



County Supervisors ASSOCIATION of arizona

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**COUNTY SUPERVISORS ASSOCIATION
BOARD OF DIRECTORS
AGENDA
February 17, 2011
Boardrooms A and B
County Supervisors Association
1905 W. Washington St.
Phoenix, AZ**

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

- 1) Approval of Minutes of the January 20, 2011, Board of Directors Meeting; the February 4, 2011, Legislative Policy Committee meeting; and the February 11, 2011, Legislative Policy Committee meeting
- 2) Presentation of the Future of the Navajo Generating Station Project ~ *William Auberle, En3 Professionals, LLC*
- 3) Legislative Policy Committee Discussion
 - ❖ State Budget Report
 - ❖ Pension Reform Update
 - [HB 2726](#) public retirement systems; plan design (*Adams*)
 - Senate Proposal *TBD*
 - ❖ Arizona Commerce Authority; Business Incentives ([HB 2001](#) / [SB 1001](#), Second Special Session)
 - ❖ CSA Legislative Package
 - ❖ Legislative Bills of Interest
 - [HB 2103](#) homemade food products; regulation; exception (*Kavanagh*)
 - [HB 2379](#) incarceration costs; municipal court warrants (*Ash*)
 - [HB 2397](#) SE: taxes; sale of trust lands (*Jones*)
 - [HB 2650](#) county employees; merit system; exemption (*Burges*)
 - [SB 1379](#) SE: fireworks (*Antenori*)
- 4) SRS Action Team Meeting Update
- 5) NACo Report
 - ❖ Legislative Conference, March 4-10, 2011
 - ❖ National County Government Month (April, 2011)
- 6) County Managers Association Report
- 7) County Caucus Reports
- 8) Other Business
- 9) Adjourn

Attendance may occur by teleconference or videoconference

The County Supervisors Association Board of Directors may vote to order an executive session for the purposes of discussion on any of the agenda items. A.R.S. § 38-431.03(A)(1), (3), (4), and (5).



Navajo Generating Station Project

William Auberle, P.E. BCEE



Background



- Constructed in 1970s - Central Arizona Project
- Owners: SRP, APS, TEP, LADWP, NV Energy, USBOR
- Clean Air Act
- U.S. Environmental Protection Agency
 - SO₂, NO_x, Mercury, HAPs, and Carbon Dioxide (GHGs)



Goals

- Develop a broad-based agreement on plans for emissions reductions
- Involve all interested parties



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Process



- Contact interested parties identified by EPA
- Regular meetings of stakeholders' group
- Identification of negotiating parties
- Areas of agreement and areas of compromise
- Develop plan and submit to EPA

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Stakeholders



- Navajo Nation and Hopi Tribe
- U.S. Department of Interior
 - BOR, BIA, NPS, FWS, BLM
- Central Arizona Project (CAWCD) and customers
 - Phoenix, Tucson, Scottsdale, Mesa,...
 - GRIC, Ak-Chin, T.O., SRPIC, ...
 - Irrigation districts & water companies
- Residents, miners, plant workers
- Environmental groups and non-profits
- Peabody Energy

Schedule

- March 31, 2011 Agreement (framework)
- April Outreach to all interested parties
- Submit to USEPA and others



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[> Navajo Generating Station Project](#)

Navajo Generating Station Project

EN3 is seeking to achieve a widely-accepted agreement among the many parties having an interest in the reduction of emissions from the Navajo Generating Station in Page, Arizona. This agreement is expected to serve as a foundational document for a Best Available Retrofit Technology (BART) determination by USEPA and as a basis for other potential actions by plant owners, public agencies and interested parties. Nitrogen oxides, particulate matter, and hazardous air pollutant emissions from NGS Units 1, 2, & 3 are being addressed.

References:

[EN3-NGS Project Overview & Schedule](#)

[Engagement of Auberle & EN3 – Oct 16 2010](#)

[Navajo Generating Station Website \(SRP\)](#)

[Federal Register Notice](#)

[EPA Docket R09-OAR-2009-0598](#)

[NGS/SCR and Baghouse Capital Cost Estimate Report](#)

[Questions? Comments? Contact us.](#)



**Executive Budget Recommendation
Impacts to Counties
January 18, 2011**

The Governor released her budget recommendation on January 14, 2011. The proposal addresses the FY2011 deficit largely through one-time measures. The proposal addresses the FY2012 deficit mainly through budget cuts to healthcare and education. The cuts to the healthcare assume the federal government will approve a waiver that will allow the state to reduce eligibility to the AHCCCS system. An initial review of the Governor's plan identified the following impacts to counties:

- Increases shift of HURF from cities and counties to fund operations at DPS. The county share of the impact increases by \$7.8 million, from \$13.1 million in FY2011 to \$20.9 million in FY2012.
- Increases county share of SVP patients at the Arizona State Hospital from 25 percent in FY2011 to 50 percent in FY2012. County impact estimated at 5.1 million.
- Diverts ACJC grants to DPS Public Safety Equipment fund from State Aid to County Attorneys and State Aid to Indigent Defense Fund. Estimated county impact \$2.2 million.
- Continues mandated county transfers from the state, but lowers aggregate payment from \$34.6 million to \$21 million.
- Continues 100 percent county cost share of Restoration to Competency patients at the Arizona State Hospital.
- Continues county share of JP salaries at 80.75 percent.
- Continues Maricopa County funding Superior Court judges' salaries. Estimated county impact \$8.25 million.
- **Note:** in addition to the cost shifts and resource transfers, last year certain counties lost important long-time revenue streams (*i.e.*, the County Assistance Fund and the Prop. 204 hold harmless appropriation).

Proposed State Spending Limit

The Governor also proposes placing in statute a state spending limit based on a 10-year average of revenues. The limit would constrain expenditures and utilize surplus revenues for the following purposes:

- Debt reduction (projected to provide \$1.9 billion by FY2020 to retire debt)
- Rollover reduction
- Budget Stabilization Fund deposits
- One-time capital projects
- Tax rebates

Additional Budget Reform Proposals (Constitutional)

- Executive authority to reduce appropriations under certain economic conditions
- Line item reduction authority
- Budget Stabilization Fund set at 15 percent of General Fund revenues

Summary of Adams' Retirement Plan Reform

Pension Design Reform 2011

Current Law	Reform
<p>ASRS Return to Work: >20hrs/20wks Rule – resume active status. True change in position – can collect pension. Another system – can collect pension. Terminated employment for 12 months and return – can collect pension. Returns to work as teacher after 12 months – can collect pension.</p>	<p>Return to Work Changes HB2027 (July 2012 effective date). Alternative Contribution Rate charged to ASRS employer when hiring retired ASRS member, after 12 months.</p>
<p>ASRS Normal Retirement Eligibility: Age 65 Age 62 and 10-yrns of service Any combination of age and service totaling 80 points or 85 points, if hired post July 2011.</p>	<p>Change Normal Retirement Eligibility (Hired post July 2011 effective date). Age 65 Age 62 and 10-yrns of service. *Remove point system</p>
<p>4-Systems Permanent Benefit Increases (COLAs): Up to a 4% increase contingent on variables within each system.</p>	<p>Repeal COLAs (General effective date). Repeal all COLAs in each system</p>
<p>EORP Normal Retirement Eligibility: Age 65 and 5-yrns of service Age 62 and 10-yrns of service 20 or more yrns of service regardless of age.</p>	<p>Change Normal Retirement Eligibility (Hired post Jan 2012 effective date). Age 65 and 5-yrns of service Age 62 and 10-yrns of service</p>
<p>EORP Early Retirement Eligibility: Any age and 5-yrns of service.</p>	<p>No Early Retirement (Hired post Jan 2012 effective date). No early retirement eligibility</p>
<p>EORP Retirement Multiplier: 4% × member's average yearly salary × yrns of service.</p>	<p>Change Retirement Calculation (Hired post Jan 2012 effective date). Graded multiplier (%) scale based on years of service: 10 to 19.99-yrns: 2.1% 20 to 24.99-yrns: 2.15% 25 to 29.99-yrns: 2.2% 30+ yrns: 2.3%</p>
<p>PSPRS - DROP: After member attains 20-yrns of service, the member can elect to DROP up to 5-yrns. No member or employer contributions are paid to system during that period, member contributions go to member account plus interest.</p>	<p>Repeal DROP Repeal DROP (effective Jan 2012). If you are not in DROP by date, you cannot DROP. Members in DROP by date may continue to DROP.</p>

