lessee to dig a trench up to 12" in depth and approximately 350' in length from the Wastewater Treatment building to the transmitting tower located on City of Holbrook property. Lessee agrees to backfill said trench and repair any damage caused to Lessor's property as a result of digging said trench.

**12. UTILITIES.** Prior to utilization of the Leased Premises, Lessee agrees to install and utilize at its own expense on, a separate electric meter and account from Arizona Public Service (APS) to power any and all of Lessee's equipment to be used by Lessee within Leased Premises. The separate electric meter will be located on the outside of Leased Premises. Lessee agrees to pay all charges, including deposits when required, for utilities used by Lessee. All contracts for utility services used by Lessee shall be entered into in Lessee's name and for its exclusive benefit. Lessee further agrees to pay all state and local privilege, sales, business, occupational, license, personal, and all other taxes and assessments, if any, levied on or arising out of the use, occupancy, and conduct of Lessee's business within and upon the Premises.

**13. REPAIRS.** Any repairs which are required to be done to the Leased Premises which are necessitated by the negligence or acts of the Lessee, its employees or agents, shall be repaired as determined by the Lessor, the cost of which shall be borne by the Lessee.

**14. KEEPING PREMISES CLEAN.** Lessee agrees to assist in keeping the Leased Premises clean and neat at all times.

**15. ALTERATIONS AND ADDITIONS.** Alterations and additions may not be made to the Leased Premises without the prior written consent of the Lessor, which consent may

be withheld in Lessors sole and absolute discretion. Any alteration of or addition to the Leased Premises shall become part of the realty and shall belong to the Lessor upon termination of this Lease. Storage equipment that is freestanding and not mounted to any wall shall remain the property of the Lessee, and shall be removed upon expiration of this Lease or earlier termination thereof.

**16. LIENS CREATED BY LESSEE.** Lessee shall have no power to do any act or to make any contract that may create or be the foundation for any lien upon the property on which the Leased Premises are located or other estate or reversion of the Lessor in the Leased Premises or upon any building or improvement thereon, and should any such lien be filed, the Lessee, at its sole cost and expense, shall bond or otherwise discharge the same within ten (10) days after the filing thereof

**17. PROHIBITION AGAINST ASSIGNMENT.** Lessee shall not assign, mortgage or encumber this Lease nor sublet nor permit the Leased Premises or any part thereof to be used by others, without the prior written consent of the Lessor in each instance, which consent may be withheld in Lessors' sole and absolute discretion.

**18. PROHIBITION AGAINST LESSEE.** Lessee shall not, at any time, without first obtaining the Lessor's express written consent, which consent may be withheld in Lessors' sole and absolute discretion:

A. Perform any act or carry on any practice which may damage, mar or deface the Leased Premises, the building in which the Leased Premises is located, or the property on which the Leased Premises is located other than the installation or removal of AM transmitter equipment;

B. Install, operate or maintain in the Leased Premises any electrical equipment which will overload the electrical system therein or any part thereof, beyond its reasonable capacity for proper and safe operation as determined by Lessor, in Lessors' sole and absolute discretion.

**19. DAMAGE OR INJURY TO PERSON OR PROPERTY.**

A. Lessee hereby agrees to indemnify and hold harmless the Lessor from any and all liability for any damage or injury to person or property caused by or resulting from any act or omission of Lessee, its employees or agents arising from or relating to Lessee's use or occupation of the Leased Premises, the building in which the Leased Premises is located, or the property on which the Leased Premises is located.

B. Lessor hereby agrees to exempt, indemnify and hold harmless the Lessee from any and all liability for any damage or injury to person or property caused by or resulting from any act or omission of gross negligence of Lessor, its employees or agents, except as set forth immediately below.

**20. INSURANCE.** Lessee shall maintain a comprehensive public liability insurance policy in an amount of not less than Two Million Dollars (\$2,000,000.00), insuring against liability for bodily injury and property damage, for the benefit of Lessor and adhere to any insurance conditions and requirements attached as an exhibit to this Lease.

**21. LANDLORD'S OBLIGATIONS.** Notwithstanding any other terms hereof, except for damage caused by any act or omission of Lessee, Lessee's agents, employees, or invitees, Lessor, at Lessor's expense, shall keep in good condition and repair the Wastewater Treatment office building in which the Leased Premises are located.

**22. DEFAULTS.** The occurrence of any one or more of the following events shall constitute a material default and breach of this lease by Lessee:

A. The failure by Lessee to make any payment of rent or any other payment required to be made by Lessee hereunder, as and when due, or to provide proof of payment of said amounts upon demand of Lessor.

B. The failure by Lessee to observe or perform any of the covenants, conditions, or provisions of this Lease to be observed or performed by Lessee, other than described in paragraph A above, where such failure shall continue for a period of fifteen (15) days after written notice hereof from Lessor to Lessee; provided however, that if the nature of Lessee's default is such that more than fifteen (15) days are reasonably required for its cure, then Lessee shall not be deemed to be in default, if Lessee commenced such cure within said fifteen (15) day period and thereafter diligently prosecutes such cure to completion.

C. (i) The making by Lessee of any general assignment, or general arrangement for the benefit of creditors; (ii) the filing by or against Lessee of a petition to have Lessee adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Lessee, the same is dismissed within sixty (60) days);

(iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Leased Premises or of Lessee's interest in the lease, where possession is not

restored to Lessee within thirty (30) days; or (iv) the attachment, execution, or other judicial seizure of substantially all of Lessee's assets located at the Leased Premises or of Lessee's interest in this Lease, where such seizure is not discharged within thirty (30) days.

**23. REMEDIES.**

A. If Lessor or Lessee determines that the other Party has not fulfilled its duties or obligations under this Lease, this Lease may be terminated by that Party upon thirty (30) days written notice to the other Party. However, the Party desiring to terminate this Lease must provide notice as to the specific manner in which the other Party has not fulfilled the aforementioned duties. The Party deemed to be failing its duties or obligations would then have fifteen (15) days to implement a solution before final notice of termination is issued.

B. Notwithstanding the provisions in Paragraph 22(A) above, if Lessee is in material breach of this Lease for failure to make payment of rent, Paragraph 24 hereof shall apply.

**24. NON-PAYMENT OF RENT.** In addition to any other remedy provided for in this lease, Lessee further agrees with Lessor that upon the non-payment of the whole or any part of the said rent or other payment due hereunder at the time when same is promised to be paid by the said Lessee, the Lessor, at its election, may declare this Lease at an end and recover possession of said Leased Premises, as though the same were held by forcible detainer, said Lessee hereby waiving any notice of such election or any demand for rent; and further, that in the event the Leased Premises or part thereof shall be deserted during said term or of the breach of any of the other terms, covenants or agreements herein contained, and by the Lessee to be kept and performed, the Lessor may declare this Lease to be at an end and become entitled to the immediate possession of the Leased Premises and may pursue any other remedy provided for herein; or they may treat this Lease as continuing and take, have and recover any damages they may have sustained by reason of such breach.

**25. INDEPENDENT COVENANT FOR PAYMENT OF RENT.** The covenant of the Lessee to pay rent shall at all times be recognized as an independent covenant under the terms of this Lease and shall in no way be construed to be dependent upon any other clause, condition or covenant contained herein.

**26. DEFAULT BY LESSOR.** Lessor shall not be in default unless Lessor fails

to perform obligations required of Lessor within a reasonable time, but in no event earlier than thirty

(30) days after written notice by Lessee specifying wherein Lessor has failed to perform such obligations; provided however, that if the nature of Lessor's obligation is such that more than thirty

(30) days are required for performance then Lessor shall not be in default if Lessor commences performance within such thirty-day period and thereafter diligently prosecute the same to completion.

**27. INTEREST ON PAST DUE OBLIGATIONS.** Except as expressly herein provided, any amount due to Lessor not paid when due shall bear interest at eighteen percent (18%) per annum from the date due. Payment of such interest shall not excuse or cure any default by Lessee under this Lease.

**28. NOTICES.** Any notice required or permitted to be given hereunder shall be in writing and may be served personally or by regular mail, addressed to Lessor or Lessee respectively at the following addresses (until written notice of change of address is provided by either Party to the other):

To Lessor:

City of Holbrook Attention: Randy Sullivan  
465 N 1st Ave  
Holbrook, Arizona, 85142

With a copy to the City Manager at the following  
address:

To Lessee:

Petracom of Holbrook, LLC  
1838 W Commerce Dr # A  
Lakeside, AZ 85929

**29. WAIVER BY LESSOR.** The waiver by either Party of any breach or breaches by the other of any one or more of the covenants, agreements, conditions, or obligations herein contained shall not bar either Party's right to employ any rights or remedies in the event of any subsequent breach of any such or other covenants, agreements, conditions, or



obligations. Any entry and/or re-entry by the Lessor, whether had or taken under what is generally known as summary proceedings, or otherwise, as provided by the terms of this Lease, shall not be deemed to absolve or discharge the Lessee from liability hereunder.

**30. SEVERABILITY.** The invalidity of any provision of this Lease as determined by a Court of competent jurisdiction, shall in no way effect the validity of any other provision hereof, so long as the original intent of the Parties is not defeated thereby.

**31. CHANGE IN LEASE.** The making, execution and delivery of this Lease has not been induced by any representation, statement, warranties or agreements other than those herein expressed. It is mutually agreed by and between the Parties hereto that this Lease supersedes all other previous and/or other agreements bearing upon the Leased Premises, and it is further agreed that no changes to or in this Lease shall be made without being in writing, signed by all of the Parties hereto.

**32. RESERVATION BY LESSOR.** Lessor reserves the right to make improvements and additions upon the Leased Premises. Any such additions or improvements, if not an integral part of the Leased Premises, shall be property of Lessor and shall not be deemed part of the Leased Premises.

**33. CONFLICT OF INTEREST.** Pursuant to A.R.S. § 38-511, the City of Holbrook may cancel this Lease, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the Lease on behalf of the City is, at any time while the Lease or any extension of the Lease is in effect, an employee or agent of any other Party to the Lease in any capacity or a consultant to any other Party of the Lease with respect to the subject matter of the Lease. In the foregoing event, the City of Holbrook further elects to recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating this Lease on behalf of the City of Holbrook from any other Party to the Lease arising as a result of this Lease.

**34. CONSTRUCTION.** The terms and conditions of this Lease shall be construed and governed in accordance with the laws of the State of Arizona without regard to conflict of law principles.

**35. DISPUTE RESOLUTION.** The Parties hereto expressly covenant and agree that in the event of a dispute arising from this Lease, each of the Parties hereto waives any right to a trial by jury. In the event of litigation, the Parties hereby agree to submit to a trial

before the Court. The Parties hereto further expressly covenant and agree that in the event of litigation arising from this Lease, neither Party shall be entitled to an award of attorneys' fees, either pursuant to the Lease, pursuant to ARS Section 12-341.01(A) and (B), or pursuant to any other state or federal statute.

**36. TIME IS OF THE ESSENCE.** Time is of the essence of this Lease. The failure of either Party to require the strict performance by the other of any provision of this Lease shall not be deemed a waiver of the right of said Party thereafter to require strict performance of that or any other provision of this Lease in accordance with the terms hereof, and without notice.

**37. NON-DISCRIMINATION CLAUSE.** The Lessee, with regard to the provisions of services to the general public pursuant to this Lease, will not discriminate on the grounds of race, color, national origin, religion, sex, disability or familial status. The Lessee will not participate either directly or indirectly in the discrimination prohibited by or pursuant to Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Section 109 of the Housing and Community Development Act of 1974, the Age Discrimination Act of 1975, and Executive Orders 99-4 and 2000-4.

**38. CONTRACT ADMINISTRATOR.** The Contract Administrator for the purposes of this Lease shall be the Holbrook City Manager (or his designee), until such time that a different contract administrator is designated by the Holbrook City Manager. Whenever the consent of the City of Holbrook is required pursuant to the terms of this Lease, the Contract Administrator is hereby empowered to give such consent on behalf of the Lessor, with the exception of any material changes to the Lease pursuant to Paragraph 28, which are required to be approved by the Holbrook City Council.

**39. COUNTERPARTS.** This Lease may be executed in one or more counterparts, and each originally executed duplicate counterpart of this Lease shall be deemed to possess the full force and effect of the original.

**40. ISRAEL BOYCOTT PROVISION.** To the extent applicable Lessee certifies to City 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.

**41. A.R.S. § 35-394 CERTIFICATION.** Pursuant to A.R.S. § 35-394, Lessee hereby certifies to City and agrees for the duration of this Lease that Lessee will not

use: 1) the forced labor of ethnic Uyghurs in the People's Republic of China; 2) any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China; and/or 3) any contractors, subcontractors or suppliers that use the forced labor or any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China. If Lessee becomes aware during the term of the Contract that Lessee is not in compliance with the above written certification, Lessee shall notify City within five business days after becoming aware of the noncompliance. If Lessee does not provide City with a written certification that Lessee has remedied the noncompliance within one hundred eighty days after notifying City of the noncompliance, this Contract will terminate, except that if this Contract termination date occurs before the end of the remedy period, this Contract terminates on the Contract termination date

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on or as of the day and year first written above.

LESSOR: CITY OF HOLBROOK

LESSEE: PETRACOM OF HOLBROOK, LLC

\_\_\_\_\_  
Randy Sullivan, City Manager

\_\_\_\_\_  
Name: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
\_\_\_\_\_, City Clerk

REVIEWED AS TO FORM BY:

\_\_\_\_\_  
Dickinson Wright, PLLC  
Attorney for the City

City of Holbrook  
Council Action Form

**Tab Number:** 5

**Meeting Date:** December 13, 2023

**To:** Mayor and City Council

**From:** Interim City Manager

**Subject:** Discussion possible action entering into 2023 agreement with Arizona Department of Revenue

**Discussion:** The City has to approve the IGA and every several years, the IGA goes through a revision. The last revision was done in 2019.

