



County Supervisors Association of Arizona

1905 W. Washington St., Ste. 100, Phoenix, AZ 85009
(602) 252-5521 fax: (602) 253-3227

COUNTY SUPERVISORS ASSOCIATION LEGISLATIVE POLICY COMMITTEE AGENDA

April 8, 2011

Teleconference 1-866-228-9900

Access Code 326208#

[Web link](#)

County Supervisors Association
1905 W. Washington St.
Phoenix, AZ

10:00 a.m. Call to Order ~ *President David Tenney*

- A) Approval of the Minutes of the April 1, 2011, Legislative Policy Committee Meeting
- B) State Budget Report
- C) Pension Reform Update: [SB 1609](#) retirement systems; plans; plan design (*Yarbrough*)
- D) Update on Bills of Interest
 - 1) [HB 2338](#) special districts; secondary levy limits (*Olson*)
 - 2) [HB 2458](#) county infill; renewable energy districts (*Williams*)
 - 3) [SB 1178](#) NOW: county judgment bonds (*Allen*)
 - 4) [SB 1171](#) cities; acquisition of wastewater utility (*Antenori*)
 - 5) [HB 2067](#) board of supervisors; powers (*Burges*)
 - 6) [HB 2650](#) county employees; merit system exemption (*Burges*)
- E) Update of CSA-sponsored Bills
 - 1) [HB 2197](#) charter schools; age restricted communities (*Lesko*)
[SB 1174](#) charter schools; age restricted communities (*Crandall*)
 - 2) [HB 2372](#) conservatorships; guardianships; county reimbursement (*Ash*)
 - 3) [HB 2236](#) political subdivisions; sharing revenue information (*Goodale*)
 - 4) [SB 1291](#) prisoners; credits for fines (*Griffin*)
 - 5) [HB 2318](#) transportation authorities; regional and public (*Jones*)
 - 6) [HB 2319](#) counties; primitive roads; maintenance (*Jones*)
 - 7) [SB 1186](#) 2011 tax correction act (*Yarbrough*)
 - 8) [SB 1278](#) county assessor; permanent retrieval fund (*Allen*) (*Co-sponsored with AACo*)
 - 9) [SB 1362](#) flood control structures (*Antenori*)
 - 10) [SB 1427](#) flood control dist; construction projects (*Nelson*)
 - 11) [SB 1428](#) counties; employment of contractors; bids (*Nelson*)
- F) Other Business
- G) Next Meeting Date and Time (*Friday, April 15, 2011, at 10:00 a.m.*)
- H) Adjourn

House Budget Plan FY2011-2012

County Fiscal Impacts*

These figures include ongoing shifts.

	Governor's Recommendations					House Additions			Total
	HURF Shifts To DPS/1	50% of SVP Costs At ASH/2	100% of Rural RTC Costs in State Hospital /3	Reduce State Share of JP Salaries/4	Maricopa Superior Court Judge Salaries	FY11 County Transfers/5	HURF Shift To MVD/6	Inmate Shift/7	
Apache	\$618,596	\$36,720	\$0	\$58,616	\$0	\$0	\$0	\$0	\$713,932
Cochise	\$740,250	\$0	\$596,519	\$107,463	\$0	\$0	\$0	\$0	\$1,444,232
Coconino	\$857,022	\$50,405	\$317,383	\$65,594	\$0	\$0	\$0	\$0	\$1,290,404
Gila	\$342,221	\$0	\$383,812	\$37,682	\$0	\$0	\$0	\$0	\$763,715
Graham	\$217,826	\$0	\$57,706	\$33,495	\$0	\$0	\$0	\$0	\$309,027
Greenlee	\$73,107	\$0	\$36,905	\$22,330	\$0	\$0	\$0	\$0	\$132,342
La Paz	\$337,173	\$0	\$47,641	\$54,429	\$0	\$0	\$0	\$0	\$439,243
Maricopa	\$8,491,425	\$3,865,828	\$0	\$0	\$9,012,159	\$26,384,500	\$6,662,102	\$0	\$54,416,014
Mohave	\$1,036,766	\$18,721	\$511,973	\$96,298	\$0	\$1,383,700	\$813,413	\$0	\$3,860,871
Navajo	\$746,317	\$88,394	\$354,288	\$99,089	\$0	\$0	\$0	\$0	\$1,288,088
Pima	\$3,799,058	\$1,217,566	\$53,009	\$243,897	\$0	\$6,775,700	\$2,980,620	\$0	\$15,069,850
Pinal	\$1,388,137	\$342,145	\$666,974	\$138,167	\$0	\$2,597,400	\$1,089,088	\$0	\$6,221,911
Santa Cruz	\$272,364	\$99,280	\$378,444	\$30,704	\$0	\$0	\$0	\$0	\$780,792
Yavapai	\$992,791	\$551,149	\$1,339,987	\$92,111	\$0	\$1,458,700	\$778,912	\$0	\$5,213,650
Yuma	\$979,537	\$0	\$425,414	\$52,986	\$0	\$0	\$0	\$0	\$1,457,937
	\$20,892,590	\$6,270,208	\$5,170,055	\$1,132,861	\$9,012,159	\$38,600,000	\$12,324,135	\$0	\$93,402,008