<p>3-PSPRS Systems Employee/Employer Contributions:</p> <p>Members Fixed: Employer: PSPRS – 7.65% 20.89% avg CORP – 7.96% 8.75% avg (dispatcher) – 8.41% EORP – 7% 17.42%(st/county) 29.79%(city)</p>	<p>Increase Member Contributions (July 2011 effective date). Increase member contribution rates by 1/5th each year for 5-yrs with corresponding employer decreases until matching contribution rate is achieved.</p>
<p>Salary Benefit Calculation (PSPRS, CORP, EORP): Highest average salary paid during 3 consecutive yrs within the last 10-yrs of service. PSPRS is within last 20-years of service</p>	<p>Smooth Salary Calculation (Hired post Jan 2012 effective date). Highest average salary paid during 5 consecutive yrs within the last 10-yrs of service. PSPRS is within last 20-years of service.</p>
<p>Refund of Contributions (PSPRS, CORP, EORP): From 5 to 10-yrs of service, members are refunded a graduated portion of the employer contributions up to 100%, if member has 10-yrs of service.</p>	<p>No Employer Refunds (Hired post Jan 2012 effective date). Terminated members will no longer receive double their contributions.</p>
<p>Normal Retirement Eligibility (PSPRS & CORP):</p> <p>PSPRS 20-yrs of service at any age Age 62 and 15-yrs of service</p> <p>CORP 20-yrs of service at any age Age 62 and 10-yrs of service Any combination of age and service totaling 80 points. If dispatcher, 25-yrs at any age.</p>	<p>Change Normal Retirement Eligibility (Hired post Jan 2012 effective date).</p> <p>PSPRS 25-yrs of service Age 62 and 15-yrs of service</p> <p>CORP 25-yrs of service Age 62 and 10-yrs of service</p>

*** Requires a Study of Defined Contribution Plan feasibility and cost. The Board of Investment will complete the Study by Dec 31, 2011.**

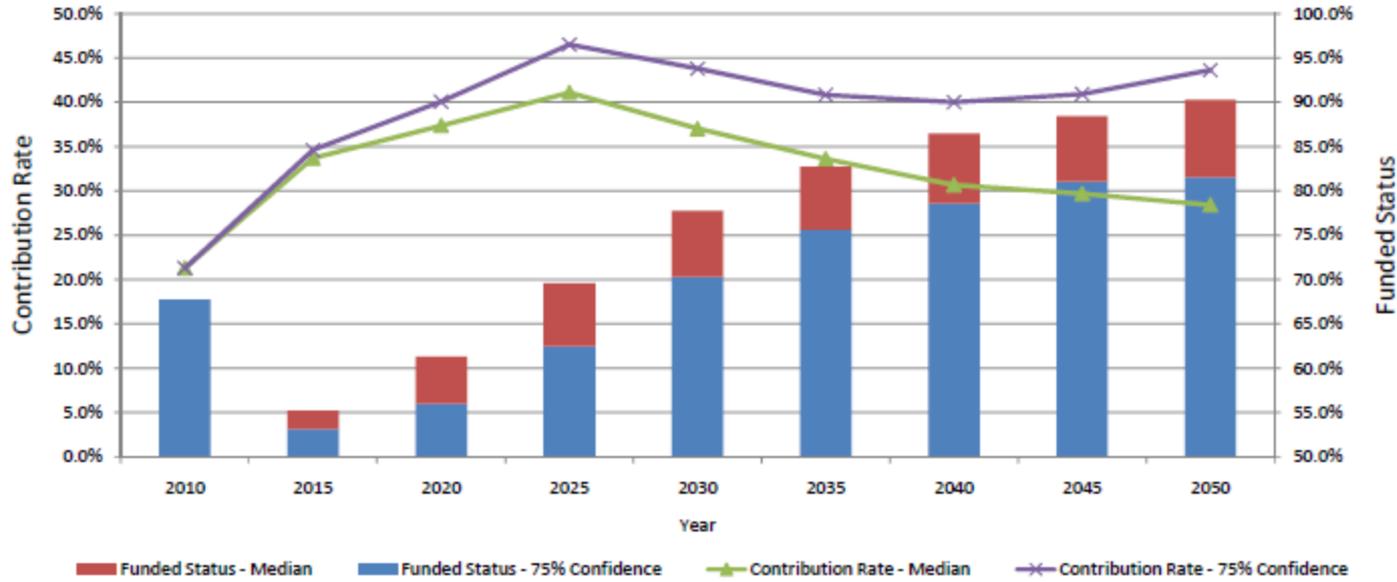
End.

Public Safety Personnel Retirement System
Corrections Officer Retirement Plan
Elected Officials' Retirement Plan

HB 2726 – Actuarial Impact on PSPRS,
CORP and EORP

Version Date 2-15-11

PSPRS Projection Results Baseline

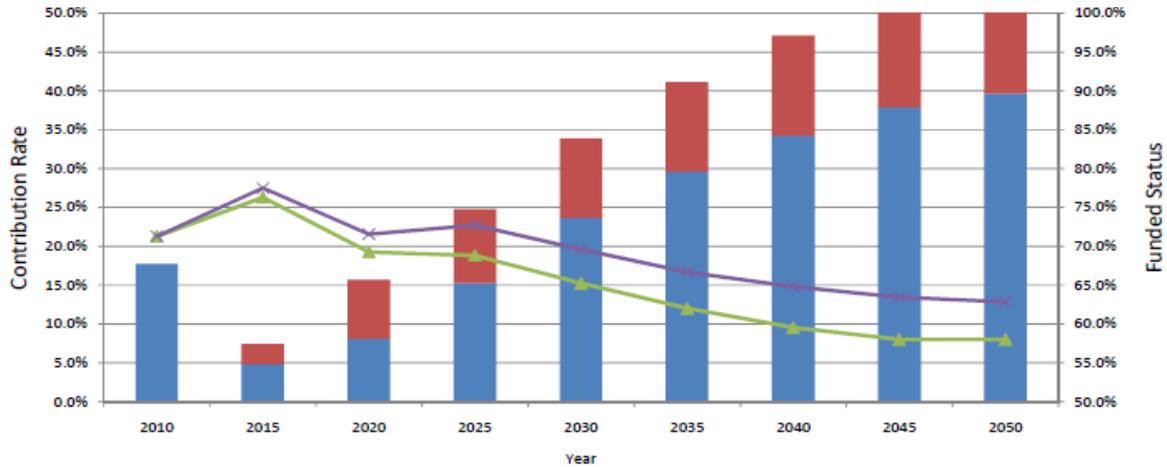


	2010	2015	2020	2025	2030	2035	2040	2045	2050
Contribution Rates									
5th Percentile	21.3%	38.4%	48.4%	58.0%	66.1%	63.2%	68.5%	89.8%	89.7%
25th Percentile	21.3%	34.6%	40.1%	46.5%	43.8%	40.8%	40.0%	40.9%	43.6%
Median	21.3%	33.7%	37.4%	41.1%	37.0%	33.6%	30.7%	29.7%	28.4%
75th Percentile	21.3%	32.8%	34.6%	35.5%	29.9%	23.6%	18.6%	12.5%	5.2%
95th Percentile	21.3%	25.9%	14.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Funded Rate									
5th Percentile	67.7%	50.3%	49.7%	54.7%	62.6%	66.8%	70.3%	70.8%	72.1%
25th Percentile	67.7%	53.1%	56.0%	62.5%	70.3%	75.6%	78.6%	81.1%	81.5%
Median	67.7%	55.2%	61.3%	69.6%	77.7%	82.7%	86.4%	88.4%	90.2%
75th Percentile	67.7%	57.3%	66.1%	76.4%	84.8%	90.9%	95.0%	99.5%	103.4%
95th Percentile	67.7%	59.9%	74.2%	87.5%	99.0%	111.9%	127.8%	144.0%	158.9%