**Fiscal Impact:** None

**Recommendation:** Enter into IGA with Arizona Department of Revenue (Resolution 23-16)

**Approved by:** Randall L Sullivan Jr  
Randall L Sullivan Jr, Interim City Manager

**RESOLUTION NO. 23-16**

**A RESOLUTION OF THE CITY/TOWN COUNCIL OF THE CITY/TOWN OF HOLBROOK, ARIZONA APPROVING AND AUTHORIZING THE MAYOR TO EXECUTE AN INTERGOVERNMENTAL AGREEMENT (IGA) BETWEEN THE CITY/TOWN OF HOLBROOK AND THE STATE OF ARIZONA DEPARTMENT OF REVENUE FOR THE ADMINISTRATION, COLLECTION, AUDIT, AND LICENSING OF TRANSACTION PRIVILEGE TAXES, USE TAXES, SEVERANCE TAXES, JET FUEL EXCISE AND USE TAXES AND RENTAL OCCUPANCY TAXES IMPOSED BY THE STATE, CITIES OR TOWNS.**

WHEREAS, Title 11, Chapter 7, Article 3 (A.R.S. § 11-952) authorizes two or more public agencies to enter into intergovernmental agreements to contract for services if authorized by their legislative or governing bodies; and

WHEREAS, A.R.S. § 42-6001 et seq. was amended effective January 1, 2015 to provide that the Arizona Department of Revenue, hereinafter referred to as ADOR, shall enter into an intergovernmental contract or agreement pursuant to A.R.S. § 11-952 to provide a uniform method of administration, collection, audit and licensing of transaction privilege and affiliated excise taxes imposed by the State, cities or towns; and

WHEREAS, representatives of ADOR and representatives of Arizona cities and towns, with support from the League of Arizona Cities and Towns, have negotiated the terms of a new IGA to take effect as described within that document, which can be adopted individually by each Arizona city and town, and is the subject of this Resolution.

NOW THEREFORE BE IT RESOLVED, that the City/Town Council of the City/Town of Holbrook, Arizona hereby approves the Intergovernmental Agreement between the City/Town of Holbrook and the Arizona Department of Revenue for the administration, collection, audit and licensing of transaction privilege taxes, use taxes, severance taxes, jet fuel excise and use taxes and rental occupancy taxes imposed by the State, cities or towns, and authorizes the following:

1. The Mayor, or their duly authorized agent, shall notify ADOR of the City's desire to enter into an IGA as required by ARS §42-6001, with an effective date as described within that document, together with the encapsulated provisions for annual renewals.

2. The Mayor may enter into the proposed IGA on behalf of the City/Town of Holbrook, and execute all such other documents, contracts, amendments and agreements with ADOR as may be necessary to effectuate this agreement.

PASSED AND ADOPTED by the City/Town Council of the City/Town of Holbrook, Arizona this 13th day of December, 2023.

**INTERGOVERNMENTAL AGREEMENT BETWEEN  
THE ARIZONA DEPARTMENT OF REVENUE AND  
THE CITY/TOWN OF \_\_\_\_\_**

THIS INTERGOVERNMENTAL AGREEMENT (“Agreement”) is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2023, by and between the Arizona Department of Revenue (“Department”) and the City/Town of \_\_\_\_\_, an Arizona municipal corporation (“City/Town”). This Agreement shall supersede and replace all previous intergovernmental agreements, including amendments thereto, entered into by the Department and City/Town regarding the administration, collection, audit, and/or licensing of transaction privilege tax, use tax, severance tax, jet fuel excise and use taxes, and rental occupancy taxes (collectively referred to as “Taxes”) imposed by the State, City/Town, and other Arizona municipalities.

**RECITALS**

WHEREAS, A.R.S. Title 11, Chapter 7, Article 3 (A.R.S. § 11-952 *et seq.*) authorizes two (2) or more public agencies to enter into intergovernmental agreements to contract for services, if authorized by their legislative or governing bodies.

WHEREAS, A.R.S. § 42-6001 *et seq.* was amended effective January 1, 2015 to provide that the Department shall collect and administer any transaction privilege and affiliated excise taxes imposed by any Arizona municipality and that the Department and each municipality shall enter into an intergovernmental contract or agreement pursuant to A.R.S. § 11-952 to provide a uniform method of administration, collection, audit, and licensing of transaction privilege and affiliated excise taxes imposed by the State and Arizona municipalities.

WHEREAS, City/Town has taken appropriate action by ordinance, resolution, or otherwise, pursuant to the laws applicable to the governing body of City/Town, to approve and authorize City/Town to enter into this Agreement.

**AGREEMENT**

NOW, THEREFORE, in consideration of the foregoing, the Department and City/Town enter into this Agreement as follows:

**1. Definitions**

**1.1 A.R.S.** means the Arizona Revised Statutes.

**1.2 Adoption of an Ordinance** means final approval by majority vote of the City/Town council.

- 1.3 **Ambassador Program** means the Department’s provided structure and support of curriculum related to tax administration and compliance education.
- 1.4 **Arizona Management System** means the State’s professional, results-driven management system that focuses on customer value and vital mission outcomes for citizens. The system is based on principles of Lean, a proven people-centered approach that has delivered effective results in both public and private sectors. Lean focuses on customer value, continuous improvement and engaged employees to improve productivity, quality, and service.
- 1.5 **Audit** means an examination and verification of accounts and records to determine taxpayer compliance with A.R.S. Title 42 and the Model City Tax Code, or any other assessment issued pursuant to A.R.S. § 42-1108.
- 1.6 **City Services** means the Department’s team or successor unit thereof that assists Arizona municipalities with administrative functions and all other activities related to transaction privilege tax licensing, collection, and compliance of any kind. In this Agreement, all references to electronic communications with City Services shall be directed to the team’s address at [citiesunit@azdor.gov](mailto:citiesunit@azdor.gov).
- 1.7 **Closing Agreement** means an agreement to settle a tax liability pursuant to A.R.S. § 42-1113.
- 1.8 **Collection** means activities to collect established liabilities for transaction privilege taxes, fees, and related penalties and interest that are due and owing.
- 1.9 **Confidentiality Standards** means the standards set forth in A.R.S. § 42-2001 *et seq.*, Model City Tax Code § 510, Appendix A of this Agreement, and such other written standards mutually agreed to by the Department and City/Town, and which will be incorporated into Appendix A of this Agreement.
- 1.10 **Development Fees** has the same meaning prescribed in A.R.S. § 42-5075(B).
- 1.11 **Desk Review** means any assessment issued pursuant to A.R.S. § 42-1109(B).
- 1.12 **Federal Tax Information (“FTI”)** means Federal income tax returns or return information the Department receives from the Internal Revenue Service, including any information created by the Department derived from that information. Documents obtained from a taxpayer or State income tax returns are not considered Federal Tax Information. The scope of this Agreement does not permit the Department to share FTI with any Arizona municipality.
- 1.13 **Independent Contractor** means any individual or entity with which City/Town may enter into an agreement to perform transaction privilege tax administration, collection, audit, licensing, and any other related duties described in this Agreement or A.R.S. § 42-6001 *et seq.*
- 1.14 **Model City Tax Code** means the document defined in A.R.S. § 42-6051.

- 1.15 Municipal Tax or Municipal Taxes** means collectively the transaction privilege and affiliated excise taxes, including use tax, severance tax, jet fuel excise and use tax, and rental occupancy tax imposed by City/Town in accordance with the Model City Tax Code and similar taxes imposed by City/Town pursuant to a City/Town code section outside the Model City Tax Code that are collected via the standard transaction privilege tax return. Unless the context provides otherwise, this definition includes municipal privilege tax, municipal privilege tax license fees, and all related penalties, interest and other similar charges collected by the Department on behalf of an Arizona municipality.
- 1.16 Options Chart** means any chart contained in a section of the Model City Tax Code which identifies the various approved standard Options adopted by an Arizona municipality.
- 1.17 Primary Point of Contact (“PPOC”)** means a designated City/Town representative with the primary responsibility for communicating with the Department and their respective staff on any matters described within this Agreement. The PPOC must be an individual qualified to receive Tax Information under Section 2.1 of this Agreement and be included on the Master Authorization List referenced in Section 2.3 of this Agreement.
- 1.18 Profile** means a dedicated section of the Model City Tax Code that provides specific information for each Arizona municipality, including contact information, applicable tax rates, and amendments and provisions unique to City/Town.
- 1.19 Standard Audit Life Cycle Process Map** means a document containing the decisions and procedures adopted by the Department and Arizona municipalities from the assignment of audits through final resolution consistent with this Agreement and the Arizona Management System principle of continuous improvement. This document shall be reviewed by the Department and Arizona municipalities as needed, not less than annually, with any changes memorialized in a revised map. In the event of a disagreement regarding proposed changes, the Standard Audit Life Cycle Process Map shall be referred to SMART for resolution.
- 1.20 Standard Authorization List Update Process Map** means a document containing the decisions and procedures adopted by the Department and Arizona municipalities to keep an updated list of current employees and contractors who are authorized to receive Tax Information consistent with this Agreement and with the Arizona Management System principle of continuous improvement. This document shall be reviewed by the Department and Arizona municipalities as needed, not less than annually, with any changes memorialized in a revised map. In the event of a disagreement regarding proposed changes, the Standard Authorization List Update Process Map shall be referred to SMART for resolution.
- 1.21 Standard Inter-Jurisdictional Transfer Process Map** means a document containing the decisions and procedures adopted by the Department and Arizona municipalities to document and authorize the transfer of erroneously reported or



allocated tax from one (1) municipality to another based upon a municipality's request or during the audit process consistent with this Agreement and with the Arizona Management System principle of continuous improvement. This document shall be reviewed by the Department and Arizona municipalities as needed, not less than annually, with any changes memorialized in a revised map. In the event of a disagreement regarding proposed changes, the Standard Inter-Jurisdictional Transfer Process Map shall be referred to SMART for resolution.

- 1.22 State** means the State of Arizona.
- 1.23 State & Municipal Audit Resolution Team ("SMART")** means an advisory committee responsible for resolving issues as set forth in Section 15 of this Agreement.
- 1.24 State Tax or State Taxes** means transaction privilege tax and affiliated excise taxes, including use tax, severance tax, and jet fuel excise and use taxes imposed by the State of Arizona or its counties.
- 1.25 Tax Information** means information deemed confidential taxpayer information protected from disclosure pursuant to A.R.S. § 42-2001 *et seq.* or Model City Tax Code § 510 concerning the business financial affairs or operations of a taxpayer as it relates to Municipal Taxes or State Taxes. Tax Information includes all financial information related to transaction privilege taxes obtained from any source related to an individual taxpayer and all such aggregate financial information related to any group of identified or identifiable taxpayers.
- (a) Examples of Tax Information include without limitation:
- (1) Any information provided by the Department to City/Town derived from any source including tax returns, reports, tax license applications, and the New License Report or License Update Report; and
  - (2) Any information received by, recorded by, prepared by, furnished to, or collected by the Department or City/Town with respect to a transaction privilege tax return or the termination or possible existence of liability of any person for any transaction privilege tax and related penalty or interest, such as the taxpayer's identity; the nature, source, or amount of the taxpayer's income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, taxes withheld, deficiencies, over-assessments, or tax payments; or whether the taxpayer's account was, is being, or will be examined or subject to audit, desk review, investigation, collection, or processing.
- (b) Taxpayer identifying information obtained by City/Town from any source not identified in Section 1.25(a) of this Agreement is not Tax Information for purposes of this Agreement.

**1.26 Voluntary Disclosure Agreement** means a document used in a voluntary disclosure program designed for eligible taxpayers with exposure for tax liability and/or civil penalties arising from a failure to report and/or pay all Taxes due which allows the taxpayer to come into voluntary compliance.

**2. Authorized Access Lists**

**2.1 Statutory Authority:** The disclosure of information relating to State Taxes and Municipal Taxes is governed by A.R.S. § 42-2001 *et seq.*, and, for reporting periods prior to January 1, 2015, by Model City Tax Code § 510.

**2.2 Qualified Recipients of Information:** The Department and City/Town shall only disclose Tax Information related to State Tax and Municipal Tax pursuant to this Agreement to individuals authorized by law as described in Section 2.1 of this Agreement, including those authorized persons listed on the Authorized Access Lists provided by the Department and Arizona municipalities. Questions related to a listed Department recipient may be directed to City Services at [citiesunit@azdor.gov](mailto:citiesunit@azdor.gov). Questions related to a listed Arizona municipal recipient may be directed to the PPOC of the pertinent Arizona municipality.

**2.3 Department's Authorized Access List:** Pursuant to Section 2.4(c) of this Agreement, the Department shall maintain, update, and provide a current statewide Master Authorization List of names, job titles, and contact information of the Department staff and Arizona municipal representatives who are authorized by law as described in Section 2.1 of this Agreement to receive State Tax and Municipal Tax information from the Department or Arizona municipalities, as defined in the Standard Authorization List Update Process Map. Updates shall be provided on not less than a monthly basis. The Department shall promptly notify Arizona municipalities of any individual whose authorization to receive State Tax and Municipal Tax information has been revoked for any reason.

**2.4 City/Town's Authorized Access List:** City/Town shall maintain, update, and provide a current Authorized Access List of names, job titles, and contact information for all persons acting on behalf of City/Town authorized by law as described in Section 2.1 of this Agreement to receive State Tax and Municipal Tax information as defined in the Standard Authorization List Update Process Map.

(a) City/Town shall indicate one PPOC on the Authorized Access List to resolve any administrative issues with the Authorized Access List. At its discretion, City/Town may also indicate an additional individual as a back-up or alternate PPOC.

(b) City/Town shall ensure all personnel on the Authorized Access List meet the requirements indicated in the Confidentiality Standards (Appendix A) including completing all required confidentiality training certification and recertification as required from time to time, within the time required by the Department.

- (c) Upon execution of this Agreement and on the first day of each calendar quarter thereafter, City/Town shall email to City Services at [citiesunit@azdor.gov](mailto:citiesunit@azdor.gov) a current Authorized Access List of its staff and representatives authorized to receive State Tax and Municipal Tax information from the Department and Arizona municipalities, including additions and deletions, changes in job titles, and contact information. City/Town's PPOC shall promptly notify the Department of any person whose authorization to receive State Tax and Municipal Tax information is revoked for any reason.
- (d) The Department shall review City/Town's Authorized Access List. If the Department finds that any person on the list has not completed the required confidentiality training in a timely manner or does not meet the Confidentiality Standards in Appendix A of this Agreement, the Department shall notify the City/Town PPOC to resolve the issue. The Department shall not include that person on the Master Authorization List until the issues have been resolved to the satisfaction of the Department.

## **2.5 Independent Contractors:**

- (a) City/Town may at times choose to enter into a contract with an Independent Contractor to perform the transaction privilege tax administration, collection, audit, desk review, licensing, and other duties described in this Agreement or A.R.S. § 42-6001 *et seq.*
- (b) In accordance with A.R.S. §§ 42-1004 and 42-6002, no contract with an Independent Contractor may be entered into on a contingency fee basis for the performance of any transaction privilege tax related functions, including but not limited to license inspections, audits, desk reviews, or collections.
- (c) Within ten (10) business days of ratification of this Agreement, or subsequent execution of such a contract between City/Town and an Independent Contractor, City/Town shall provide a copy of each such contract to the City Services electronically at [citiesunit@azdor.gov](mailto:citiesunit@azdor.gov).
- (d) City/Town shall notify the Department of the expiration, termination, or amendment of any agreement with such Independent Contractors within ten (10) business days of such event.
- (e) In this Agreement it is presumed that any reference to a municipal employee such as a license inspector, auditor, desk reviewer, collector, supervisor, etc., also refers to an Independent Contractor performing that function on behalf of the Department or City/Town.
- (f) An Independent Contractor is subject to all training requirements, authorization limitations, and other privileges and restrictions incorporated into this Agreement or provided in statute in the same form and manner as

such conditions apply to an employee performing the same function on behalf of the Department or City/Town.