* Analysis does not include ongoing impacts caused by the FY11 elimination of the County Assistance Fund (CAF) or Prop. 204 Hold Harmless funding. CAF allocated lottery revenues of \$550,035/year to rural counties, \$249,772/year to urban counties.

- 1 - In FY12, the baseline budget includes a shift of \$13.1 million. The Executive and Senate proposals would increase the county impact by \$7.8 million.
- 2 - Continues FY11 session law and increases the required amount counties must pay related to housing prisoners in the Arizona Community Protection and Treatment Center (AzCPTC) from 25% to 50%. Based on actual billings as of October 2010. Actual charges will vary depending on caseload.
- 3 - Based on actual case billings from FY10. Estimates assume FY12 charges will be the same, actual charges will vary depending on caseload.
- 4 - Starting in FY11, the state share of Justice of the Peace salaries is permanently lowered from 38.5% to 19.25%.
- 5 - Beginning in FY09, state budgets have included county transfers from Maricopa and Pima counties. The FY12 Executive's budget proposal included a county transfer of \$21 million. The House budget increases the county transfer to a total of \$38.6, spread across five counties.
- 6 - Proposal shifts \$86 million of HURF to fund MVD, costing counties \$12.3 million in diverted HURF revenues. Rural counties would be exempt from funding the MVD.
- 7 - Senate budget proposes shifting DOC inmates serving a prison sentence of less than one year to county. Proposed House budget would schedule implementation to begin July 1, 2012.



Pension Reform Legislation

AACo Alternative to SB1609 as Amended by House ERA
as it relates to Elected Officials' Retirement Plan

EORP Alternative 8c

The Arizona Association of Counties commissioned a stochastic analysis by the PSPRS- contracted actuary that reflected the following changes to the Senate Engrossed version of SB1609. Option 8c reflects the following proposed changes to the legislation as it relates to the Elected Officials' Retirement Plan:

- ❖ In FY12, increase EORP member contributions by 4% (to a total of 11%) while maintaining the employer maintenance of effort;
- ❖ Honor the benefit distribution of existing members of the Plan in accordance with the parameters in effect at the time membership commenced;
- ❖ Allow the definition of "normal retirement" as it relates to those who become members on or after January 1, 2012 to include retirement at any age after the member accrues twenty-four years of service (current law allows it after 20 years of service)