Baseline:

Current benefit provisions for existing actives and new hires
Current COLA program

PSPRS Projection Results : Alternate 26 – HB 2726



Contribution Rates	2010	2015	2020	2025	2030	2035	2040	2045	2050
5th Percentile	21.3%	32.1%	26.3%	30.6%	30.6%	26.1%	24.8%	24.6%	24.6%
25th Percentile	21.3%	27.5%	21.6%	22.7%	19.6%	16.7%	14.8%	13.4%	12.8%
Median	21.3%	26.3%	19.3%	18.8%	15.2%	12.0%	9.5%	8.0%	8.0%
75th Percentile	21.3%	24.7%	17.2%	14.4%	9.7%	8.0%	8.0%	8.0%	8.0%
95th Percentile	21.3%	17.6%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Funded Rate	2010	2015	2020	2025	2030	2035	2040	2045	2050
5th Percentile	67.7%	51.2%	50.6%	55.2%	62.8%	67.4%	72.4%	74.1%	74.6%
25th Percentile	67.7%	54.9%	58.1%	65.3%	73.7%	79.6%	84.2%	87.9%	89.7%
Median	67.7%	57.4%	65.7%	74.8%	83.9%	91.2%	97.1%	102.0%	107.4%
75th Percentile	67.7%	60.9%	72.8%	85.8%	97.1%	107.8%	115.6%	130.2%	145.0%
95th Percentile	67.7%	66.4%	85.8%	105.7%	122.7%	152.6%	185.8%	215.9%	245.8%

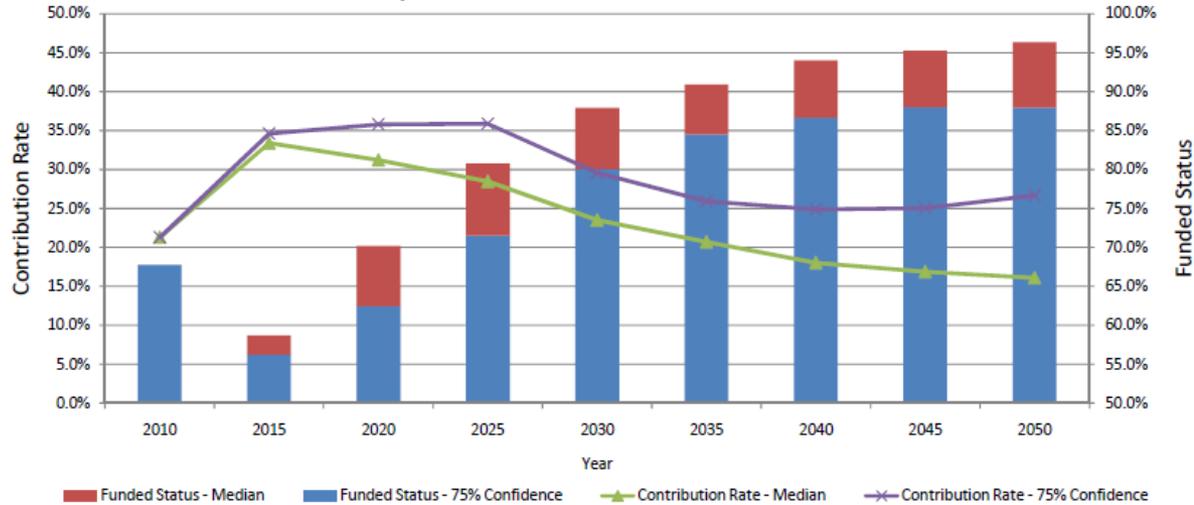
Alternate 26: Existing actives

- Additional 4% of pay member contributions for first 4 years, thereafter contributions are split 50/50 between employer and member; no maintenance of effort provisions; member minimum is 7.65%; employer minimum is 8% of pay
- No DROP
- No COLA.
- All other benefit provisions the same as current benefit provisions

New hires

- 5 year final average compensation.
- No employer match on refunds.
- Normal retirement after 25 years of service or age 62 with 15 years of service.
- Additional 4% of pay member contributions for first 4 years, thereafter contributions are split 50/50 between employer and member; no maintenance of effort provisions; member minimum is 7.65%; employer minimum is 8% of pay
- No DROP
- 2.5% multiplier, reduced 4% per year of service below 25 years
- Maximum benefit is 80% of FAC.
- No COLA
- All other benefit provisions the same as current benefit provisions

PSPRS Projection Results : Alternate 14c – HB 2199



	2010	2015	2020	2025	2030	2035	2040	2045	2050
Contribution Rates									
5th Percentile	21.3%	39.3%	45.2%	52.4%	52.8%	45.2%	46.0%	59.5%	69.0%
25th Percentile	21.3%	34.6%	35.8%	35.9%	29.6%	25.9%	24.9%	25.0%	26.7%
Median	21.3%	33.4%	31.2%	28.5%	23.5%	20.7%	18.0%	16.9%	16.1%
75th Percentile	21.3%	31.8%	27.4%	22.6%	16.9%	12.5%	8.8%	3.7%	0.0%
95th Percentile	21.3%	26.6%	10.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Funded Rate									
5th Percentile	67.7%	52.6%	55.2%	61.5%	69.0%	73.9%	77.7%	77.5%	77.3%
25th Percentile	67.7%	56.2%	62.5%	71.5%	80.1%	84.5%	86.6%	88.0%	87.9%
Median	67.7%	58.7%	70.2%	80.8%	87.9%	90.9%	94.0%	95.2%	96.3%
75th Percentile	67.7%	62.2%	76.6%	88.7%	95.6%	99.7%	103.1%	107.0%	110.9%
95th Percentile	67.7%	67.5%	86.6%	99.7%	112.0%	127.5%	145.2%	172.1%	189.1%

Alternate 18a:

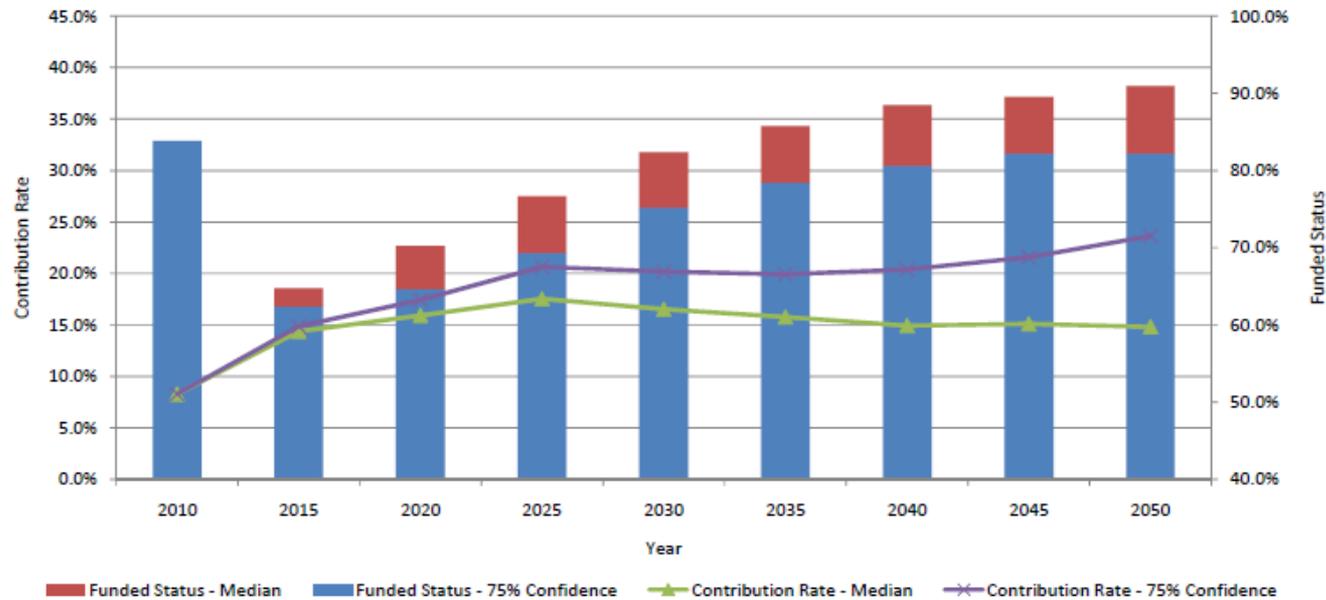
Existing actives

- 5 year Final Average Compensation for existing actives and new hires
- Restrictive COLA program based on Market Value of Assets
- Additional 4% of pay member contributions, phased in over 4 years
- Employee Contributions on DROP payroll
- Interest rate on the DROP account tied to actual return of the fund (minimum 2%; maximum 8%)
- All other benefit provisions are the same as current provisions