- (g) When an Independent Contractor issues any correspondence to a taxpayer on behalf of the Department or City/Town, the Independent Contractor shall expressly identify all of the following on such correspondence: the Independent Contractor's name; the name of the Independent Contractor's firm, if applicable; the Independent Contractor's status as a license inspector, auditor, desk reviewer, or collector acting on behalf of the Department or City/Town; the Independent Contractor's mailing address, telephone number, and e-mail address; and the telephone number and e-mail address of a specific person who is an employee of the Department or City/Town capable of responding to the issues raised in the correspondence for the Department or City/Town.
- (h) The Department and/or City/Town may pursue any remedy authorized by this Agreement or by statute for a violation of this Section by an Independent Contractor.

**2.6 Sharing of Authorized Access Lists:** The Department shall share the Department's Authorized Access List and the Authorized Access Lists for all Arizona municipalities provided to the Department on the Core SFTP site. The Department shall update the lists on a monthly basis with information provided by each Arizona municipality, or as needed to immediately remove any person whose authorized access has been revoked by the Department or an Arizona municipality.

**3. Disclosure of Information by City/Town to the Department or Another Arizona Municipality**

**3.1 Disclosure and Use of Municipal Tax Information:** Any Tax Information released by City/Town to the Department or another Arizona municipality may only be used by persons authorized to receive such Tax Information for tax administration and collection purposes and may not be disclosed to the public in any manner that does not comply with A.R.S. § 42-2003, and/or Model City Tax Code § 510 for reporting periods prior to January 1, 2015. All Tax Information shall be stored and destroyed in accordance with the Confidentiality Standards (Appendix A).

**3.2 Municipal Ordinances:** City/Town shall provide the Department with a copy of its Municipal Tax Code or any City/Town ordinances imposing the taxes to be collected hereunder within ten (10) calendar days of a request for such information from the Department. This information shall be sent to City Services electronically at [citiesunit@azdor.gov](mailto:citiesunit@azdor.gov).

- (a) **Tax Code Changes:** City/Town shall provide notice to the Department of any tax code change with a copy of any ordinance adopted by City/Town that imposes or modifies the Municipal Taxes or municipal privilege tax

license fees to be collected hereunder within ten (10) calendar days of adoption of the ordinance. This information shall be sent to City Services electronically at [citiesunit@azdor.gov](mailto:citiesunit@azdor.gov).

- (1) City/Town agrees that any ordinance that changes a tax rate, Option selection, or includes the addition or removal of a unique Model City Tax Code exception shall take effect on the first day of the month that is at least sixty (60) calendar days after the City/Town council adopts the change. City/Town and the Department recognize there may be occasions when the City/Town council establishes an effective date less than sixty (60) calendar days after adoption. If City/Town chooses to propose an ordinance with an effective date that is less than sixty (60) calendar days after adoption, City/Town shall notify the Department as soon as possible after that choice is made.
  - (2) The Department shall incorporate all ordinance changes into the official copy of the Model City Tax Code within ten (10) calendar days of receipt of notice from City/Town. The copy provided to the Department may be an electronic copy but shall reflect the identical language contained in the version adopted by the City/Town and shall contain the required signatures indicating council approval.
  - (3) The Department shall notify City/Town when the tax code change has been incorporated and City/Town is responsible for confirming the change has been correctly entered in the official copy of the Model City Tax Code.
  - (4) Pursuant to A.R.S. § 42-6052, if City/Town fails to notify the Department of a tax code change within ten (10) calendar days after City/Town council approval, the ordinance shall be considered null and void. All tax code changes described in this Section shall have no effect until reflected in the official copy of the Model City Tax Code.
- (b) Annexation Ordinances: Within fifteen (15) calendar days following the adoption of an annexation ordinance, one (1) copy of the ordinance and notification of the effective date of such ordinance shall be sent to the Department via email at [GIS@azdor.gov](mailto:GIS@azdor.gov) and City Services at [citiesunit@azdor.gov](mailto:citiesunit@azdor.gov). City/Town may provide the Department with a list of businesses subject to Municipal Taxes known to be located in the annexed area.
- (c) Review of the Model City Tax Code: City/Town shall be responsible for reviewing the information contained on its Profile, the Options Charts, tax rates for City/Town, and other information specific to City/Town contained in the official copy of the Model City Tax Code and ensuring it is correct.



City/Town affirms that it has an ongoing obligation to notify City Services of any changes needed to such information at [citiesunit@azdor.gov](mailto:citiesunit@azdor.gov).

- 3.3 **Development Fees:** Upon request by the Department to City/Town's PPOC, City/Town shall provide to the Department any information regarding Development Fees imposed by City/Town under A.R.S. § 9-463.05 to assist the Department with the auditing of taxpayers and the ordinary billing and collection of taxes.
- 3.4 **Prior Audits:** Upon request by the Department, City/Town shall allow inspections and copies of any City/Town tax audits conducted prior to January 1, 2015.
- 3.5 **Other Information:** City/Town shall provide other relevant information necessary for tax administration and collection purposes as requested by the Department.

4. **Disclosure of Information by Department to City/Town**

- 4.1 **Statutory Authority:** The Department may disclose information relating to State Taxes and Municipal Taxes to City/Town pursuant to A.R.S. § 42-2003 if the information relates to a taxpayer who is or may be taxable by a county, city, or town or who may be subject to audit by the Department pursuant to A.R.S. § 42-6002.
- 4.2 **Restrictions on Use and Disclosure to Unauthorized Parties:** Any Tax Information disclosed by the Department to City/Town is subject to all restrictions provided for in A.R.S. § 42-2003. Tax Information shall only be used by persons authorized to receive such Tax Information for internal tax administration purposes, including audit, desk review, collection, and licensing activity, and may not be disclosed to the public or any unauthorized party in any manner that does not comply with the Confidentiality Standards (Appendix A).
- 4.3 **Liability for Improper Disclosure:** The disclosure of confidential information concerning Arizona taxes is governed by A.R.S. § 42-2001 *et seq.*, which strictly controls the accessibility and use of this information. Individuals who receive confidential information relating to State Taxes and Municipal Taxes from the Department are subject to the penalties provided in A.R.S. § 42-2004 and other applicable statutes if they misuse or improperly disclose this information to unauthorized individuals.
- 4.4 **Reporting Potential Disclosure Violations/Incidents:** The Department shall not withhold Tax Information from City/Town provided that City/Town complies with A.R.S. § 42-2001 *et seq.*, and the Confidentiality Standards (Appendix A).
  - (a) If City/Town or the Department has information to suggest City/Town or any of its duly authorized representatives has violated A.R.S. § 42-2001 *et seq.* or the Confidentiality Standards (Appendix A), City/Town or the Department shall immediately notify City Services at [citiesunit@azdor.gov](mailto:citiesunit@azdor.gov), the Department's Disclosure Officer at [DisclosureOfficer@azdor.gov](mailto:DisclosureOfficer@azdor.gov), and the Department's Information Security Team at [InfoSec@azdor.gov](mailto:InfoSec@azdor.gov).

- (b) City/Town and the Department shall fully cooperate with the Department's Disclosure Officer and Information Security Team in investigating the alleged violation and shall promptly address any identified issues.
- (c) The Department's Disclosure Officer and Information Security Team:
  - (1) Shall send written notice to City/Town's PPOC detailing the alleged breach as understood by the Department and request a response to the allegation within twenty (20) calendar days of the date of the letter, and
  - (2) May inspect City/Town's records, facilities, and equipment to determine whether there has been a violation, and
  - (3) Shall review the written response from City/Town and consider the information contained therein and all relevant circumstances surrounding the alleged violation prior to issuing any determination, and
  - (4) Shall issue a written determination delivered by certified mail to City/Town regarding the alleged violation within sixty (60) calendar days of the date of City/Town's response letter. If the Department determines that a violation has occurred, the Department shall indicate whether a suspension of information is warranted and the length of the suspension. During the period of suspension, City/Town shall not access information maintained or created by the Department related to City/Town.
- (d) If the Department makes a written determination to suspend sharing of information, City/Town may, within ten (10) calendar days of receiving the written determination, submit a written request to SMART requesting the group review the determination as provided in Section 15 of this Agreement.
- (e) If there is a suspension of Tax Information sharing with City/Town, the Department shall maintain all information collected or created during the suspension period related to City/Town that would otherwise have been shared with City/Town and shall assist City/Town with accessing the accumulated information for City/Town immediately upon termination of the suspension.
- (f) Under no circumstances shall the suspension of any right to receive Tax Information adversely impact the Department's delivery or transfer of any City/Town revenues in any manner.

**4.5 Information to be Provided:** The Department shall provide information pursuant to A.R.S. § 42-6001(B). The Department shall provide such information as outlined

in Appendix B and elsewhere in this Agreement, which shall only be modified in accordance with Section 4.7 of this Agreement.

- (a) The Department shall not provide Federal Tax Information to City/Town.
- (b) In addition to the information detailed in Appendix B of this Agreement, the Department shall disclose, upon request, the following information to City/Town:
  - (1) Department tax audits, including all information related to all Arizona municipalities included in the tax audit; and
  - (2) Other relevant information necessary for City/Town's tax administration and collection purposes, including all information necessary to verify that City/Town received all revenues collected by the Department on behalf of City/Town.

**4.6 Storage and Destruction of Tax Information:** All Tax Information provided by the Department to City/Town shall be managed, stored, protected, and destroyed in accordance with the Confidentiality Requirements (Appendix A).

**4.7 Specificity of Data:** Pursuant to A.R.S. § 42-6001, the Department and City/Town agree that the data fields identified in Appendix B of this Agreement and the JT-1, TPT-2, and TPT-EZ forms in Appendix C of this Agreement (also provided online at [www.azdor.gov](http://www.azdor.gov)) meet the specificity requirements of City/Town. The data fields identified in Appendix B and the forms in Appendix C may be revised or replaced only by mutual agreement of the Department and Arizona municipalities, with any unresolved issues being referred to SMART for final determination.

**4.8.** Notwithstanding any provision to the contrary, nothing in this Section shall prevent the Department from complying with state information security requirements in the situation of a data breach or similar event.

## **5. Audit**

The Department shall administer audit functions with City/Town in accordance with the Standard Audit Life Cycle Process Map and with the following provisions.

**5.1 Training:** All auditors, desk reviewers, and supervisors shall be trained in accordance with the policies of the Department. Auditors and desk reviewers who have not completed the training may only work in conjunction with a trained auditor or supervisor and cannot be the only auditor or desk reviewer assigned to the audit or desk review. The Department shall do all the following:

- (a) Provide semi-annual audit and desk review training in accordance with A.R.S. § 42-6002(C) and be responsible for the costs of the training, limited to any cost for procuring the site and training materials;



- (b) Notify City/Town of any training sessions at least thirty (30) calendar days before the date of the training session;
- (c) Permit City/Town auditors, desk reviewers, and supervisors to attend any scheduled training as space permits at any designated training location;
- (d) Provide additional training, as needed, to inform auditors, desk reviewers, and supervisors regarding changes in State law, the Model City Tax Code, audit and desk review procedures, or Department policy.

**5.2 Conflicts of Interest:**

- (a) An auditor, desk reviewer, supervisor, or Independent Contractor trained and authorized to conduct an audit or desk review, in addition to the restrictions provided under A.R.S. Title 38, Chapter 3, Article 8, § 38-501 *et seq.*, shall not conduct any of the following prohibited acts:
  - (1) Represent a taxpayer in any tax matter against the Department or City/Town while employed by or in an Independent Contractor relationship with the Department or City/Town.
  - (2) Attempt to use his/her official position to secure any valuable thing or valuable benefit for himself/herself or his/her family members.
  - (3) Represent a taxpayer before the Department or City/Town concerning any matter in which he/she personally participated for a period of one year after he/she ends employment or the Independent Contractor relationship with the Department or City/Town.
  - (4) Use information he/she acquires in the course of the official duties as an auditor, desk reviewer, supervisor, or Independent Contractor in a manner inconsistent with his/her official duties without prior written approval from the Department.
  - (5) For a period of one (1) calendar year after he/she ends employment by or an Independent Contractor relationship with the Department or City/Town, work in the same firm as a person who represents a taxpayer against the Department or City/Town unless the firm institutes a formal screen or ethical wall to prevent any sharing of information between the person and the remainder of the firm. Documentation of such formal screen or ethical wall shall be provided by the firm to the Department or City/Town upon request.
  - (6) Receive compensation from a source other than City/Town or pursuant to an agreement with City/Town for the performance of any work or transaction performed expressly on behalf of City/Town.

- (7) Make any representation of being an employee or contractor of City/Town or the Department in marketing and promotional materials soliciting work or transactions to be performed on behalf of a taxpayer or potential taxpayer.
- (b) In addition to any other remedies available to the Department and City/Town by statute and under the terms of this Agreement, the Department may revoke an individual's authority to audit or perform desk reviews on behalf of the Department or City/Town and prohibit the use of any auditor, desk reviewer, supervisor, or Independent Contractor who violates this provision.

**5.3 Audits and Desk Reviews:**

- (a) City/Town may request the Department conduct an audit or desk review of any taxpayer engaged in business in City/Town, including a taxpayer whose business activity is subject to tax by City/Town but is not subject to tax by the State. The Department and Arizona municipalities shall collaboratively establish and maintain minimum justification standards and procedures City/Town shall adhere to when submitting an audit or desk review request.
- (b) City/Town may conduct an audit or desk review of a taxpayer engaged in business only in City/Town. Before commencing such audit, City/Town shall submit a Field Audit Request Form. Before commencing such desk review, City/Town shall submit the request using the Desk Review Approval Excel Sheet. The Department shall provide City/Town with a determination of approval or denial of the request within ten (10) calendar days of the notice from City/Town.
- (c) Except as permitted below, the Department shall conduct all audits and desk reviews of taxpayers having locations in two (2) or more Arizona municipalities. A City/Town auditor may participate in any audit or desk review City/Town requested the Department to perform.
- (d) City/Town shall notify the Department if it wants to conduct an audit or desk review of a taxpayer having locations in two (2) or more Arizona municipalities and whose business activity is subject to tax by City/Town but is not subject to tax by the State. The Department shall authorize such audits or desk reviews, to be overseen by the Department, unless there is already an audit or desk review of the taxpayer in process, scheduled, or planned, or the Department determines the audit or desk review selection is discriminatory, an abuse of process, or poses other similar defects. The Department shall notify City/Town of its determination within ten (10) calendar days. No initial audit or desk review contact may occur between City/Town and a taxpayer until the Department approves the audit or desk review notice.