Impact on the Fund

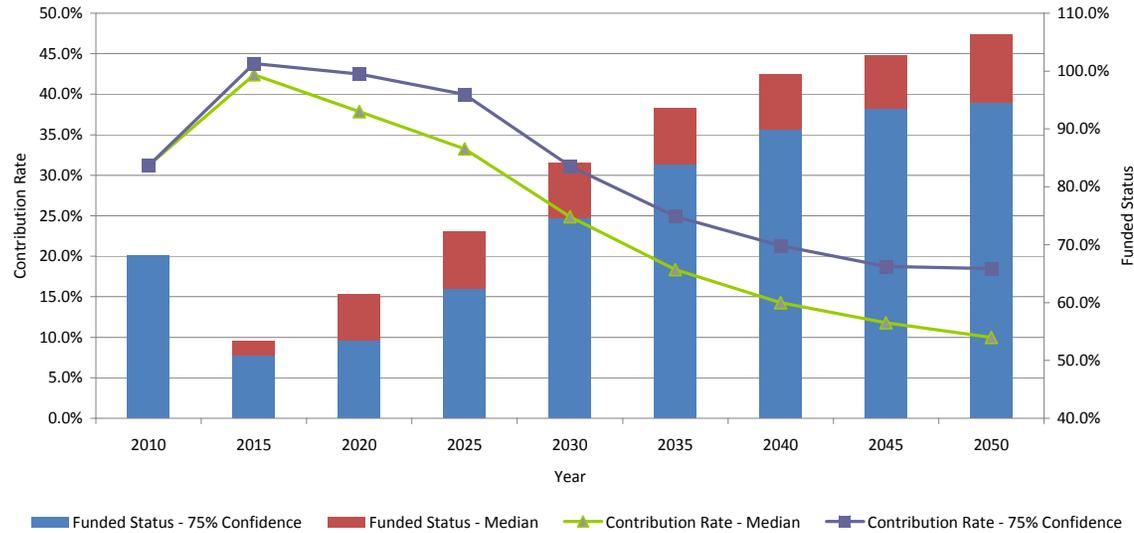
Option 8c has a positive effect on both employer contribution rates and the solvency of the Plan Fund. Utilizing the same methodology used to ascertain the effectiveness of other alternatives, implementation of Alternative 8c is projected to ensure that the fund is funded at an 80% ration by 2033 (two years earlier than the PSPRS and legislators target date of 2035). Also, Alternative 8c also reduces employer costs.

Plan Comparisons on EORP Fund in 2035

Proposals	Funded Level	Contribution Rate
AACo Alternative	83.9%	24.9%
SB1609*	84%	24.1%
HB2726*	72.2%	14.2%

*As demonstrated by PSPRS actuary analysis of introduced versions of legislation

EORP Projection Results Alternate 8c



Contribution Rates	2010	2015	2020	2025	2030	2035	2040	2045	2050
5th Percentile	31.2%	49.5%	52.7%	53.9%	48.4%	39.8%	39.9%	47.5%	54.2%
25th Percentile	31.2%	43.8%	42.5%	40.0%	31.1%	24.9%	21.3%	18.8%	18.5%
Median	31.2%	42.4%	37.8%	33.3%	24.9%	18.4%	14.3%	11.8%	10.0%
75th Percentile	31.2%	40.4%	33.9%	27.0%	18.4%	12.0%	10.0%	10.0%	10.0%
95th Percentile	31.2%	32.9%	18.1%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%

Funded Rate	2010	2015	2020	2025	2030	2035	2040	2045	2050
5th Percentile	68.2%	47.1%	45.9%	52.2%	63.9%	72.6%	78.4%	79.6%	81.7%
25th Percentile	68.2%	50.8%	53.4%	62.4%	74.7%	83.9%	90.0%	93.6%	94.6%
Median	68.2%	53.3%	61.4%	72.3%	84.3%	93.6%	99.5%	102.7%	106.4%
75th Percentile	68.2%	57.0%	68.5%	82.2%	93.9%	102.6%	108.7%	116.1%	122.6%
95th Percentile	68.2%	62.7%	78.9%	94.1%	106.2%	120.3%	138.8%	156.9%	177.1%

Alternate 8c:

Existing actives

- Additional 4% of pay member contributions effective FY2012; maintenance of effort for all years.
- Revised Current COLA (excess return over 7 years average return); in addit the 70%/80% funded ratio threshold based on Market Value of Assets also applies.
- Return to work retirees DO NOT pay into the System.
- All other benefit provisions the same as current benefit provisions.