New hires

- Permanent compound COLA tied to CPI, not to exceed 2% per year
- All other benefit provisions the same as current actives

CORP Projection Results Baseline

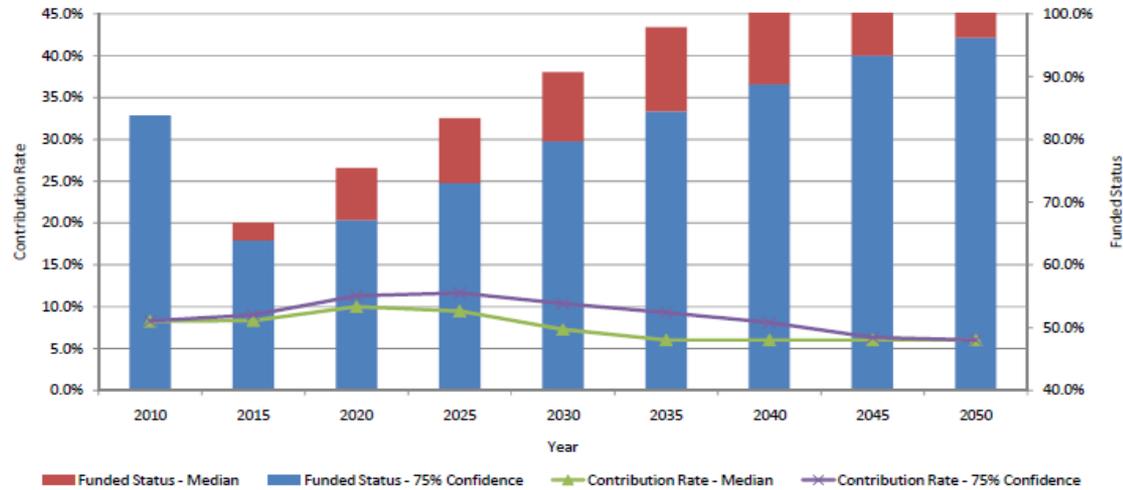


	2010	2015	2020	2025	2030	2035	2040	2045	2050
Contribution Rates									
5th Percentile	8.3%	17.1%	21.9%	27.1%	32.7%	31.8%	35.7%	48.2%	48.0%
25th Percentile	8.3%	14.9%	17.4%	20.6%	20.2%	19.9%	20.4%	21.6%	23.6%
Median	8.3%	14.4%	15.9%	17.5%	16.5%	15.8%	14.9%	15.1%	14.8%
75th Percentile	8.3%	13.9%	14.3%	14.5%	12.3%	10.2%	8.0%	5.1%	1.5%
95th Percentile	8.3%	10.4%	3.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Funded Rate									
5th Percentile	83.8%	59.2%	58.1%	61.1%	66.9%	69.8%	72.5%	72.1%	72.9%
25th Percentile	83.8%	62.4%	64.6%	69.3%	75.2%	78.4%	80.7%	82.2%	82.2%
Median	83.8%	64.7%	70.2%	76.7%	82.4%	85.7%	88.4%	89.5%	91.0%
75th Percentile	83.8%	67.1%	75.3%	83.7%	89.7%	94.2%	97.2%	101.1%	104.2%
95th Percentile	83.8%	70.3%	84.0%	96.4%	106.3%	117.7%	134.5%	153.3%	163.2%

Baseline:

Current benefit provisions for existing actives and new hires
Current COLA program

CORP Projection Results : Alternate 2 – HB 2726



Contribution Rates	2010	2015	2020	2025	2030	2035	2040	2045	2050
5th Percentile	8.3%	11.6%	13.9%	16.1%	16.6%	14.7%	14.5%	14.8%	15.0%
25th Percentile	8.3%	9.0%	11.3%	11.6%	10.4%	9.3%	8.1%	6.3%	6.0%
Median	8.3%	8.3%	10.0%	9.5%	7.3%	6.0%	6.0%	6.0%	6.0%
75th Percentile	8.3%	7.4%	8.9%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
95th Percentile	8.3%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%

Funded Rate	2010	2015	2020	2025	2030	2035	2040	2045	2050
5th Percentile	83.8%	59.7%	59.3%	62.7%	68.0%	71.9%	76.2%	76.9%	78.2%
25th Percentile	83.8%	63.9%	67.1%	73.1%	79.7%	84.5%	88.8%	93.4%	96.2%
Median	83.8%	66.7%	75.4%	83.4%	90.7%	97.9%	107.5%	116.0%	126.8%
75th Percentile	83.8%	70.7%	83.1%	95.1%	109.1%	124.7%	136.1%	153.2%	173.2%
95th Percentile	83.8%	76.9%	97.3%	120.9%	142.2%	176.9%	218.6%	258.4%	291.4%

Alternate 2:

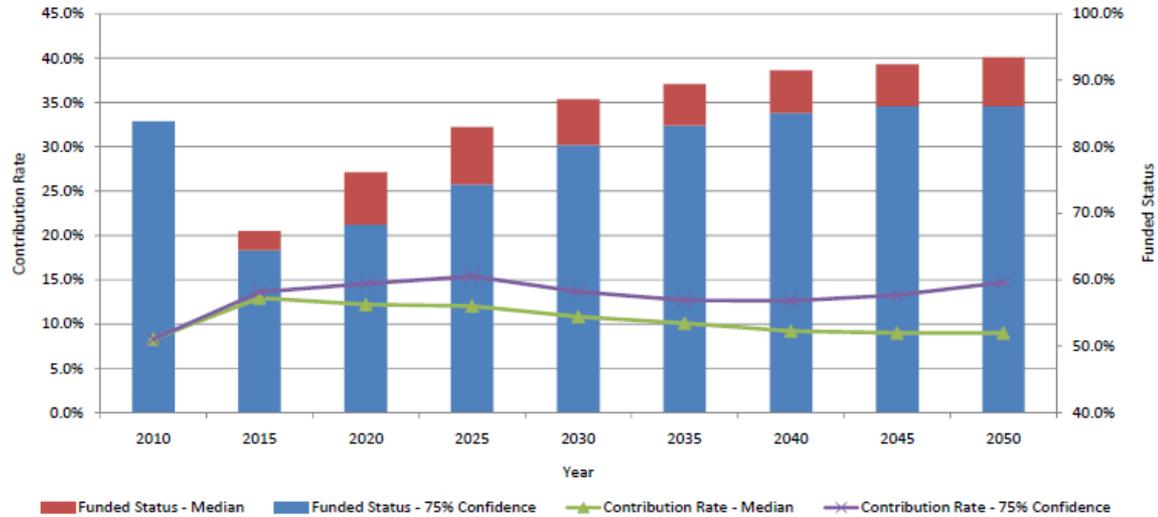
Existing actives

- Additional 4% of pay member contributions for first 4 years, thereafter contributions are split 50/50 between employer and member; no maintenance of effort provisions; member minimum is 8.41%; employer minimum is 6% of pay.
- Dispatch member contributions is 0.45% less than non-dispatcher contributions until the plan becomes 100% funded.
- No COLA.
- All other benefit provisions the same as current benefit provisions.