- (e) In the case of taxpayers doing business in more than one (1) Arizona municipality:
  - (1) City/Town may request the Department conduct an audit or desk review of a taxpayer having locations in two (2) or more Arizona municipalities and whose primary business is subject to both Municipal Taxes and State Taxes.
  - (2) City/Town may request authorization from the Department for City/Town to conduct an audit or desk review of a taxpayer having locations in two (2) or more Arizona municipalities and whose primary business is subject to both Municipal Taxes and State Taxes.
  - (3) Requests pursuant to (e)(1) or (e)(2) shall be made using the Department's Field Audit Request Form or the Desk Review Approval Excel Sheet, as appropriate. The Department shall notify City/Town of its decision regarding the request within ten (10) calendar days of receipt of the request.
- (f) The Department may deny, in writing, City/Town's request for the Department to conduct an audit or desk review within ten (10) calendar days of receiving the request for any of the following reasons:
  - (1) An audit or desk review is already in process or is scheduled or planned for the taxpayer within six (6) months of the request;
  - (2) The requested audit or desk review would interfere with strategic tax administration planning;
  - (3) The audit or desk review selection is discriminatory, an abuse of process, or poses other similar defects;
  - (4) The request lacks sufficient information for the Department to determine whether it is appropriate;
  - (5) The Taxpayer was audited within the previous two (2) years;
  - (6) The Department lacks sufficient resources to conduct the audit or desk review;
  - (7) The scope or subject of the audit or desk review does not justify the use of Department resources.
- (g) If the Department denies a request to conduct an audit or desk review for the reasons provided in (f)(6) or (f)(7), and the audit or desk review is not for a taxpayer that only has a business location in City/Town, then City/Town may request to conduct the audit or desk review itself under the

supervision of the Department. No initial audit or desk review contact may occur between City/Town and a taxpayer until City/Town receives written Department approval.

- (h) Any decision by the Department denying City/Town's request to conduct any audit or desk review may be referred to SMART in accordance with Section 15 of this Agreement.
- (i) All audits or desk reviews conducted by City/Town shall be in accordance with standard audit procedures defined in the Department audit manual and the Standard Audit Life Cycle Process Map. All auditors and desk reviewers shall be trained in accordance with Section 5.1 of this Agreement.
- (j) The Department may appoint a Department manager to supervise any audit or desk review conducted by City/Town.
- (k) All audits shall include all taxing jurisdictions in the State regardless of which jurisdiction's auditors participate in the audit. All desk reviews must include all taxing jurisdictions for which there is information provided by the taxpayer.
- (l) The Department shall issue all audit or desk review assessments on behalf of all affected taxing jurisdictions in a single notice to the taxpayer.
- (m) The Department shall issue amendments to audit or desk review assessments on behalf of all affected taxing jurisdictions in a single notice to the taxpayer.

#### **5.4 Claims for Refund:**

- (a) When a taxpayer files a request for refund, including refunds requested by filing amended returns, the Department shall process the request and review it for mathematical errors or for the failure of the taxpayer to properly compute the tax based on the taxable income reported on the return or refund request.
- (b) The Department shall notify City/Town of all refund requests that are reviewed and approved involving City/Town's Municipal Taxes within thirty (30) calendar days of processing the refund. City/Town may request an audit of the taxpayer as set forth in Section 5.3 of this Agreement.
- (c) The Department may assign a Department auditor to review requests for refunds. The Department shall notify City/Town of all refunds under review by an auditor pertaining to a taxpayer who engages in business within City/Town within thirty (30) calendar days of initiating the review and may request that City/Town assist with such reviews, with acceptance of such request at the discretion of City/Town. The Department may assign a refund request to a City/Town for review, with acceptance of such assignment at

the discretion of City/Town. The Department may only assign refund requests to City/Town if taxes paid to City/Town are included in the refund request.

- (d) City/Town is responsible for payment of all amounts to be refunded to taxpayers for Municipal Tax incorrectly paid to City/Town. The Department may offset a remittance to City/Town under this Agreement to cover the amounts of allowed Municipal Tax refunds paid by the Department.
- (e) The Department shall issue refund approvals/denials on behalf of all taxing jurisdictions in a single notice to the taxpayer. City/Town may request copies of such determinations.

**5.5 Protests:** Taxpayer protests of audit assessments, desk review assessments, and refund denials shall be directed to the Department. Protests of audit assessments, desk review assessments, and refund denials shall be administered pursuant to A.R.S. Title 42, Chapter 1, Article 6. The Department shall notify City/Town of any protests within thirty (30) calendar days of receipt of the protest.

**5.6 Status Reports:** The Department shall keep all Arizona municipalities apprised of the status of each protested matter involving the imposition of Municipal Taxes. City/Town may request to be on a distribution list for monthly status reports by contacting City Services at [citiesunit@azdor.gov](mailto:citiesunit@azdor.gov).

## **6. Voluntary Disclosure Agreements**

The Department may enter into a Voluntary Disclosure Agreement with a taxpayer. A Voluntary Disclosure Agreement may limit the years subject to audit and waive penalties. If the taxpayer discloses to the Department that it owes Municipal Taxes to City/Town, the Department shall notify City/Town of the Department's intent to enter into a Voluntary Disclosure Agreement and the Department shall provide the taxpayer's identity within thirty (30) calendar days of the identity being disclosed to Department. City/Town may subsequently request an audit of a taxpayer subject to a Voluntary Disclosure Agreement pursuant to Section 5.3 of this Agreement.

## **7. License Compliance**

**7.1 License Issuance and Renewal:** The Department shall issue new municipal privilege tax licenses and shall annually renew such licenses for City/Town Municipal Tax. The Department shall provide City/Town with information about all persons obtaining and renewing municipal privilege tax licenses as set forth in Appendix B of this Agreement.

**7.2 License Checks:** The Department and City/Town shall coordinate efforts to conduct mutual tax license compliance checks through canvassing and other compliance methods.

- 7.3 Confidentiality:** Any tax license information City/Town obtains from the Department is confidential and may only be disclosed as authorized by A.R.S. § 42-2003. Any tax license information City/Town obtains through its own efforts may be disclosed as allowed by City/Town ordinance or policy.
- 7.4 Changes to License Fees:** Within ten (10) business days following the adoption of an ordinance (or official acknowledgment of an ordinance approved by voters in an election) creating or modifying a municipal privilege tax license fee, one (1) copy of the ordinance and notification of the effective date of such ordinance shall be sent to City Services at [citiesunit@azdor.gov](mailto:citiesunit@azdor.gov). The Department shall not be obligated to begin collection of the new or modified tax license fee any sooner than sixty (60) calendar days after the date the Department received the ordinance from City/Town.

**8. Closing Agreements**

The Department shall notify City/Town before entering into a Closing Agreement and shall seek a range of settlement authority from City/Town related to the tax levied and imposed by City/Town in accordance with the Standard Audit Life Cycle Process.

**9. Responsibility for Representation in Litigation**

- 9.1 Administrative Proceedings:** Pursuant to A.R.S. § 42-6002, the Department shall coordinate the litigation and defense of assessments and refund denials in any administrative appeals before the Office of Administrative Hearings or the Director of the Department regardless of the jurisdiction that conducted the audit, desk review, or refund review in accordance with the Standard Audit Life Cycle Process Map. The Department shall diligently defend the interests of City/Town and City/Town shall assist the Department in such representation as requested by either party.
- 9.2 Further Appeals:** The Arizona Attorney General is responsible for defending the assessment or refund denial at the Board of Tax Appeals, the Arizona Tax Court, and all higher courts. City/Town shall assist the Attorney General in such representation and litigation as requested by the Attorney General's Office in accordance with the Standard Audit Life Cycle Process Map.
- 9.3 Mutual Cooperation:** The Department and City/Town agree they shall cooperate in the appeal and litigation processes and shall ensure their auditors, desk reviewers, supervisors, and other necessary employees are available to assist the Department and the Attorney General through informal interviews, providing documents and records, preparing for depositions, attending depositions and trial as witnesses, and assisting in trial/hearing preparation, as needed.
- 9.4 Administrative Decisions:** The Department shall provide a copy of all administrative hearing level decisions regarding State Taxes and Municipal Taxes, including Director's decisions issued by the Department, to City/Town within ten (10) business days after issuance of the decision if City/Town requests to be

included on a distribution list created by the Department for the purposes of disseminating such decisions. City/Town may request to be on the distribution list by contacting City Services at [citiesunit@azdor.gov](mailto:citiesunit@azdor.gov). Administrative decisions contain Tax Information and must be stored and destroyed in accordance with the Confidentiality Standards (Appendix A).

## 10. Collection of Municipal Taxes

- 10.1 Tax Returns:** Taxpayers who are subject to City/Town Municipal Taxes are required to pay such taxes to the Department utilizing a form prescribed by the Department.
- 10.2 Delinquent Tax Collections:** Pursuant to A.R.S. § 42-6001, the Department shall collect any delinquent Municipal Tax imposed by City/Town recorded on the Department's tax accounting system. In the event this Agreement is terminated, the Department shall continue to collect delinquent Municipal Taxes recorded on the Department's accounting system on behalf of City/Town and distribute any such amounts collected to City/Town.
- 10.3 City/Town Assistance in Delinquent Tax Collections:** To expand the Department's State Tax and Municipal Tax collection efforts by leveraging City/Town resources, City/Town may choose to provide collection efforts by deploying City/Town collectors to work in conjunction with the Department on the following terms:
- (a) **Training:** All City/Town collectors authorized to collect obligations in cooperation with the Department shall be trained in accordance with the policies of the Department. Training shall be provided in the same manner as set forth in Section 5.1 of this Agreement.
  - (b) **Conflict of Interest:** A collector trained and authorized under this provision to perform collections activity shall not conduct any of the following prohibited acts:
    - (1) Represent a taxpayer in any tax matter against the Department or City/Town while employed by City/Town.
    - (2) Attempt to use his/her official position to secure any valuable thing or valuable benefit for himself/herself or his/her family members.
    - (3) Represent a taxpayer before the Department or City/Town concerning any matter in which he/she personally participated for a period of one (1) calendar year after he/she ends employment with City/Town.
    - (4) Use information he/she acquires in the course of the official duties as a collector in a manner inconsistent with his/her official duties without prior written approval from the Department.

- (5) For a period of one (1) calendar year after he/she ends employment with City/Town, work in the same firm as a person who represents a taxpayer against the Department or City/Town unless the firm institutes formal barriers to prevent any sharing of information between the trained collector and the remainder of the firm.
  - (c) **Revocation:** The Department may revoke the authorization of City/Town or of any individual City/Town employee to collect obligations under this Section. A revocation determination may be subject to review by SMART upon request by the individual or City/Town.
- 10.4 **State of Arizona Liquor License Affidavit:** City/Town may request that the Department issue a liquor license affidavit. The Department shall respond to the request via secured e-mail to indicate the status of completion of the request with a note stating complete, in-process, or unable to complete.
- 10.5 **Uncollectible/Discretionary Write-offs:** The Department shall share the annual list of uncollectible/discretionary write-offs of City/Town's Municipal Taxes prior to the write-off event at the end of the fiscal year. City/Town shall have forty-five (45) calendar days to submit feedback.
- 10.6 **Remittance:** All amounts collected by the Department for City/Town's Municipal Taxes under this Agreement shall be remitted to City/Town weekly on the basis of actual collections. To the extent possible, the Department shall initiate the electronic payment by Noon on the Monday after the end of the week in which the collections were received by the Department. If the Monday falls on a holiday, payment will be initiated by Noon on the Tuesday after the end of the week in which the collections were received by the Department. Remittance shall be made in the form of immediately available funds transferred electronically to the bank account designated by City/Town.
- 10.7 **Abatement:** Pursuant to A.R.S. § 42-1004, the Department, with the approval of the Attorney General, may abate tax under certain circumstances including Municipal Taxes. During the ordinary course of business, the Department may determine that certain taxpayer accounts shall be closed or cancelled. The Department shall seek input from City/Town or SMART before abating Municipal Taxes or closing accounts with Municipal Taxes due. The Department may request a telephonic meeting of SMART if time or circumstances require immediate action.
- 10.8 **Funds Owed to City/Town:** At all times and under all circumstances, payments remitted by a taxpayer to the Department for City/Town Municipal Taxes shall be considered property of City/Town. The Department may not retain or fail to remit such funds to City/Town for any reason not specifically set forth in this Agreement including, but not limited to, during the course of a dispute between City/Town and the Department.



**10.9 Adjustments to Reported Taxes:** If the Department determines that a payment remitted by a taxpayer incorrectly identifies the city or town to which the payment should be made, the Department may temporarily hold the payment until the distribution of the payment is corrected to ensure the appropriate city or town receives the payment. If a payment by the Department has been made to an incorrect City/Town, the Department and affected Arizona municipalities shall follow the Standard Inter-Jurisdictional Transfer Process Map.

**10.10 Collection Reports:** The Department shall keep all Arizona municipalities apprised of the status of every open case in a collection status involving the imposition of Municipal Taxes. City/Town may request to be on a distribution list for monthly status reports by contacting Cities Collections at [citiescollection@azdor.gov](mailto:citiescollection@azdor.gov).

**11. Taxpayer Rulings and Uniformity**

The Department shall be responsible for issuing the official responses to taxpayer ruling requests and requests for interpretation of the Model City Tax Code. City/Town acknowledges that pursuant to A.R.S. § 42-6005(B), when the state statutes and Model City Tax Code are the same and where the Department has issued written guidance, the Department's interpretation is binding on Arizona municipalities and interpretation of Model City Tax Code. The Department acknowledges that in all other situations, interpretation of the Model City Tax Code is the sole purview of Municipal Tax Code Commission or its designee. This Section is not intended to affect procedures for appeals and litigation as outlined in Section 5.5 and Section 9 of this Agreement.

**12. Financing Collection of Taxes**

The costs incurred by the Department in administering this Agreement shall be financed through the State general fund appropriation to the Department. This provision does not relieve City/Town of any financial obligation imposed by statute.

**13. Inter-Jurisdictional Transfers (“IJTs”)**

The Department shall administer Inter-Jurisdictional Transfers of Municipal Tax monies in accordance with the Standard Inter-Jurisdictional Transfer Process Map. The affected Arizona municipalities shall agree on any amounts to be transferred before notifying the Department of such amounts to be transferred under this Section.