New hires

- Additional 6% of pay member contributions phased in over 3 years; maintenance of effort for all years.
- Revised Current COLA (excess return over 7 years average return); in addition, the 70%/80% funded ratio threshold based on Market Value of Assets also applies.
- Normal retirement at age 65 with 5 years of service or age 62 with 10 years of service, or 24 years of service regardless of age.
- Early retirement with reduced benefits at age 60 with 10 years of service, 6% per year reduction from age 62.
- Multiplier is 3% of FAC, with a maximum benefit of 75% of FAC.
- 5 year final average compensation.
- Disability benefit is the same formula as retirement benefit
- Post-retirement survivor benefit is 50% of retiree's benefit
- No employer match on refunds.
- Return to work retirees DO NOT pay into the System.
- All other benefit provisions the same as current benefit provisions.

LPC Bills for Consideration
CSA Legislative Policy Committee Meeting
April 8, 2011 (10:00 a.m.)

Bill Number	Short Title	Description	Comment
<i>Update on Bills of Interest</i>			
SB 1609	RETIREMENT SYSTEMS; PLANS; PLAN DESIGN (Yarbrough)	Makes various changes in retirement plans to reduce costs to employers and to the plans. For the Elected Officials Retirement Plan (EORP) many of the changes take effect for any person elected, re-elected or retained on or after Jan 1, 2012. All members of EORP and PSPRS must make contributions to their retirement plan according to a schedule established in this act. An alternate contribution rate is established for retired members of any of the plans who return to work. Permanent increases in retirement benefits are limited. Much more. Severability. Some provisions are effective retroactive to June 29 or June 30, 2011.	Passed by House Employment and Regulatory Affairs
HB 2338	SPECIAL DISTRICTS; SECONDARY LEVY LIMITS (Olson)	Beginning in tax year 2011, the maximum property tax rate for county free library districts, county jail districts and public health services districts is the lesser of the current statutory amount or the amount as determined by the tax levy of the previous tax year adjusted by the percentage change in the levy limit for the county in which the district is located. For purposes of this calculation, the levy limit is annually increased to the maximum allowable, regardless of whether the district levied that amount. [This gives districts a reserve taxable capacity.] Currently, the property tax rate for adult jail districts is capped at 20 cents per \$100 of assessed value; juvenile detention at 10 cents; public health services at 15 cents. County library district have no current statutory rate limit.	Senate COW approved
HB 2458	COUNTY INFILL; RENEWABLE ENERGY DISTRICTS (Williams)	In statutes governing formation of county infill incentive districts or renewable energy incentive districts, the requirements for county boards of supervisors to give public notice via newspapers and to hold at least one public hearing in the proposed district are deleted. In the case of a renewable energy incentive district, notification to property owners is changed from all owners within one mile of the proposed boundary of the district to owners of adjacent property. Effective October 1, 2011.	Approved by Senate Rules

SB 1178	NOW: COUNTY JUDGMENT BONDS (Allen)	The proposed strike-everything amendment to SB 1178 allows county supervisors of counties with specific populations to issue and administer county judgment bonds.	Approved by Caucus
SB 1171	CITIES; ACQUISITION OF WASTEWATER UTILITY (Antenori)	A municipality authorized to operate a wastewater utility by the voters may acquire all or any portion of a sewage system located within or serving the municipality and owned or operated by a county. The municipality must pay or assume all outstanding indebtedness for the transferred infrastructure and treatment capacity.	Approved by House Rules, stricken from Consent Calendar
HB 2067	BOARD OF SUPERVISORS; POWERS (Burges)	The list of discretionary powers of a county board of supervisors is expanded to include authority to contract with a government agency to provide constable services at fees less than those established in statute, except for those specifically authorized to be performed solely by the sheriff.	Retained on Senate COW
HB 2650	COUNTY EMPLOYEES; MERIT SYSTEM EXEMPTION (Burges)	In a county of fewer than two million (all except Maricopa), the board of supervisors shall remove administrative positions from the merit system if requested by an elected county officer. In a county of more than two million, the board of supervisors may remove administrative positions from the merit system if requested by an elected county officer.	Passed by Senate COW