New hires

- 5 year final average compensation.
- No employer match on refunds.
- Normal retirement after 25 years of service or age 62 with 10 years of service.
- Additional 4% of pay member contributions for first 4 years, thereafter contributions are split 50/50 between employer and member; no maintenance of effort provisions; member minimum is 8.41%; employer minimum is 6% of pay.
- 2.5% multiplier for all years of service.
- No COLA
- All other benefit provisions the same as current benefit provisions.

CORP Projection Results : Alternate 1 – HB 2200



Contribution Rates	2010	2015	2020	2025	2030	2035	2040	2045	2050
5th Percentile	8.3%	16.3%	19.7%	24.2%	25.5%	23.7%	25.7%	34.4%	38.6%
25th Percentile	8.3%	13.6%	14.6%	15.4%	13.7%	12.7%	12.6%	13.3%	14.7%
Median	8.3%	12.9%	12.2%	12.0%	10.8%	10.1%	9.2%	9.0%	9.0%
75th Percentile	8.3%	12.0%	10.4%	9.3%	7.5%	5.8%	4.3%	2.0%	0.0%
95th Percentile	8.3%	8.9%	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Funded Rate	2010	2015	2020	2025	2030	2035	2040	2045	2050
5th Percentile	83.8%	60.3%	60.4%	64.0%	69.2%	73.0%	76.0%	75.9%	76.3%
25th Percentile	83.8%	64.4%	68.2%	74.3%	80.3%	83.2%	85.1%	86.1%	86.1%
Median	83.8%	67.3%	76.2%	83.0%	87.1%	89.4%	91.5%	92.4%	93.4%
75th Percentile	83.8%	71.3%	82.2%	89.9%	94.4%	97.6%	100.0%	103.3%	106.6%
95th Percentile	83.8%	76.4%	91.5%	101.7%	111.7%	125.3%	141.1%	163.1%	173.3%

Alternate 1:

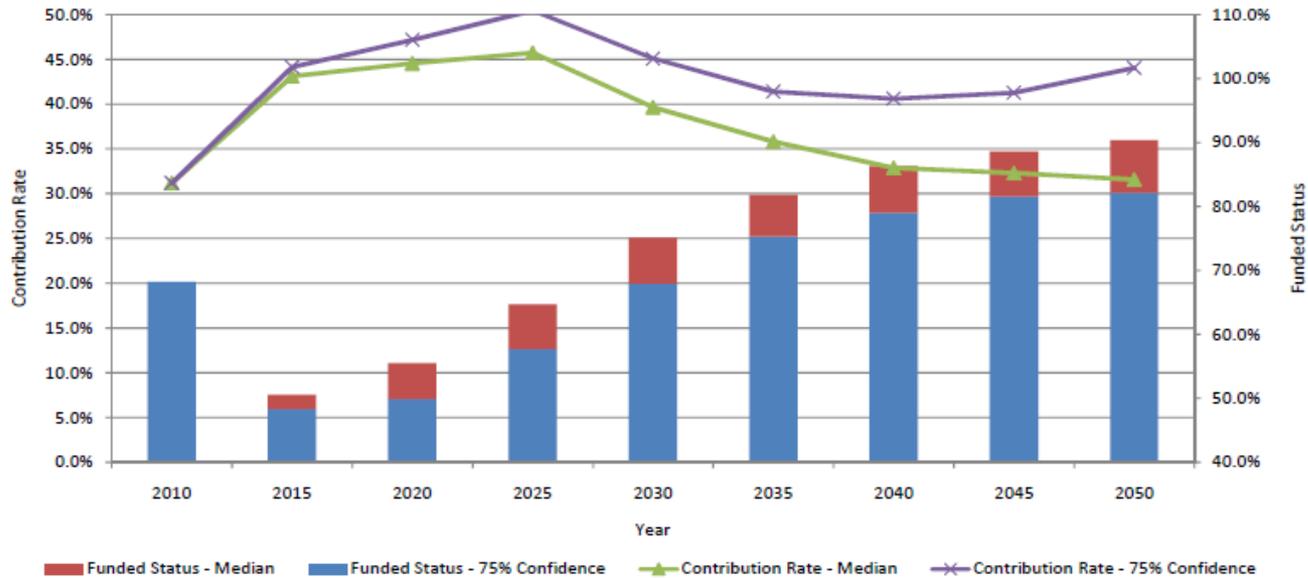
Existing actives

- 5 year Final Average Compensation
- Restrictive COLA program based on Market Value of Assets
- Additional 0.5% of pay member contributions
- All other benefit provisions are the same as current provisions

New hires

- Normal retirement at age 52.5 with 25 years of service
- All other benefit provisions the same as current actives

EORP Projection Results Baseline

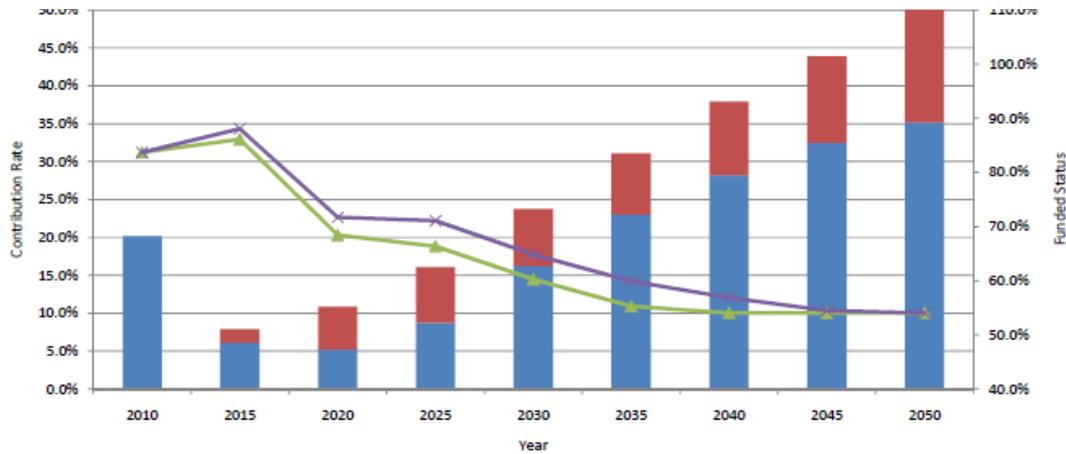


	2010	2015	2020	2025	2030	2035	2040	2045	2050
Contribution Rates									
5th Percentile	31.2%	48.3%	55.1%	60.1%	63.0%	59.5%	64.9%	85.7%	91.0%
25th Percentile	31.2%	44.1%	47.2%	50.5%	45.1%	41.4%	40.6%	41.3%	44.1%
Median	31.2%	43.1%	44.5%	45.7%	39.6%	35.8%	32.9%	32.3%	31.6%
75th Percentile	31.2%	42.2%	41.9%	41.0%	34.1%	27.8%	23.6%	18.4%	12.8%
95th Percentile	31.2%	37.0%	26.5%	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Funded Rate									
5th Percentile	68.2%	45.4%	43.5%	49.6%	60.8%	66.8%	71.3%	71.8%	73.0%
25th Percentile	68.2%	48.4%	49.9%	57.7%	67.9%	75.3%	79.1%	81.5%	82.1%
Median	68.2%	50.6%	55.5%	64.7%	75.1%	81.8%	86.3%	88.6%	90.4%
75th Percentile	68.2%	52.9%	60.6%	71.9%	82.3%	89.5%	93.8%	98.3%	102.0%
95th Percentile	68.2%	56.0%	69.4%	82.4%	94.0%	106.4%	117.3%	130.6%	145.8%

Baseline:

Current benefit provisions for existing actives and new hires
Current COLA program

EORP Projection Results : Alternate 5 – HB 2726



Contribution Rates	2010	2015	2020	2025	2030	2035	2040	2045	2050
5th Percentile	31.2%	39.9%	27.9%	28.8%	25.1%	20.5%	18.6%	18.1%	17.6%
25th Percentile	31.2%	34.3%	22.6%	22.2%	17.7%	14.2%	12.0%	10.3%	10.0%
Median	31.2%	32.9%	20.3%	18.8%	14.5%	10.9%	10.0%	10.0%	10.0%
75th Percentile	31.2%	30.9%	18.1%	14.8%	10.1%	10.0%	10.0%	10.0%	10.0%
95th Percentile	31.2%	22.0%	10.0%	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%	44.9%	39.7%	42.6%	52.6%	60.8%	68.7%	72.0%	74.5%
25th Percentile	68.2%	48.5%	47.3%	52.3%	62.7%	72.2%	79.4%	85.5%	89.3%
Median	68.2%	51.1%	55.2%	62.5%	73.3%	83.6%	93.0%	101.4%	110.9%
75th Percentile	68.2%	54.8%	62.7%	74.6%	87.3%	100.1%	112.9%	129.2%	150.2%
95th Percentile	68.2%	60.4%	77.0%	95.5%	114.4%	145.9%	182.0%	219.9%	251.7%

Alternate 5:

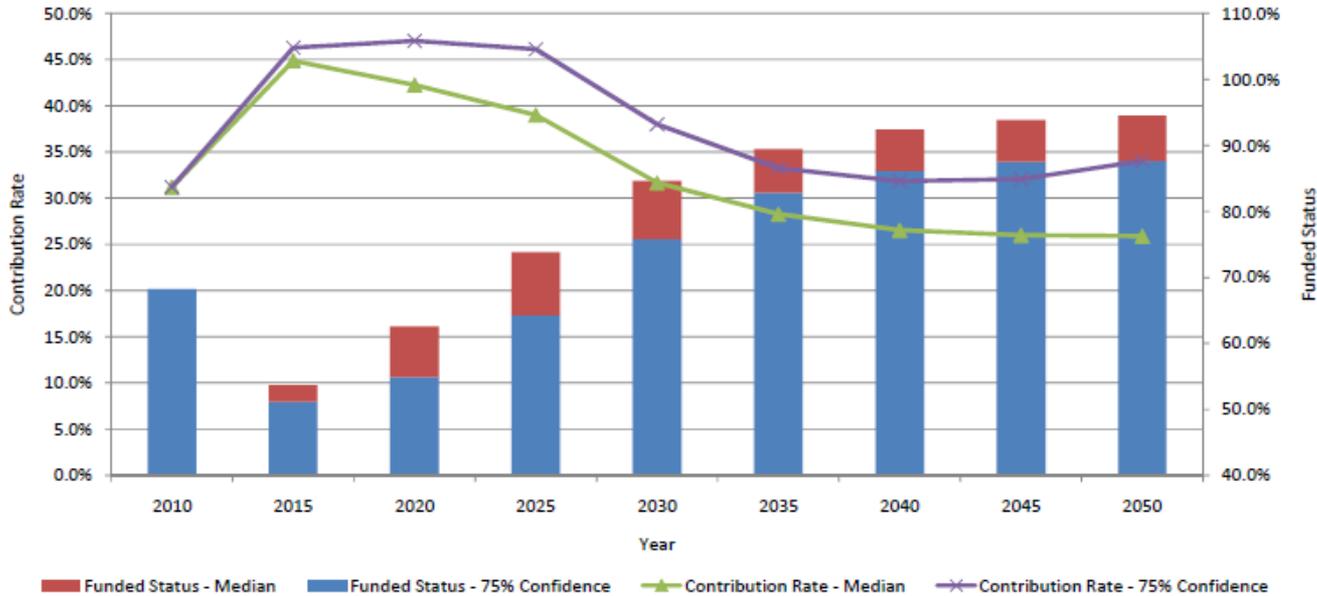
Existing actives

- Additional 4% of pay member contributions for first 4 years, thereafter contributions are split 50/50 between employer and member; no maintenance of effort provisions; member minimum is 7%; employer minimum is 10% of pay.
- No COLA
- All other benefit provisions the same as current benefit provisions.

New hires

- 5 year final average compensation
- No employer match on refunds
- Normal retirement at age 65 with 5 years of service or age 62 with 10 years of service.
- Multiplier is 2.1% if 19.99 years of service or less; 2.15% for service between 20.0 and 24.99 years; 2.20% for service 25.0 and 29.99 years; 2.30% for 30 years of service or more.
- No early retirement
- Additional 4% of pay member contributions for first 4 years, thereafter contributions are split 50/50 between employer and member; no maintenance of effort provisions; member minimum is 7%; employer minimum is 10% of pay.
- No COLA
- All other benefit provisions the same as current benefit provisions.

EORP Projection Results : Alternate 2 – HB 2198



Contribution Rates	2010	2015	2020	2025	2030	2035	2040	2045	2050
5th Percentile	31.2%	52.0%	57.2%	60.9%	57.6%	49.8%	50.3%	70.3%	76.9%
25th Percentile	31.2%	46.3%	47.0%	46.1%	38.0%	33.3%	31.9%	32.1%	34.0%
Median	31.2%	44.9%	42.2%	39.0%	31.7%	28.3%	26.5%	26.0%	25.9%
75th Percentile	31.2%	42.9%	37.8%	32.0%	26.2%	22.1%	19.1%	15.8%	12.2%
95th Percentile	31.2%	35.2%	21.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Funded Rate	2010	2015	2020	2025	2030	2035	2040	2045	2050
5th Percentile	68.2%	47.5%	47.6%	54.4%	65.6%	72.6%	77.3%	77.4%	78.5%
25th Percentile	68.2%	51.2%	54.9%	64.3%	75.8%	82.9%	86.1%	87.6%	87.7%
Median	68.2%	53.7%	62.6%	73.8%	84.6%	89.4%	92.5%	93.8%	94.5%
75th Percentile	68.2%	57.4%	69.8%	83.3%	92.0%	96.8%	100.1%	103.1%	106.1%
95th Percentile	68.2%	63.0%	81.6%	94.9%	104.5%	115.7%	126.7%	137.3%	152.3%

Alternate 2:

Existing actives

- 5 year Final Average Compensation
- Restrictive COLA program based on Market Value of Assets
- Additional 4.0% of pay member contributions, phased in over 4 years
- All other benefit provisions are the same as current provisions

New hires

- Normal retirement at age 65 with 5 years of service, or age 62 with 10 years of service
- All other benefit provisions the same as current actives

Arizona Competitiveness Package

Legislative Agenda:

Repeal the 50+ statutory mandates and functions of the Department of Commerce.
Enact the proposed Competitiveness Package below.

1. Arizona Commerce Authority

Focus: Business attraction, retention and expansion in key base industries: aerospace and defense, renewable energy and science-technology.

Governance: 17 private sector voting members and ex-officio members, including the Senate President and the Speaker of the House.

Funding: Growth in payroll withholdings (not a new tax - utilizing existing withholdings). Annual operations (\$10M) and Deal Closing Fund (\$25M) will be funded from incremental growth of payroll withholdings.

2. Arizona Competes – Deal Closing Fund

Purpose: Make Arizona competitive to attract global high-impact base industry projects that provide stable, high-wage jobs.

Funds for deal closing would only be utilized in highly competitive situations and only for projects with a substantial economic and fiscal impact to a state and community.

Why: Arizona will join the top-third of states with closing funds. Nineteen states including Texas, Florida, Virginia and North Carolina have aggressive programs. This will replace our inactive Commerce and Economic Development Commission (CEDC) deal closing fund

Safeguards: Funds provided to projects must be **performance-based** and result in a **net benefit** to the state; consistent with the statutory gift clause.

An economic impact analysis by an independent third party will be conducted on all projects to determine potential return on investment benefits to the State.