**14. Education and Outreach Efforts**

To further its focus on serving taxpayers and its commitment to funding Arizona’s future through enhanced customer service, continuous improvement, and innovation, the Department is expanding its outreach and education program to connect with all citizens of Arizona by strategically working with taxpayer and industry groups, tax practitioners, and Arizona’s municipalities to ensure consistent tax education is widely available.

Any City/Town may further this mission, at its own expense, in providing education and outreach to taxpayers. Education and outreach programs and content shall be consistent with applicable law and the Department's written guidance.

Increased education and outreach efforts undertaken by the Department and Arizona municipalities will ensure collaborative partnerships beneficial to both parties, emphasize an ongoing two-way exchange of information, enhance communication on issues of common interest, and promote cooperation in areas of overlapping special projects. Therefore, upon request, City/Town shall provide information to the Department concerning such education and outreach efforts.

The Department shall implement an Ambassador Program, whereby the Department provides curriculum, structure, and support for education related to tax administration and compliance. City/Town shall be provided a standard work process when participating in Department-led educational events.

**15. State & Municipal Audit Resolution Team ("SMART")**

**15.1 Members:** The SMART committee shall consist of four (4) primary (voting) members representing municipal taxing jurisdictions and four (4) primary (voting) members representing the Department. There shall also be two (2) alternate members representing each party, who are non-voting representatives unless required to vote due to the absence, recusal, or disqualification of a primary (voting) member. All primary and alternate members are required to attend all meetings unless excused.

**15.2 Selection:** The Director of the Department shall appoint Department employees to serve as primary and alternate members representing the Department. Arizona municipalities shall collectively appoint municipal employees to serve as primary and alternate members representing the Arizona municipalities. The members representing either party may be changed at any time following the standard work process agreed upon by both parties.

**15.3 Meetings:** SMART shall meet monthly unless there is no business to be conducted. Additional meetings can be scheduled as necessary to timely discuss issues presented.

**15.4 Issues:** The Department or City/Town may refer issues to SMART for resolution including but not limited to:

- (a) Decisions by the Department to not audit a taxpayer;
- (b) Amendments to Department audit procedures or manuals;
- (c) Closing Agreements or a range of settlement authority;
- (d) Abatement or account closure in collections;

- (e) Suspension of disclosure of Tax Information to City/Town;
- (f) Disagreements regarding proposed changes to the process maps defined in Sections 1.19, 1.20, and 1.21 of this Agreement;
- (g) Revocation of collection authority; and
- (h) Other issues as authorized by the Director of the Department or agreed upon by the parties, subject to the limitations described in Section 29 of this Agreement.

**15.5 Recommendations:** SMART shall make recommendations to the Director of the Department or Director's designee. If the recommendation is approved by at least five (5) members of SMART, the Director shall accept the recommendation of SMART. If SMART cannot reach a recommendation agreeable to at least five (5) members of the group, the Director or Director's designee may act as they deem to be in the best interests of all parties. Notwithstanding the above, upon request by City/Town, the Director shall submit their decision to the Attorney General's Office for review.

**15.6 Voting:** Any voting member of the committee may request the vote be held by secret ballot.

**15.7 Procedures:** SMART shall develop procedures concerning the operation of the committee consistent with this Agreement.

**16. Funding of Additional Auditors by City/Town**

**16.1 Funding:** At the sole discretion of City/Town, City/Town may contribute funding to the Department to pay for additional auditors to assist the Department in the performance of audits of Municipal Tax owed to City/Town. Such additional auditors funded by City/Town shall at all times be deemed to be employees of the Department and under no circumstances shall be deemed to be employees or agents of City/Town. It is the Parties' intention that any City/Town funding provided pursuant to this Section shall be used to increase the resources and capabilities of the Department to perform Municipal Tax audits and not to subsidize or replace State funding required for audit and collection of taxes.

**16.2 Use of Funds:** City/Town funding for additional auditors under this Section shall be used to fund the auditors' salaries and related expenses and shall not be used to pay for Department office space, utilities, equipment, supplies, or similar kinds of overhead.

**16.3 Pool of Funds:** The Department may pool any City/Town funding with any other similar funding provided by other Arizona municipalities to pay for additional auditors dedicated to serving those jurisdictions. The Department shall separately account for such funds in its annual budget.

**16.4 Accounting:** The Department shall provide an annual accounting to City/Town, by August 31 each year describing how City/Town funding was used during the prior fiscal year.

**17. Satellite Offices for Department Auditors**

**17.1 Funding:** City/Town, at its own expense and at its sole discretion, may provide one (1) or more satellite offices and associated amenities for use by Department employees to provide audit and/or customer service to taxpayers. Use of such facilities by Department employees shall be at the sole discretion of the Department. Nothing in this Section shall require the Department to make use of such facilities provided by City/Town.

**17.2 Requirements:** Any Department employee using a City/Town satellite office must meet reasonable requirements of City/Town related to the use of the facility. City/Town shall be responsible for notifying the Department of any concerns and the Department shall be responsible for taking appropriate actions to resolve those concerns.

**17.3 Termination:** Once a satellite office is established, City/Town shall provide at least one hundred eighty (180) calendar days' written notice to the Department prior to the termination or relocation of a satellite office. The Department may discontinue the use of a satellite office at any time upon notice to City/Town and shall promptly remove all Department property.

**17.4 License:** All requirements of City/Town and the Department related to the satellite office shall be outlined in a mutually acceptable form of license and subject to separate approval.

**17.5 Workers' Compensation for Satellite Offices and Certain Site Visits:** If employees of City/Town or Department are working at the facility of the other public agency pursuant to this Agreement, it is agreed that:

- (a) Each employee will be deemed an employee of both public agencies for the purposes of A.R.S. § 23-1022(D) and Arizona workers' compensation laws.
- (b) Each employee's primary employer (*i.e.*, the State of Arizona for a Department employee, and City/Town for a City/Town employee or Independent Contractor) shall be solely liable for the payment of workers' compensation benefits.
- (c) Each public agency for which employees of City/Town or Department are working at the facility of the other public agency under this Agreement shall post a notice complying with A.R.S. § 23-1022(E).
- (d) In all circumstances other than as provided in the foregoing, nothing in this Agreement shall be construed to result in any person being the officer,

agent, employee, or servant of either party when such person, absent this Agreement and the performance thereof, would not in law have such status.

**18. Non-availability of Funds**

Every payment obligation of the Department and City/Town pursuant to this Agreement is conditioned upon the availability of funds appropriated or allocated for the payment of such obligation, except for the rendering of funds to City/Town paid by a taxpayer for Municipal Taxes or municipal privilege tax license fees of City/Town. If funds are not appropriated, allocated, and available, or if the appropriation is changed resulting in funds no longer being available for the continuance of this Agreement, this Agreement may be terminated at the end of the period for which funds are available. No liability shall accrue to the State or City/Town, as applicable, in the event this provision is exercised and the State or City/Town, as applicable, shall not be obligated or liable for any future payments or for any damages as a result of termination under this Section. The termination of this Agreement shall not entitle the Department to retain any Municipal Tax collected on behalf of City/Town pursuant to this Agreement.

**19. Waiver**

Nothing in this Agreement should be interpreted as City/Town relinquishing its legal rights under the Arizona Constitution or other applicable law, nor that City/Town is conceding the administration and collection of its Municipal Tax is not of a local interest or should not be under local control.

**20. Cancellation**

The requirements of A.R.S. § 38-511 apply to this Agreement. The Department or City/Town may cancel this Agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting, or creating this Agreement on behalf of the Department or City/Town is, at any time while this Agreement or any extension is in effect, an employee, agent, or consultant of the other party with respect to the subject matter of this Agreement. The obligation of the Department to remit City/Town taxes shall survive cancellation.

**21. Notice**

- (a) When any Notice to City/Town is required under the terms of this Agreement, such Notice shall be sent by electronic correspondence to:

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- (b) When any Notice to the Department is required under the terms of this Agreement, such Notice shall be sent by electronic correspondence to City Services at [citiesunit@azdor.gov](mailto:citiesunit@azdor.gov).

**22. Non-discrimination**

ADOR and City/Town shall comply with Executive Order 2023-01, which prohibits discrimination based on race, color, sex, pregnancy, childbirth or medical conditions related to pregnancy or childbirth, political or religious affiliation or ideas, culture, creed, social origin or condition, genetic information, sexual orientation, gender identity or expression, national origin, ancestry, age, disability, military service or veteran status, or marital status, by persons performing state contracts or subcontracts. ADOR and City/Town also agree to comply with Executive Orders 2003-22 and 2009-09 as amended by Executive Order 2023-01, all other applicable State and Federal employment laws, rules, and regulations, including the Americans with Disabilities Act of 1990. ADOR and the City/Town shall also comply with Executive Order 2023-09 prohibiting race-based hair discrimination.

**23. Compliance with Immigration Laws and A.R.S. § 41-4401**

**23.1** The Department and City/Town shall comply with all Federal immigration laws and regulations relating to employees and warrants compliance with A.R.S. § 23-214 which reads in part: “After December 31, 2007, every employer, after hiring an employee, shall verify the employment eligibility of the employee through the E-Verify program.”

**23.2** A breach of compliance with immigration laws and regulations shall be deemed a material breach of this Agreement and may be grounds for the immediate termination of this Agreement.

**23.3** The Department and City/Town retain the legal right to confirm the authorized presence and work authorization of any employee who works under this Agreement to ensure the Department and City/Town are complying with the applicable Federal immigration laws and regulations, and State statutes as set forth above.

**24. Audit of Records**

City/Town and the Department shall retain all data, books, and other records (“Records”) relating to this Agreement for at least six (6) years

(a) after termination of this Agreement, and

(b) following each annual renewal thereof.

All Records shall be subject to inspection by the Department at reasonable times. Upon request, the Department and City/Town shall produce any or all such records. This Agreement is subject to A.R.S. § 35-214 and A.R.S. § 35-215.

**25. Amendments**

Any amendments to the enumerated provisions or Appendices A, B, and C of this Agreement must be executed in writing in accordance with the provisions of this

Agreement. The Standard Process Maps described within certain enumerated provisions are not themselves part of this Agreement.

**26. Mutual Cooperation**

In the event of a disagreement between the parties regarding the terms, provisions, and requirements of this Agreement, or in the event of the occurrence of any circumstances bearing upon or affecting this Agreement, parties hereby agree to mutually cooperate to resolve the said disagreement or deal with the said circumstance.

**27. Arbitration**

To the extent required by A.R.S. § 12-1518 and as provided for in A.R.S. § 12-133, the parties agree to resolve any dispute arising out of this Agreement by arbitration. The parties agree that any lawsuit filed by City/Town relating to the issues outlined in Section 19 of this Agreement is not considered to be a dispute arising out of this Agreement.

**28. Implementation**

The implementation and execution of the provisions of this Agreement shall be the responsibility of the Director of the Department or his/her designee and the Mayor of City/Town, his/her designee, or another party with designated authority pursuant to applicable law or City/Town charter to act on behalf of City/Town.

**29. Limitations**

Nothing in this Agreement shall be construed as limiting or expanding the statutory responsibilities of the parties in performing functions beyond those granted to them by law, or as requiring the parties to expend any sum in excess of their appropriations.

**30. Duration**

**30.1** The term of this Agreement shall commence from the latest date as indicated in Section 33 of this Agreement and continue in force through December 31st of the following calendar year unless canceled or terminated as provided herein. The term of this Agreement shall automatically be extended for successive one (1) year terms commencing on January 1st and ending on December 31st of each year thereafter unless canceled or terminated as provided herein.

**30.2** Amendments to this Agreement that are negotiated and agreed to by a simple majority of the review committee referenced in Section 30.9 of this Agreement shall thereafter be executed by the parties hereto by a separate signed amendment and incorporated herein to be effective during the term of this Agreement and any extensions.

**30.3** This Agreement may be canceled or terminated effective on December 31st of any year by either party by providing written notice no later than sixty (60) calendar days prior to the expiration of the term then in effect.

- 30.4** This Agreement shall expire on December 31st of any year the Department is subject to sunset review by the legislature. Upon expiration, cancellation, or termination, any subsequent Agreement must be ratified through signature by both parties.
- 30.5** If State legislation enacted subsequent to the date of this Agreement substantially affects the performance of this Agreement by either party or substantially diminishes the benefits either party would receive under this Agreement, either party may then terminate this Agreement by giving at least thirty (30) calendar days' notice to the other party. The termination shall become effective immediately upon the expiration of the notice period unless otherwise agreed to by the parties.
- 30.6** Notwithstanding any provision to the contrary herein, both parties may by mutual agreement provide for the termination of this Agreement upon such terms and at such time as is mutually agreeable to them.
- 30.7** Any notice of termination shall be mailed and served on the other party in accordance with Section 21 of this Agreement.
- 30.8** In the event of a partial or complete termination of this Agreement, if the parties have shared or exchanged property the parties will return the property to its original owner or dispose of it in a manner required by the original owner as described in this Agreement.
- 30.9** During the term of this Agreement, the terms and conditions of this Agreement shall undergo an annual review to be initiated no later than June 1st of each year. The review shall be performed by a committee made up of equal parts representatives of the Department and representatives of the municipal taxing jurisdictions entering into an IGA with the Department for the administration and collection of Municipal Taxes.

**31. Choice of Law**

The laws and regulations of the State of Arizona shall govern the rights of the parties, the performance of this Agreement, and any disputes arising from this Agreement.

**32. Entire Agreement**

This document, including the specific appendices attached hereto, and any approved subcontracts, amendments, and modifications made thereto, shall constitute the entire Agreement between the parties and shall supersede all other understandings, oral or written.

**33. Signature Authority**



**33.1** By signing below, the signer certifies he or she has the authority to enter into this Agreement on behalf of his or her respective party, and he or she has read the foregoing and agrees to accept the provisions herein on said party's behalf.