CSA Legislative Agenda

HB 2197	CHARTER SCHOOLS; AGE RESTRICTED COMMUNITIES (Lesko)	The statute governing the placement of charter schools is amended to prohibit a charter school from being located in an age restricted community in an unorganized territory. Emergency clause.	Transmitted to Governor
HB 2372	CONSERVATORSHIPS; GUARDIANSHIPS; COUNTY REIMBURSEMENT (Ash)	If a county pays for specified services for conservatorships or guardianships from the county general fund, the county is authorized to charge the estate for reasonable compensation.	On Senate Consent Calendar
HB 2236	POLITICAL SUBDIVISIONS; SHARING REVENUE INFORMATION (Goodale)	The Dept of Revenue's liability setoff program can be used to satisfy taxpayer debts to political subdivisions. The department is authorized to provide information on an individual's reported income to a county, municipality, or state agency for the purpose of determining eligibility for a program or benefit.	On Senate Consent Calendar
SB 1291	PRISONERS; CREDITS FOR FINES (Griffin)	A prisoner sentenced to pay a fine is allowed a credit towards payment of the fine of \$50 for each day spent at hard labor. The maximum credit towards payment of a fine that a court may offer a prisoner who is imprisoned for nonpayment of the fine is \$50 per day. Previously, the maximum in both cases was \$10.	Passed by House
HB 2318	TRANSPORTATION AUTHORITIES; REGIONAL & PUBLIC (Jones)	Community college districts and Indian nations may become members of intergovernmental public transportation authorities. Modifies the definition of county for the purposes of regional transportation authorities to eliminate language requiring a minimum population of 200,000 persons.	Passed by Senate Natural Resources and Transportation
HB 2319	COUNTIES; PRIMITIVE ROADS; MAINTENANCE (Jones)	County boards of supervisors may spend public monies for maintenance of public roads and streets that have been designated as primitive roads (defined elsewhere in statute). Effective October 1, 2011.	On Senate Consent Calendar
SB 1174	CHARTER SCHOOLS; AGE RESTRICTED COMMUNITIES (Crandall)	Charter schools cannot be established or operated in an age restricted community located in unorganized territory. Emergency clause.	Passed by Senate, transmitted to House

SB 1186	2011 TAX CORRECTION ACT (Yarbrough)	Clarifies that confidential information relating to any tax collected by the Department of Revenue (DOR) on behalf of a county may be shared with that county.	Retained during House COW
SB 1278	COUNTY ASSESSOR; PERMANENT RETRIEVAL FUND (Allen)	Eliminates the termination date of December 31, 2011, for the county assessor's property information storage and retrieval conversion and maintenance fund. Counties with less than 750,000 persons are authorized to establish the fund (increased from counties with less than 500,000 persons).	Passed by House Government
SB 1362	FLOOD CONTROL STRUCTURES (Antenori)	In a county with a population of less than 3 million persons (all but Maricopa), county flood control districts are authorized to construct, maintain and operate bridges over watercourses that are impassable to emergency vehicle traffic for 14 or more days per year.	Passed by House Agriculture and Water, Rules, Caucus
SB 1427	FLOOD CONTROL DIST; CONSTRUCTION PROJECTS (Nelson)	In counties with a population of 250,000 or less, regular county employees are authorized to undertake construction projects with an estimated cost of up to \$250,000.	Referred to Senate Natural Resources and Transportation
SB 1428	COUNTIES; EMPLOYMENT OF CONTRACTORS; BIDS (Nelson)	In counties with a population of 250,000 or less, regular county employees are authorized to construct certain public works without advertising for bids, if the total cost of the work does not exceed \$250,000 in FY2011-2012, adjusted annually each FY by the change in the GDP price deflator.	Referred to Senate Government Reform