All funds will be awarded with contractual provisions for performance and “claw-back” of funds for non-performing projects.

3. Arizona Job Training Program

Reauthorize the existing Job Training Program, a job-specific reimbursable grant program that supports the design and delivery of customized training plans for employers creating new jobs or increasing the skill and wage levels of current employees. **This program is recognized as one of the best program models in the nation.**

4. Quality Jobs Tax Credit

Replace Arizona's **expiring** Enterprise Zone Program with a new Quality Jobs Tax Credit for new job creation statewide. This tax credit is performance based on **net new** job creation with discreet eligibility qualifications for urban and rural businesses as follows:

Area	Definition	Minimum # of Net New Jobs and Capital Investment	Qualified job
Metro	Counties with a population of 750,000 or more, excluding municipalities of 50,000 or less	25 Jobs \$5M	100% of median county wage and 65% of health insurance costs
Rural	Counties with a population of less than 750,000, and municipalities of less than 50,000 within counties of more than 750,000.	5 Jobs \$1M	100% of median county wage and 65% of health insurance costs

Tax credit for each new qualified job created is \$3,000 per year for three years and is limited to 400 jobs per employer per year. Credits can be carried forward for five years. The program is capped at 10,000 jobs per year.

Currently, 38 States offer job tax credits. This program will increase Arizona's competitiveness ranking from number 9 to number 3 in the Mountain West.

5. 100% Sales Factor

Three factors are currently employed to determine the percentage of corporate income that is subject to taxation in the state of Arizona – payroll, property value, and sales. Companies may elect to employ the 80% Sales Factor formula, which assigns a higher apportionment to the in-state sales factor to calculate state taxes. This reduces taxes for export based companies, while encouraging capital investment and employment growth.

Under proposed legislation, the electable sales factor for multi state corporations would be **increased incrementally from 80% to 100%** between FY 2015 and FY 2018.

This change would make Arizona one of 18 states that have a 100 percent sales factor. **Our competitiveness ranking will jump from 19 to one of the most competitive nationally.**

6. Corporate Income Tax

Reduce the corporate tax rate from 6.97% to 4.9% between FY 2015 and FY 2018.

This change would improve Arizona's national ranking from 24 to number 5 nationally, and from 6 to number 3 in the Mountain West.

7. Property Tax Reform

- 1) Enhance accelerated depreciation schedules for personal property by an additional 5% for prospective acquisitions of commercial personal property initially placed on the tax rolls on or after 2012.
- 2) Increase the exemption on personal property using the Employment Cost Index.
- 3) Reduce the business property tax (class 1) assessment ratio incrementally from 20% to 18% by 2016.
- 4) Reduce the agricultural (class 2) assessment ratio from 16% to 15% in 2016.
- 5) Adjust the homeowner rebate to offset the impact on owner-occupied homes (class 3) and reform the homeowner rebate process to ensure that class 3 includes only primary residences.

8. Small Business Capital Investment/Capital Gains

This program encourages investors to investment in Arizona small businesses. The proposed legislation would extend this program for five more years and will include the following:

- **Eliminate** capital gains tax on income derived from investments in qualified small businesses, as certified by the Arizona Commerce Authority.
- **Expand** eligibility criteria to increase the number of qualified small businesses.

This unique program advances Arizona's competitive position in encouraging small business growth.

9. R&D Tax Credit

The state currently provides a tax credit for investments in research and development in excess of expenditures from the previous year. The existing program provides a state tax credit between 15% and 24% of qualified R&D expenses, depending on the level of the increase.

Proposed legislation would enhance the tax credit by 10% if increased R&D expenditures were made in cooperation with an Arizona university. The enhancement to the program is capped at \$10 million in tax credits per year, which would represent an increase in \$100 million of research conducted in partnership with our public universities.

Arizona would be among the top three states with tax credits to encourage such private sector/public research university collaboration.

LPC Bills for Consideration
CSA Board of Directors Meeting
February 17, 2011 (10:00 a.m.)

Bill Number	Short Title	Description	Comment
<i>Legislative Bills for Discussion</i>			
HB 2001	ARIZONA COMMERCE AUTHORITY; BUSINESS INCENTIVES (Adams)	<p>Makes numerous changes pertaining to tax credits and tax reductions for businesses and replacing the Dept of Commerce with the Arizona Commerce Authority. Corporate income tax rates are gradually reduced in approximately 0.5% increments to 4.9% from 6.968%, beginning in fiscal 2014. The sales factor percentage (used optionally by some corporations to compute income tax liability) is gradually increased over four years to 100% from 80%, beginning in fiscal 2014. The assessment ratio of Class One (commercial) and Class Two (agricultural) property is gradually decreased beginning in tax year 2013. The amount of business personal property exempt from taxation is increased to \$79,000 from \$67,000, beginning in 2011. Companies engaged in manufacturing will get a further tax break through a reclassification of their personal property to a category with an assessment ratio of 10% rather than the current 20%. A jobs training program, terminated in 2009, is reinstated. Subject to a program cap of \$900 million, businesses that hire new personnel in positions that meet certain qualifications receive a \$3000 tax credit each year for three years for each new hire (to a max per business of 400 new employees). A fund to incentivize certain types of new businesses to move to Arizona is established and funded in part by Lottery revenue and in part by from the withholding taxes assessed on new jobs. The small business investment credit program is changed to make more small businesses qualify.</p>	House Cow Approved
SB 1001	ARIZONA COMMERCE AUTHORITY; BUSINESS INCENTIVES (Pearce)	<p>Makes numerous changes pertaining to tax credits and tax reductions for businesses and replacing the Dept of Commerce with the Arizona Commerce Authority. Corporate income tax rates are gradually reduced in approximately 0.5% increments to 4.9% from 6.968%, beginning in fiscal 2014. The sales factor percentage (used optionally by some corporations to compute income tax liability) is gradually increased over four years to 100% from 80%, beginning in fiscal 2014. The assessment ratio of Class One</p>	Senate Cow Approved

		(commercial) and Class Two (agricultural) property is gradually decreased beginning in tax year 2013. The amount of business personal property exempt from taxation is increased to \$79,000 from \$67,000, beginning in 2011. Companies engaged in manufacturing will get a further tax break through a reclassification of their personal property to a category with an assessment ratio of 10% rather than the current 20%. A jobs training program, terminated in 2009, is reinstated. Subject to a program cap of \$900 million, businesses that hire new personnel in positions that meet certain qualifications receive a \$3000 tax credit each year for three years for each new hire (to a max per business of 400 new employees). A fund to incentivize certain types of new businesses to move to Arizona is established and funded in part by Lottery revenue and in part by from the withholding taxes assessed on new jobs. The small business investment credit program is changed to make more small businesses qualify.	
HB 2103	HOMEMADE FOOD PRODUCTS; REGULATION; EXCEPTION (Kavanagh)	Rules relating to food or drink sold at the retail level must exempt food that is prepared in the kitchen of a private home for commercial purposes if it is not potentially hazardous and is packaged with a label clearly stating the address and contact information of the maker, listing the contents, and disclosing that the product was prepared without government inspection.	Held by House Commerce
HB 2379	INCARCERATION COSTS; MUNICIPAL COURT WARRANTS (Ash)	Municipalities must pay the costs of incarceration in a county jail for a person arrested on a warrant issued by the municipal court.	Passed by House Judiciary
HB 2397	SE: TAXES; SALE OF TRUST LANDS (Jones)	State trust lands are subject to taxation only if the lands are improved at the time of sale or if after the sale but before a patent is issued the State Land Dept permits improvements on the land (previously, all state trust land sold was subject to taxation in the same manner as other lands). The Dept is prohibited from issuing a patent until the purchaser pays all taxes.	Referred to House Energy Natural Resources
HB 2650	COUNTY EMPLOYEES; MERIT SYSTEM; EXEMPTION (Borges)	County administrative positions may be removed from the merit system if requested by an elected county officer.	Passed House Government
HB 2726	PUBLIC RETIREMENT SYSTEMS; PLAN DESIGN (Adams)	Various changes to the plan design of all four state retirement systems, including: changing eligibility criteria for normal retirement; repealing COLAs; eliminating early retirement and reducing retirement calculators for members of the Elected Officials Retirement System (EORP); eliminating the Deferred Retirement	Held by House Employment Regulatory Affairs