**33.2** This Agreement may be executed in counterpart.

For the Department:

For City/Town:

Signature			Date			Signature			Date		
Robert Woods, Director											
Typed Name and Title						Typed Name and Title					
Arizona Department of Revenue											
Entity Name						Entity Name					
1600 W. Monroe St.											
Address						Address					
Phoenix		Arizona		85007							
City		State		Zip		City		State		Zip	
<b>RESERVED FOR THE ATTORNEY GENERAL:</b>						<b>RESERVED FOR CITY/TOWN ATTORNEY:</b>					
<p>This agreement between public agencies has been reviewed pursuant to A.R.S. § 11-952 by the undersigned Assistant Attorney General who has determined that it is in proper form and is within the powers and authority granted under the laws of the State of Arizona to the Arizona Department of Revenue represented by the Attorney General.</p> <p style="text-align: center;"><b>KRIS MAYES</b> The Attorney General</p> <p>BY: _____ Signature Assistant Attorney General</p> <p>Date: _____</p>						<p>This agreement between public agencies has been reviewed pursuant to A.R.S. § 11-952 by the undersigned City/Town Attorney who has determined, on behalf of the City/Town only, that it is in proper form and is within the powers and authority granted under the laws of the State of Arizona to the City/Town.</p> <p>APPROVED AS TO FORM AND AUTHORITY:</p> <p>BY: _____ CITY/TOWN ATTORNEY</p> <p>Date: _____</p>					

## APPENDIX A

### ARIZONA DEPARTMENT OF REVENUE CONFIDENTIALITY REQUIREMENTS

#### 1. Confidential Information

- 1.1 “Confidential Information” is defined in A.R.S. § 42-2001. Confidential Information may not be disclosed except as provided by statute. A.R.S. §§ 42-2001 through 42-2004.
- 1.2 “Tax Information” as defined in this Agreement is Confidential Information.
- 1.3 **Disclosure of aggregated financial information.** Under no circumstance shall aggregated financial information related to transaction privilege taxes allow any person who is not authorized to receive Tax Information to identify or discover the financial information of an individual taxpayer.
- (a) Except as provided in Section 1.3(b) of this Appendix, City/Town will disclose aggregated financial information in accordance with the Department’s standard:
- (1) City/Town shall only disclose aggregated financial information from not less than ten (10) taxpayers within the political boundaries of City/Town.
  - (2) No individual taxpayer’s financial information should be discernible due to its relative size compared to other members of the aggregated group. For example, if one of the taxpayers in the data set represents 90% or more of the data point, then that data point must not be disclosed, regardless of the number of taxpayers.
- (b) City/Town may disclose its aggregated financial information from less than ten (10) taxpayers provided City/Town first determines the aggregated data could not potentially reveal the financial information of an individual taxpayer. Such a determination shall take all the following into consideration:
- (1) *Ownership.* All taxpayers with common ownership entities shall be considered a single taxpayer for aggregation purposes; and
  - (2) *Proportionality.* No individual taxpayer’s financial information should be discernible due to its relative size compared to other members of the aggregated group; and

- (3) Any other factor that might allow any person who is not authorized to receive Tax Information to identify or discover the financial information of an individual taxpayer.

## **2. Protecting Information**

- 2.1 City/Town must identify all places, both physical and logical, where City/Town receives, processes, and stores Tax Information and create a plan to adequately secure those areas.
- 2.2 Tax Information must be protected during transmission, storage, use, and destruction. City/Town must have written policies, standards, and procedures to document how it protects its information systems, including Tax Information so that it conforms to the State of Arizona statutes A.R.S. §§ 42-2001 through 42-2004 and policies, standards, and procedures found on the Arizona Strategic Enterprise Technology (“ASET”) website at [aset.az.gov/resources/policies-standards-and-procedures](https://aset.az.gov/resources/policies-standards-and-procedures) or ASET’s successor agency or website and Arizona Department of Homeland Security’s website at <https://azdohs.gov/information-security-policies-standards-and-procedures>.
- 2.3 Department staff and authorized City/Town staff are prohibited from inspecting Tax Information unless they have a business reason. Browsing through Tax Information concerning friends, neighbors, family members, or people in the news is strictly prohibited.
- 2.4 All removable media, including paper and CDs, containing Tax Information must be secured when not in use and after normal business hours by placing all materials in a locked drawer or cabinet. During use, Tax Information must be protected so that it is not visible to members of the public or anyone without a business need for the information.
- 2.5 All individuals accessing or storing Tax Information from an alternative work site must enter into a signed agreement that specifies how the Tax Information will be protected while at that site. Only trusted employees shall be permitted to access Tax Information from alternative sites. Tax Information may not be accessed while in public places such as restaurants, lounges, or pools.
- 2.6 Tax Information may not be discussed in elevators, restrooms, the cafeteria, or other public areas. Terminals should be placed in such a manner that prohibits public viewing of Tax Information.
- 2.7 When transporting confidential materials, the materials should be covered so that others cannot see the Tax Information. When sending Tax Information by fax, a cover sheet should always be used.
- 2.8 Any person with unsupervised access to Tax Information shall receive training on the confidentiality laws and requirements to protect such information before being given access to such information and annually thereafter. They must sign

certificates after the training acknowledging that they understand their responsibilities. City/Town must keep records to document this training and certification and submit a copy of the certification to the Department.

**3. Disclosure of Information**

- 3.1 Tax Information may only be disclosed as permitted by A.R.S. § 42-2003.
- 3.2 Tax Information is protected by statute and, therefore, shall not be disclosed in response to a public records request except as authorized by law. A state agency, including political subdivisions (City/Town), may deny inspection of public records if the records are deemed confidential by statute. *Berry v. State*, 145 Ariz. 12, 13 699 P.2d 387, 388 (App. 1985).
- 3.3 A taxpayer may designate a person to whom Tax Information may be disclosed by completing an [Arizona Department of Revenue Form 285](#) or [Form 285B](#), or such other form that contains the authorizing information included in those forms. City/Town may contact the Department's Disclosure Officer at [DisclosureOfficer@azdor.gov](mailto:DisclosureOfficer@azdor.gov) if there are any questions concerning this requirement.

**4. Retention and Disposal of Information**

- 4.1 All records received from the Department must be kept for the duration of the records retention period as listed in the official records retention schedules approved by the Secretary of State Library Archives and Public Records Division ("LAPR") published on the LAPR website.
  - (a) The Department's custom records retention schedule is published on the LAPR website at [apps.azlibrary.gov/records/schedules.aspx](https://apps.azlibrary.gov/records/schedules.aspx).
  - (b) In the event of a legal hold (such as a litigation hold or investigative hold), Department and/or City/Town may be required to retain records beyond the retention period.
- 4.2 The Department and City/Town shall follow the legal requirements for reporting the disposition and destruction of records to the Arizona State Library Archives, & Public Records Division under A.R.S. § 41-151.19. Certificate of Records Destruction Forms are found at: [azlibrary.gov/arm/forms](https://azlibrary.gov/arm/forms).
- 4.3 All removable media containing Tax Information must be returned to the Department or sanitized before disposal or release from the control of City/Town.
- 4.4 Tax Information must be destroyed by shredding or burning the materials when the retention period has been met and no legal holds are in place. Tax Information may not be disposed of by placing the materials in the garbage or recycle bins. Destruction of Tax Information may be performed by a third-party vendor.

City/Town must take appropriate actions to protect the Tax Information in transit and storage before it is destroyed, such as periodic inspections of the vendor.

- 4.5 Computer system components and devices, such as copiers and scanners, which have been used to store or process Tax Information may not be repurposed for non-tax administration uses unless the memory or hard drive of the device is sanitized to ensure under no circumstances Tax Information can be restored or recovered.

## **5. Information Security**

- 5.1 Systems containing Tax Information must be protected in accordance with the State of Arizona Policies, Standards, and Procedures that govern State data found at <https://azdohs.gov/information-security-policies-standards-and-procedures>, particularly Policies and Standards 8000-8410 and the Arizona NIST Security Baseline Controls.
- 5.2 City/Town is responsible for creating architectural diagrams of any systems connecting to the Department's systems and depicting the flow of State Tax Information. Architectural diagrams for systems connecting to the ADOR shall be shared with the ADOR and updated after any architectural changes.
- 5.3 Incident Reporting. City/Town is required to notify the Department in the event of a suspected or actual unauthorized disclosure of Tax Information, data loss, breach, or other security concern regarding Tax Information by reporting the incident to the Department's: 1) City Services Manager by email at [citiesunit@azdor.gov](mailto:citiesunit@azdor.gov), 2) Disclosure Officer by email at [DisclosureOfficer@azdor.gov](mailto:DisclosureOfficer@azdor.gov), and 3) Chief Information Security Officer's Information Security Team by email at [InfoSec@azdor.gov](mailto:InfoSec@azdor.gov).
- 5.4 The Department may send employees or auditors to inspect any of City/Town information systems and/or facilities used to process, store, or transmit any Department data at any time to ensure that Department information is adequately protected. City/Town shall provide audit records and evidence of system and application hardening to the department's information security team upon request. Hardening evidence can include, but is not limited to: RiskSense, CIS benchmarks, SCSEMs, STIGs, or other security best practices. If City/Town hires a third-party for any system or information support, all security provisions apply.

## **6. Wireless Access (if accessing State Confidential Information from a wireless network)**

City/Town must:

- 6.1 Establish restrictions, configuration/connection requirements, and implementation guidance for wireless access.
- 6.2 Authorize wireless access to the information system prior to allowing such connections.

- 6.3 Employ a wireless intrusion detection system to identify rogue wireless devices and to detect attack attempts and potential compromises/breaches to the information system.

## **APPENDIX B**

### **REQUIRED REPORTS AND DATA FIELDS**

At a minimum, the Department of Revenue shall provide the following reports which display all of fields identified below, per report:

#### **NEW LICENSE REPORT and LICENSE UPDATE REPORT**

- Region Code
- Run Date
- Report Start Date
- Report End Date
- Update Date
- ID Type
- ID
- Account ID
- Entity Name
- Ownership Type
- License ID
- OTO/Applied For indicator
- Bankruptcy Indicator
- Filing Frequency
- Issue Date
- Account Start Date
- Business Start Date
- Arizona Start Date
- Doc Loc Nbr
- Accounting Method
- Close Date
- Close Code
- Business Description
- NAICS1
- NAICS2
- NAICS3
- NAICS4
- Mailing Street1
- Mailing Street2
- Mailing Street3
- Mailing City
- Mailing State
- Mailing ZIP
- Mailing Country
- Mailing Phone Number
- Mailing Address Add date
- Mailing Address End Date

ADOR-Municipal IGA for TPT Administration

- Audit Street1
- Audit Street 2
- Audit Street 3
- Audit City
- Audit State
- Audit Zip
- Audit Country
- Audit Phone Number
- Audit Address Add Date
- Audit Address End Date
- Location Code
- Business Codes
- Location Name (DBA)
- Number of Units
- Location Street 1
- Location Street 2
- Location Street 3
- Location City
- Location State
- Location Zip
- Location Country
- Location Phone Number
- Location Start Date
- Location End Date
- Primary Location Street 1
- Primary Location Street 2
- Primary Location Street 3
- Primary Location City
- Primary Location State
- Primary Location Zip Code
- Primary Location Country
- Primary Location Phone Number
- Primary Location Start Date
- Primary Location End Date
- Owner Name
- Owner Title
- Owner Name 2
- Owner Title 2
- Owner Name 3
- Owner Title 3

**CITY PAYMENT JOURNAL**

- Run Date
- Report Start Date
- Report End Date
- GL Accounting Period



ADOR-Municipal IGA for TPT Administration

- Period End Date
- Payment received date
- Return received date
- Payment process date
- Return process date
- Filing Frequency
- License ID
- Entity Name
- Location Code
- Location Name (DBA)
- Location Street 1
- Location Street 2
- Location Street 3
- Location City
- Location State
- Location Zip
- Location Country
- NAICS
- Business Code
- Doc Loc Nbr
- Pmt Loc Nbr
- Gross Receipts
- Total Deductions
- Tax or Fee Collected
- P & I Collected
- Audit Collections
- Tran Type
- Tran Subtype
- Rev Type

**CITY PAYMENT JOURNAL SUMMARY**

- Region Code
- Run Date
- Report Start Date
- Report End Date
- GL Accounting Period
- Business Code
- Number of Accounts
- Collections

**NO MONEY REPORT**

- Region Code
- GL Accounting Period
- Period End Date
- Payment received date
- Return received date

## ADOR-Municipal IGA for TPT Administration

- Payment process date
- Return process date
- Filing Frequency
- License ID
- Entity Name
- Location Code
- Location Name (DBA)
- Location Street 1
- Location Street 2
- Location Street 3
- Location City
- Location State
- Location Zip
- Location Country
- NAICS
- Business Code
- Doc Loc Nbr
- Pmt Loc Nbr
- Gross Receipts
- Total Deductions
- Tax or Fee Collected
- P & I Collected
- Audit Collections
- Tran Type
- Tran Subtype

## **DEDUCTION REPORT**

- Region Code
- Run Date
- Report Start Date
- Report End Date
- GL Accounting Period
- Period End Date
- License ID
- Entity Name
- Location Code
- Location Name (DBA)
- Business Code
- Doc Loc Nbr
- Deduction Code
- Deduction Amount
- Tran Type
- Tran Subtype
- Rev Type

**FUND DISTRIBUTION REPORT**

- Region Code
- Run Date
- Report Start Date
- Report End Date
- GL Accounting Period
- Period End Date
- Payment Received Date
- Return Received Date
- Payment Processed Date
- Return Processed Date
- License ID
- Entity Name
- Location Code
- Location Name (DBA)
- Business Code
- Doc Loc Nbr
- Fund Allocation Code
- Amount Distributed

**FUND DISTRIBUTION SUMMARY REPORT**

- Region Code
- Run Date
- Report Start Date
- Report End Date
- GL Accounting Period
- Fund Allocation Code
- Amount Distributed

## **APPENDIX C**

### **REQUIRED FORMS**

1. **JT-1 Joint Tax Application for a TPT License**

[ADOR Form 10196](#)

2. **TPT-2 Transaction Privilege, Use and Severance Tax Return (filing periods beginning on or AFTER June 1, 2016)**

[ADOR Form 11249](#)

3. **TPT-EZ Transaction Privilege, Use and Severance Tax Return**

[ADOR Form 11263](#)

## Guidance for the 2023 IGA with ADOR for TPT Administration

Hello everyone!

At long last, the new and improved Intergovernmental Agreement for Transaction Privilege Tax Administration between all cities and towns and the Arizona Department of Revenue was distributed last week. This IGA is the culmination of more than four years of hard work and negotiation between a group of city representatives and representatives for the Arizona Department of Revenue. The list of participants was much too large to thank everyone by name, but we wish to express our gratitude to everyone involved for their tireless efforts.

Negotiations on behalf of the cities and towns were primarily handled by the City Tax Administrators Council (CTAC) Rulings Group, which currently consists of tax administrators from Chandler, Gilbert, Glendale, Mesa, Peoria, Phoenix, and the League. At various times over the course of the negotiations, the city's team also included tax administrators from Avondale, Flagstaff, Scottsdale, Tempe, and Tucson. In addition, we could not have reached this point without the expertise and generous input from numerous city and town tax and IT staff and the invaluable assistance of many city attorneys.

Negotiating on behalf of the Department were the DOR leadership team; their General Counsel and many in-house attorneys along with representatives from the Attorney General's office; and the division directors and key subject matter experts representing all levels and aspects of DOR operations including Taxpayer Services, Processing, Education and Compliance, and Agency Support. Again, our sincere thanks to everyone who worked on this project over the years.

Your task now is to present this Agreement to your Council and get them to approve it as soon as possible. It can appear on a consent agenda or as an action item, and it can be approved during a single regular council meeting. Once approved, please follow the instructions provided by the DOR for returning the executed copies and supplemental information requested.

If anyone has any questions or needs assistance with the council approval process, please don't hesitate to contact me.

The goal of this message is to supply you with enough information to incorporate into a council memo that will cover the most likely questions from your council or the public (see attached), explain some of the more notable changes compared to the 2019 Agreement, provide answers to many of the questions we've already received, and provide guidance to help you comply with the immediate and ongoing requirements in the IGA that apply to cities and towns.

Before we go further, please do not ask if you can change anything. This Agreement is the final output of a very long and challenging process that both sides agreed upon. If there is anything you feel needs to be addressed, whether it's an issue that is missing or understated, a problem you foresee with compliance or operations, or even just a typo or formatting problem, please send your comments to me and I assure you, we will examine it during the next review period.

This message is being sent to the following League email lists: Managers and Clerks without Managers, Finance Directors, City Tax Administrators Council (CTAC), Intergovs, and the city attorneys who asked to be on my TPT Attorneys list. If I missed someone, this message and attachments can be shared with anyone in your city or town who didn't receive it directly.

## Guidance for the 2023 IGA with ADOR for TPT Administration

### Notable Changes:

This IGA establishes the framework for collaboration between the Department and the cities and towns for every aspect of TPT administration. It provides the principles, requirements, and responsibilities of both the City/Town and the Department, and it defines the many specific operational processes related to tax collection, the protection of taxpayer confidentiality, and information security.

Since all cities and towns must approve the IGA, the summary of differences between the 2023 IGA and the 2019 IGA is only meant to touch on a high-level overview of the most notable items. For instance, we won't be covering the rearrangement of various sections to give the document a better flow and we won't cover all the language that was refined and then copied from one section into another for topics subject to the same procedures and constraints.

Great emphasis was placed on improving the thoroughness and consistency of the Agreement as well as minimizing the need to look through multiple sections to answer a single question or resolve a specific issue. Along the way, hundreds of small corrections and language changes were made but these were largely just refinements of existing procedures and the related consequences for failing to follow those procedures.

Here is our very high-level summary of the most significant changes:

The new IGA adds or clarifies the definitions of various terms including City Services, Collection, Development Fees, Options Chart, Primary Point of Contact (PPOC), Profile, Independent Contractor, State Tax, Tax Information, Authorized Access Lists, and Qualified Recipients of Information, and all defined terms are now capitalized throughout the Agreement for easy recognition.

Taxpayer confidentiality measures have been significantly strengthened, placing additional emphasis on the protection of Tax Information provided under Arizona statutes, and refining the details surrounding authorized access, disclosure restrictions, and remedies for improper disclosure such as the possible suspension of Tax Information sharing.

New procedures have been established for both the cities and the Department to regularly maintain the Authorized Access Lists that control who can see detailed taxpayer information, including clarifying confidentiality training requirements and adding that all responsibilities and restrictions apply to Independent Contractors in the same manner as they apply to regular employees.

The new IGA addresses the developing scope of city assistance offered to the Department with the addition of delinquent tax collection activities and new collections reports along with new language that covers cities assisting with reviews of selected refund claims. In addition to the services that have long been provided by city and town auditors, these new areas expand the ways that we can partner with the Department, leveraging our personnel to help the DOR achieve more efficient operations.

The 2023 IGA also provides new or improved coverage for several miscellaneous topics including the City/Town's responsibility for reviewing its City Profile and the Model City Tax Code website; workers' compensation issues when sharing office space with other jurisdictions; the expiration, termination, or amendment of the Agreement; and the disclosure of aggregated financial information.

## **Guidance for the 2023 IGA with ADOR for TPT Administration**

Finally, this version rewrote much of Appendix A regarding the handling and protection of confidential taxpayer information. Changes were made relative to identifying retention requirements and authorized disposal methods, critical information security protocols, and various software system requirements that cities and towns must follow to protect any confidential taxpayer data stored on their computer systems.

### Questions and Answers:

Is this really the final version? Should I take this one to my council? Are you sure it won't be pulled back in a week or two for another round of negotiations?

YES, on all counts! This is the FINAL 2023 IGA!

What do I do when my mayor/council/manager/attorney/staff says there is something that's wrong or that cannot be done?

Thank them for reading the Agreement! Then ask them to put their concern in an email and forward it to me. At a minimum, we will place the item in our folder for the next review. After this long and with so many people reviewing it, it is highly unlikely there are any serious problems, but if there is a fatal flaw in any one Section, the rest of the Agreement carries on.

What if my council does not want to approve the Agreement?

All cities and towns are required to approve this IGA pursuant to A.R.S. 42-6001. Failure to approve the IGA may result in the DOR withholding access to its TPT data and the reports that your city/town must have to operate financially, and/or restricting your ability to perform or participate in TPT licensing, audits, reviews, and collections activities.

Do I need to draft this IGA as an Ordinance? Do I need to create a separate Resolution? Do I need to publish the IGA in the newspaper?

The IGA is not adopted as an Ordinance. A sample Resolution is attached to this message. Cities and towns should publish the Resolution in the same form and fashion as any other Resolution. Publishing the IGA is not required.

Can we get a draft council memo or an executive summary of the changes that I can use to create the necessary agenda item and explain this to my council?

Yes, I have attached a memo that captures much of the information presented here including a summary of the most notable changes since the 2019 version of the IGA.

What is the purpose behind replacing the existing agreement with the new IGA?

From the original version drafted in 2015 to now, this IGA has always contained a clause requiring an annual review to make any changes that either the cities or the Department felt necessary. The 2023 IGA is the result of a review that began in earnest in 2019, in large part spurred on by complicated issues we encountered when the 2019 amendment was being drafted. Negotiations have been ongoing ever since to resolve those problems, along with several new issues that came up, and various operational changes that needed to be addressed in the Agreement. These circumstances combined to result in the 2023 IGA. We're hopeful that nothing urgent comes up so we can pause for a year before starting the next review in 2025.

Did the Department or the cities terminate the previous IGAs from 2015 and 2019?

The current IGA (dated 2019, or 2015 for some cities and towns) was not terminated by either party. The new 2023 IGA replaces and terminates whichever version your city/town approved.

## Guidance for the 2023 IGA with ADOR for TPT Administration

We have the 2015 IGA, but we never adopted the 2019 changes. Do we have to adopt the 2019 IGA version before we can adopt the 2023 IGA?

No. The 2023 IGA is a new agreement, not an amendment of prior versions. The 2023 IGA replaces all prior versions. All cities and towns must adopt the 2023 IGA to remain in compliance with A.R.S. 42-6001, which requires ADOR administration of all local TPT.

This is called the 2023 IGA but it's almost the end of the year. Will this IGA also cover 2024? What about 2025?

Yes, the new IGA will continue from the date of execution through termination as provided for in Section 30. The initial term of this agreement covers the remainder of the calendar year when it is signed by both parties plus the next full calendar year. After that, it automatically renews every January 1<sup>st</sup> for another full calendar year. This renewal cycle continues (and occurs without council action) every year through December 31<sup>st</sup> of any year that the DOR comes up for sunset review at the legislature (currently scheduled for 2028, see A.R.S. 41-3028.01). Once the Department is extended by the legislature, the parties will have to enter into a new agreement which will require council approval.

We won't be able to get the IGA on a council agenda until at least January 2024. Can we change the year (2023) in the first paragraph on the first page of the IGA?

Yes, and that is the only reference that needs to be changed if your council meeting is in 2024. If you don't have the capability to change this date in the original pdf, I have attached a file (2023 FINAL DOR-Municipal TPT Admin IGA - 2024 council meetings) that can be substituted for the first page of the 2023 IGA file.

Who should be designated as the Primary Point of Contact (PPOC)?

The PPOC should be the person who has primary managerial responsibility and oversight for all TPT information and functions. We highly recommend that you also provide a backup PPOC in case the primary person is out or leaves employment with the city/town. The PPOC and the backup must both be qualified to receive confidential taxpayer information and must be listed on the Authorized Access List for your city/town. In addition to the form provided by the DOR, be sure to include the PPOC's name and email address on the blank line in Section 21 (Page 24).

Who should we include on the city's Authorized Access List, and how do we know who is on it now?

I have attached the current Authorized Access List available on the Department's Core SFTP site ("2023.10\_CTC\_Authorization\_Master\_List") so you can see who is on the list for the Department and all cities and towns. I have also attached a separate "2024-01 Coolidge - City-Town Authorized Access List" for you to use as a template when sending your list to the DOR.

Your "City-Town Authorized Access List" should include your Finance Director and all other persons with a business need to access confidential taxpayer information and detailed TPT data on behalf of your city or town for tax administration purposes only, including Independent Contractors and other non-employees authorized to act on behalf of the city/town. Access to confidential taxpayer information CANNOT be authorized for anyone who doesn't need it for tax administration purposes. All the people on your city's Authorized Access List will have access to your city's detailed taxpayer TPT information including licenses, tax returns, audits, refunds, collections, etc. Accordingly, any person on your Authorized Access List will be required to take the mandatory Confidentiality Training provided by the DOR, including annual renewal training as requested by the DOR.



## Guidance for the 2023 IGA with ADOR for TPT Administration

If you would like to authorize access for the League to represent your city/town and speak directly with the DOR on your behalf regarding specific taxpayer issues, please include the League's tax professionals (myself and Kathleen) on your list. Please grant access to the following areas: Authorized Disclosure List, CST Communication Email Distribution, City Business Meeting Invite Distribution, Reported History Contact, Refund Notifications, and OIC Notifications. We will not need authorization for Authorized to Make Changes, Inter-Jurisdiction Transfer Approval Contact, or Bond Exemption access.

- Lee Grafstrom, Tax Policy Analyst, 480-510-4392, lgrafstrom@azleague.org
- Kathleen Jackson, Sr. Tax Analyst, 602-751-8963, kjackson@azleague.org

Do we really need to send our Authorized Access List to the DOR every quarter, even if nothing has changed?

Thank you for reading the Agreement! Yes, cities and towns are required to send the DOR an email at the start of every calendar quarter that identifies everyone on your Authorized Access List. Also note that you must immediately inform the DOR if any person on the Authorized Access List has their authorization to access to confidential taxpayer information revoked for any reason, such as leaving city employment or taking a different job within the city that does not require access to confidential taxpayer information to perform their new duties.

What does the footer reference to September 2023 mean?

This is a reference to the month this version of the IGA was completed, and it appears in the footer of each page. In the future, if we make an amendment that changes one of the pages or if we draft a new version, this reference will also be changed so we know which version of each page we're looking at.

### Guidance for Approval and Ongoing Compliance with the IGA:

There are several things each city or town is required to do to maintain compliance with the 2023 IGA. Please be sure to complete each item and set up a reminder for issues those that are noted as requiring ongoing scheduled action.

1. Complete the PPOC form on the second page of the 2023 IGA Instructions provided by the DOR. (Insert the same person's name and email address on the blank in Section 21 on page 24.) We encourage you to include a backup. **E-mail** a copy of the completed PPOC form to [citiesunit@azdor.gov](mailto:citiesunit@azdor.gov).
2. **ONGOING REQUIREMENT:** Keep a blank copy of the PPOC form. This form should be submitted to the DOR if the designated PPOC or their backup changes for any reason.
3. Complete the 2023 IGA by filling in the blanks in the document on pages 1, 24, and 28.
4. Complete the sample Resolution and use the sample Council Memo to craft your own memo using your city or town's usual format. These samples can be edited as you see fit.
5. Present the entire IGA including the Appendices for council approval as soon as possible.
6. After approval, return TWO signed copies of the IGA to the DOR via **regular mail** to the address provided on the DOR Instructions.

## Guidance for the 2023 IGA with ADOR for TPT Administration

7. Provide a copy of your completed "2024-01 {city name} - City-Town Authorized Access List (see attached) to the DOR Cities Service team via email to [citiesunit@azdor.gov](mailto:citiesunit@azdor.gov).
8. **ONGOING REQUIREMENT:** Keep the City-Town Authorized Access List file. This file must be submitted to the DOR on the 1<sup>st</sup> day of each calendar quarter (January, April, July, and October) even if nothing has changed since the last submission. See Section 2.4 on page 5 of the IGA. (Note: Change the date in the file name, i.e., 2024-01, 2024-04, 2024-07, and 2024-10, to keep a history of the files you've submitted.)

**IMPORTANT:** Remember, you are required to IMMEDIATELY notify the DOR when anyone on your list leaves employment with the city/town, switches to a job within the city/town that no longer requires access to confidential taxpayer information for tax administration purposes, or has their authorization revoked or suspended by the city/town or the DOR for any reason.

9. **ONGOING REQUIREMENT:** Each city/town is required to send a copy of any ordinance that changes its tax code or TPT rates to the DOR within 10 days of approval by the council or the ordinance is voided. Each city and town is also responsible for confirming that all tax code and rate changes are properly reflected on the Model City Tax Code website maintained by the DOR. See Section 3.2 on page 7.
10. **ONGOING REQUIREMENT:** Each city/town is required to send a copy of any annexation ordinance to the DOR within 15 days of approval by the council. The city/town should also inform the DOR of any known businesses within the annexation that are subject to TPT. See Section 3.2(b) on page 8.
11. **ONGOING REQUIREMENT:** Each city/town is responsible for regularly reviewing all the information contained on its Profile, the Option Charts, and the DOR tax rate charts, and for notifying the DOR of any changes that need to be made. See Section 3.2(c) on page 8.
12. **ONGOING REQUIREMENT:** Each city/town is responsible for providing Development Fee information, allowing access to audits performed prior to 2015, and providing any other information pertinent to tax administration upon request by the DOR. See Sections 3.3, 3.4, and 3.5 on page 9.
13. **ONGOING REQUIREMENT:** Carefully review Appendix A, Confidentiality Requirements to ensure the city/town does not improperly disclose any confidential taxpayer information and follows the prescribed information security measures to prevent the potential disclosure of confidential taxpayer through a systems breach. In the event of an improper disclosure or breach, IMMEDIATELY notify the DOR as directed in Appendix A.