		Option Plan election and increasing member contributions for members of the Public Safety Personnel Retirement System (PSPRS); eliminating refunds of contributions made by members of EORP, PSPRS and the Corrections Officers Retirement Plan (CORP) who terminate after completing five but before ten years of service. The salary on which the retirement benefit is based for members of EORP, PSPRS and CORP is changed to the highest average salary during a five-year period (currently, during a three-year period). Many changes are retroactive to July 1, 2011, and thus are effective for new hires as of that date.	
SB 1379	SE: FIREWORKS (Antenori)	Minor change in Title 41 (state government) pertaining to conduct of notaries public.	Referred to Senate Government Reform

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.	Passed by House, transmitted to Senate
HB 2231	PUBLIC DEFENDERS; PROBATE COURT; REIMBURSEMENT (Goodale)	If a court appoints a public defender, investigator, physician, psychologist or nurse to provide services for an incapacitated person who dies, the county is authorized to make a charge for reasonable compensation against the estate of the deceased. Reimbursed monies are to be deposited in the same fund from which the expenditure was made.	Referred to House Judiciary
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.	Passed by House Ways and Means with amendment
HB 2285	INMATE CREDIT; IMPRISONMENT; FINE REDUCTION (McLain)	A person imprisoned for nonpayment of a fine may receive credit toward payment of up to \$60, increased from \$10, for each day of imprisonment.	Assigned to House Military Affairs and Public Safety
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 House 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.	Passed by House Transportation
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 Education, Rules
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.	Passed in Senate, Referred to House Ways and Means
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 Senate Finance
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 Senate Water, Land Use and Rural Development and Rules
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

TO: Members of the National Forest Counties and Schools Coalition

FROM: Bob Douglas, Executive Director
National Forest Counties and Schools Coalition

RE: Progress Report - Reauthorization of Secure Rural Schools and Communities Act (SRSCA)

As most of you know, we are in the second year of a two year campaign to achieve a long-term reauthorization of SRSCA. The Partnership for Rural America (PFRA) Campaign is an initiative established by the NFCSC Board over one year ago to achieve the sole goal of reauthorizing SRSCA before it expires in 2011.

Yesterday President Obama released his 2012 budget proposal. And, the good news is that the President proposes a five year extension of SRSCA. The not so good news is that the President's proposal calls for 2012 to be funded at approximately the same level as 2011 and then a ramping down over the next four years of 20% in 2013, 10% in 2014, 25% in 2015, and a final 25% in 2016.

While these details seem ominous, it is important to first focus on the victory we have achieved by even being in the President's budget, and as a multiple year extension. It has taken a monumentally difficult effort by a nationwide team to achieve this truly significant goal. This is a huge first step!

That same team bolstered by our growing grassroots strength in over 35 states will now be needed over the next year as we work with Congress and with the Administration to craft legislation to achieve our goal of long-term and consistent SRSCA funding for the forest counties and schools of America. Together we can succeed as we have before. Stay tuned for further information.

For more information about the National Forest Counties and Schools Coalition, please visit our website or the website of the Partnership for Rural America Campaign.

www.forestco.net<<http://www.forestco.net>> www.partnershipforruralamerica.org<<http://www.partnershipforruralamerica.org>>

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TIM CARTER, YAVAPAI COUNTY
SCHOOL SUPERINTENDENT, PRESIDENT
NICOLE W. STICKLER, EXECUTIVE DIRECTOR

February 3, 2011

To Arizona Delegates:

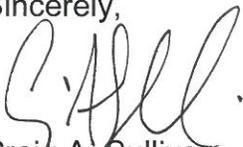
The Arizona Association of Counties and the County Supervisors Association of Arizona have partnered once again to host a breakfast meeting with U. S. Senators John McCain and Jon Kyl. As members of the Arizona county leaders who will join us in Washington, D.C. next month, the two organizations would like to invite you to attend this breakfast during the National Association of Counties Legislative Conference.

The breakfast will take place at 8:00 a.m. on Tuesday, March 8, 2011, at the U.S. Capitol Building (*room SVC 203-02*). Please plan to arrive to the U.S. Capitol Building between 7:20 a.m. and 7:45 a.m. to allow time for all participants to clear security.

Please mark your calendars to attend this co-hosted event. We'll have a great time socializing, with plenty of good food. CSA and AACo look forward to seeing you at the conference and to your participation in this event.

Please RSVP your attendance to either Penny Adams at CSA at PennyA@countysupervisors.org or Sue Anderson at AACo at SAnderson@azcounties.org.

Sincerely,


Craig A. Sullivan
CSA Executive Director


Nicole W. Stickler
AACo Executive Director



Maricopa County Legislative Reception
Honoring Federal and County Partnerships
March 8, 2011, Tuesday

Location: 101 Constitution Ave NW, 9th Floor,
Washington, DC 20001
(adjacent to the Senate side of Capitol)

Time: 5:30-7:00 p.m.

R.S.V.P: Please R.S.V.P. by March 2, 2011
[mhenders@mail.maricopa.gov](mailto:mhenderson@mail.maricopa.gov) or
602-506-2798



Sponsored by the National Association of Counties

This Year's Theme is:

“Serving Our Veterans, Armed Forces and Their Families”

National County Government Month is an excellent opportunity for county officials to raise public awareness and understanding about the roles and responsibilities of counties and to highlight essential county services and effective programs.

With this year's theme of “Serving Our Veterans, Armed Forces and Their Families,” counties can show their residents the essential role counties play in honoring veterans and military personnel for their service, in providing essential services, healthy living and employment programs in sensible and cost-effective ways.

National County Government Month was expanded to a full month to provide counties more opportunity to plan and participate.

Also, register to win the National County Government Month Award to receive two free registrations at any NACo conference. Click [here](#) for more information.

For more information, visit [NACo NCGM website](#). Click [here](#) for an idea handbook.

Ideas To Get the Word Out:

- Establish a National County Government Month planning committee
- Decide how extensive your activities will be
- Issue a Proclamation
- Contact the media after deciding what events or activities will be held

Suggestions To Make It Happen:

- Address county issues important to veterans, members of the armed forces and military families. consider best practices and policies held by the county in: 1) physical and mental health, substance abuse, suicide prevention; 2) housing and homelessness; 3) employment services and access to employment; and 4) justice system, including law enforcement, courts and probation.
- Open House of the County: open house at the county courthouse and administration building; tours of county facilities; informational displays in malls, libraries and fairs; hold public outreach events at community centers
- Give Them the Facts: types of health services the county provides, housing assistance services the county provides, employment programs the county provides, the number of military families benefitting from county government services, all county services available for veterans and military families; how many patients were served last year at county hospitals or clinics, how many health department inspections were conducted last year, how many vaccinations were administered last year, how many healthcare professionals are employed in the county, how many emergency room visits were made last year, how many inmates were provided healthcare services last year. Also, highlight the traditional county services and infrastructure owned and maintained by the county. How many bridges, miles of road and highways are owned and maintained by the county, how many calls were responded to by the sheriff, police and fire departments, how many building permits were reviewed and approved, building inspections conducted in the last year, how many documents were filed with the county clerks office, how many inmates were held in the county jail, how many public requests for information were responded to, and how many children and senior citizens received county services last year
- School Involvement: plan visits to various schools by elected county officials; plan a career day at local high schools; select a high school student to be “county official” for the day; promote a contest
- Media Coverage: keep the media updated; prepare news advisories and news releases; plan activities that have news value; ask newspapers to list a schedule of that week's upcoming events; ask television and radio stations to run public service announcements; use local cable to get the message out about your county's accomplishments and National County Government Month