October 20, 2023

**TO:** Mayor and Council

**FROM:** Finance Director

**SUBJECT:** 2023 Intergovernmental Agreement with the Arizona Department of Revenue Providing for Uniform Administration of the City's Transaction Privilege Tax

**RECOMMENDATION:**

Recommend the approval of an intergovernmental agreement between the City/Town of \_\_\_\_\_ and the Arizona Department of Revenue regarding the uniform administration, licensing, collection, and auditing of transaction privilege tax, use tax, severance tax, jet fuel excise and use tax, and rental occupancy taxes imposed by the State or cities or towns.

**DISCUSSION:**

This intergovernmental agreement (the 2023 IGA) was negotiated with the Department of Revenue (DOR) and Attorney General's office by the City Tax Administrators Council (CTAC) Rulings Group, which includes the League of Arizona Cities and Towns, and with the assistance of several city attorneys and a multitude of tax and IT experts from many municipalities.

Local Transaction Privilege Tax (TPT) administration is governed by A.R.S. § 42-6001. This statute requires the Arizona Department of Revenue (DOR) to administer the transaction privilege and use taxes imposed by all cities and towns and to enter into an intergovernmental agreement (IGA) with each city and town to clearly define the working relationship between the DOR and Arizona cities and towns.

This IGA establishes the framework for collaboration between the Department and the cities and towns for every aspect of TPT administration. It provides the principles, requirements, and responsibilities of both the City/Town and the Department, and it defines the many specific operational processes related to tax collection, the protection of taxpayer confidentiality, and information security.

The 2023 IGA replaces the 2019 and represents a complete rewrite of the prior Agreement. Great emphasis was placed on improving the thoroughness and consistency of the Agreement as well as minimizing the need to look through multiple sections to answer a single question or resolve a specific issue.

This is a high-level summary of the most notable changes compared to the 2019 IGA:

The new IGA adds or clarifies the definitions of various terms including City Services, Collection, Development Fees, Options Chart, Primary Point of Contact (PPOC), Profile, Independent Contractor, State Tax, Tax Information, Authorized Access Lists, and Qualified Recipients of Information, and all defined terms are now capitalized throughout the Agreement for easy recognition.

Taxpayer confidentiality measures have been significantly strengthened, placing additional emphasis on the protection of Tax Information provided under Arizona statutes, and refining the details surrounding authorized access, disclosure restrictions, and remedies for improper disclosure such as the possible suspension of Tax Information sharing.

New procedures have been established for both the cities and the Department to regularly maintain the Authorized Access Lists that control who can see detailed taxpayer information, including clarifying confidentiality training requirements and adding that all responsibilities and restrictions apply to Independent Contractors in the same manner as they apply to regular employees.

The new IGA addresses the developing scope of city assistance offered to the Department with the addition of delinquent tax collection activities and new collections reports along with new language that covers cities assisting with reviews of selected refund claims. In addition to the services that have long been provided by city and town auditors, these new areas expand the ways that we can partner with the Department, leveraging our personnel to help the DOR achieve more efficient operations.

The 2023 IGA also provides new or improved coverage for several miscellaneous topics including the City/Town's responsibility for reviewing its City Profile and the Model City Tax Code website; workers' compensation issues when sharing office space with other jurisdictions; the expiration, termination, or amendment of the Agreement; and the disclosure of aggregated financial information.

Finally, this version rewrote much of Appendix A regarding the handling and protection of confidential taxpayer information. Changes were made relative to identifying retention requirements and authorized disposal methods, critical information security protocols, and various software system requirements that cities and towns must follow to protect any confidential taxpayer data stored on their computer systems.

**FINANCIAL IMPLICATIONS:**

This agreement will not result in any budgetary impact to the City/Town.

City of Holbrook  
Council Action Form

**Tab Number:** 6

**Meeting Date:** December 13th, 2023

**To:** Mayor and City Council

**From:** Interim City Manager

**Subject:** Purchasing of a Backup Greens mower

**Discussion:** The golf course needs a backup greens mower. Toro has provided us a quote on State Contract for \$17,200.

**Fiscal Impact:** This was a budgeted item for Golf Course Capital. Amount \$17,200

**Recommendation:** Purchase Greens mower from Toro

**Approved by:** Randall L Sullivan Jr  
Randall L Sullivan Jr, Interim City Manager



# Quotation

## November 15, 2023



Customer Information:  
**Hidden Cove GC**  
 Steve Rutherford  
[srutherford@holbrookaz.gov](mailto:srutherford@holbrookaz.gov)

Quote ID #  
 Payment terms **N30**  
 Delivery 30 days  
 Quote Expire Date 30 days  
 Lease rate estimate subject to approval  
 Special Note

Qty	Model Number	Description	Unit Price	Extension
1	U04530/403316965	Pre-Owned GR 3320, w/ 8-blade cutting units	\$16,000.00	\$16,000.00
1	U08706/403206640	Pre-Owned SP 2040Z	\$8,000.00	\$8,000.00

TOTALS	
Equipment Total	\$24,000.00
Estimated Sales Tax	\$1,800.00
<b>Total</b>	<b>\$25,800.00</b>

\*\*Credit Cards NOT accepted\*\*

*\$1,200*  
17,200

**Re: Heya Randy, attached is the quote for a used greens mower and a used sand pro (I don't want the sand pro)**

Steve Rutherford <srutherford@holbrookaz.gov>

Wed 11/29/2023 12:51 PM

To: Randy Sullivan <rsullivan@holbrookaz.gov>

They are on state contract #**20E-SNC-0825. No other bids are incoming.**

Sent from my Verizon, Samsung Galaxy smartphone

Get [Outlook for Android](#)

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**From:** Randy Sullivan <rsullivan@holbrookaz.gov>

**Sent:** Wednesday, November 29, 2023 12:26:59 PM

**To:** Steve Rutherford <srutherford@holbrookaz.gov>

**Subject:** Re: Heya Randy, attached is the quote for a used greens mower and a used sand pro (I don't want the sand pro)

Are these guys on State Contract or are you waiting on other quotes? I can put this on the next agenda

Sent from my Verizon, Samsung Galaxy smartphone

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**From:** Steve Rutherford <srutherford@holbrookaz.gov>

**Sent:** Wednesday, November 29, 2023 11:51:46 AM

**To:** Randy Sullivan <rsullivan@holbrookaz.gov>

**Subject:** Heya Randy, attached is the quote for a used greens mower and a used sand pro (I don't want the sand pro)

Sent from my Verizon, Samsung Galaxy smartphone

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---

**From:** Fred Balzarini <fred.balzarini@simpsonnorton.com>

**Sent:** Wednesday, November 15, 2023 1:49:01 PM

**To:** Steve Rutherford <srutherford@holbrookaz.gov>

**Subject:** RE: Used Toro Equipment

Hi Steve,

Quote attached...

Let me know if I can get you anything else.

Thanks,

Fred

Fred Balzarini  
Golf Sales Manager  
Simpson-Norton Corporation  
602-708-6950 | [fred.balzarini@simpsonnorton.com](mailto:fred.balzarini@simpsonnorton.com)



**From:** Steve Rutherford <[srutherford@holbrookaz.gov](mailto:srutherford@holbrookaz.gov)>  
**Sent:** Wednesday, November 15, 2023 10:43 AM  
**To:** Fred Balzarini <[fred.balzarini@simpsonnorton.com](mailto:fred.balzarini@simpsonnorton.com)>  
**Subject:** Re: Used Toro Equipment

Could I get an official quote on the triplex and sand pro with the lowest hours on them? Tax and all?

Sent from my Verizon, Samsung Galaxy smartphone  
Get [Outlook for Android](#)

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**From:** Fred Balzarini <[fred.balzarini@simpsonnorton.com](mailto:fred.balzarini@simpsonnorton.com)>  
**Sent:** Thursday, November 9, 2023 10:34:46 AM  
**To:** Steve Rutherford <[srutherford@holbrookaz.gov](mailto:srutherford@holbrookaz.gov)>  
**Subject:** Used Toro Equipment

Hi Steve,

It was nice speaking with you!

I have a couple used triplexes in stock below, and 3 used sandpros. The sandpros are the z-turn style 2040Z, so they are a bit different than the tradition steering wheel unit. This list changes all the time, so I will be getting more machines in soon.

U04530/403316965	Preowned 3320-G,8bld,scrapers,Lights	1	1	16,000
U04530/403316966	Preowned 3320-G,8bld,scrapers,Lights	1	1	16,000

U08706/403206640	SP204Z	1	1	2864	8,000
U08706/403206672	SP204Z	1	1	3995	8,000
U08706/402893283	SP204Z	1	1	3732	8,000

Fred Balzarini  
Golf Sales Manager  
Simpson-Norton Corporation  
602-708-6950 | [fred.balzarini@simpsonnorton.com](mailto:fred.balzarini@simpsonnorton.com)





City of Holbrook  
Council Action Form

**Tab Number:** 7

**Meeting Date:** December 13, 2023

**To:** Mayor and City Council


**From:** Interim City Manager

**Subject:** Update on Code Enforcement

**Discussion:** Steps for Code Violations, 32 current open cases, 91 cases have been open and closed. The City has started working with a consultant on the City Code updates and Planning and Zoning

**Fiscal Impact:** None

**Recommendation:** No Action

**Approved by:**   
Randall L Sullivan Jr, Interim City Manager

## STEPS FOR CODE VIOLATIONS

1. Receive complaint work order from City Clerk.
2. They are arranged by month/day and/or severity.
3. Go out and take drive-by photos of the property.
4. Determine if warrants violation.
5. If warrants violation, 1<sup>st</sup> Violation Letter:
  - Gives them 30 days to clean up violation
  - Opportunity to contact me if incorrect or needs help

We have tool rentals with refundable deposit = 0 cost  
Referral for inoperable vehicles to be removed at no cost  
Referral to get help with clean up
6. Go back out in 30 days to reinspect.
  - If cleared up, the case is closed, and letter sent to the owner.
  - If not cleared up and not contacted me, a 2<sup>nd</sup> Violation letter is sent.
7. If 2<sup>nd</sup> Violation letter sent:
  - Gives them an additional 10 days to clean it up or contact me.
  - Another reinspection is done in 10 days, and pictures taken.
  - If cleared up, the case is closed, and a letter is sent to the owner.
  - If not cleared up and not contacted me, a 3<sup>rd</sup> and Final Violation letter is sent.
8. If 3<sup>rd</sup> and Final Violation Letter sent:
  - Has final 30-day extension and then reverts to Summons/Citation.
  - If cleared up, the case is closed, and a letter is sent to the owner.
  - If not cleared up and not contacted me, a Summons/Violation letter is sent.
9. If Violation Summons/Citation is sent:
  - Sent a regular and certified letter giving them notice to pay Civil Citation of \$150.00 (first offense) and a hearing date before the Hearing Officer.
  - If do not pay within time frame, the citation will be added to their water bill (hopefully active)
  - If they do not pay or show up for a hearing, then the case is referred to the City Attorney to pursue court action to either give us permission to enter property, clean and lien OR to order owner to clean up property within such amount of time.
10. I currently sent some cases to the City Attorney and am awaiting response.

*If owners contact me, or have done some partial clean up, then I will give them another extension to get it cleared up.*

City of Holbrook  
Council Action Form

**Tab Number:** 8

**Meeting Date:** December 13, 2023

**To:** Mayor and City Council

**From:** Councilman Black

**Subject:** Personnel Policy section 202 - Nepotism

**Discussion:** Policy wasn't followed

**Fiscal Impact:** None

**Recommendation:**

**Approved by:**   
Robert Black, Councilman

## Section 202 - Nepotism

Appointment of relatives of City employees to regular positions in the City service shall be permitted, provided the relative shall not be employed in a position where one would be directly supervising the other, directly or in the same chain of command, or a conflict of interest might arise concerning a question of internal control. An employee may not be promoted or transferred into a position involving supervision by or of a relative.

For the purposes of this section, relative is defined to include:

Spouse	Aunt
Parent (in-law & step)	Uncle
Brother (in-law, half & step)	Niece
Sister (in-law, half & step)	Nephew
Child (in-law & step)	Grandchild
Cohabitant <sup>1</sup>	Grandparents (in-law)

Should a marriage or cohabitation between employees result in one having operational or supervisory control over the other, within 45 days one employee must resign or transfer in the City service (this option is only available if there is a current opening and the employee is qualified) so as to eliminate the situation. No provision of this rule shall exclude relatives of the City Council, or City appointed boards, commissions or committees, from entering the City service, provided no supervisory control of one over the other exists.

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<sup>1</sup> As used herein, cohabitation refers to the state of living together and having a sexual relationship without being married.

City of Holbrook  
Council Action Form

**Tab Number:** 9

**Meeting Date:** December 13, 2023

**To:** Mayor and City Council

**From:** Councilman Black

**Subject:** Personnel Policy Section 802 - Vacation

**Discussion:** Maximum Accrual Limits

**Fiscal Impact:** None

**Recommendation:**

**Approved by:**   
Robert Black, Councilman

**Section 802 – Vacation**

Vacation leave is provided to regular employees of the City on the following accrual schedule: No vacation leave will accrue when on leave without pay. Paid vacation shall accrue at the following rates for continuous service based upon a bi-weekly payroll.

Years of Service	Vacation Hours	Maximum Accrual Limits
0-1 <sup>st</sup> Anniversary	Up to 80	40
1-6 (3.08 per pay period)	80	160
7-12 (4.62 hours per pay period)	120	240
13 or more (6.15 hours per pay period)	160	320

**Upon completion of the initial six-month probationary period (or twelve months of service in the case of public safety employees serving a one-year probationary period), vacation leave may be taken subject to available accrued leave.** Employees who work less than 1,040 hours per year shall not accrue vacation time. Employees who work less than full time but more than 1,040 hours per year shall accrue vacation time at the rate of 1.54 hours per pay period to the same maximums as stated above and shall be required to use at least one half of their annual accrual as stated herein.

Accrued vacation leave may be carried over from year to year, subject to an accrual limitation set forth herein. Employees are required to use at least one half of their annual accrual each year. In the event an employee fails to use his vacation leave balance as provided herein, vacation accrual beyond the limits established in this section shall be prohibited, and no other accrual will be allowed. The Personnel Director may extend accrual limits for the convenience of the City when vacation leave is not permitted. An employee may not accrue vacation leave in excess of the amount that could be earned in a 24 month period.

Employees who have satisfactorily completed the initial probationary period and who terminate employment shall be paid for all accrued vacation leave. Vacation leave shall be scheduled by the department with due regard to the requirements for service delivery and the employee’s wishes. Requests for vacation leave shall be made in writing by the employee far enough in advance to allow planning for the absence. Separation from employment before the completion of six (6) months services shall void vacation credits.

In the event of the death of the employee, the beneficiary designated by the employee to receive state retirement or public safety retirement benefits shall be paid one-half of the eligible vacation hours times the previous five years average hourly rate.