



County Supervisors

A S S O C I A T I O N
o f a r i z o n a

1905 W. Washington St., Ste. 100, Phoenix, AZ 85009
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**COUNTY SUPERVISORS ASSOCIATION
BOARD OF DIRECTORS
AGENDA
February 20, 2014
Boardrooms A and B
(Teleconference Available)
County Supervisors Association
1905 W. Washington St.
Phoenix, AZ**

10:00 a.m. Call to Order / Pledge / Prayer ~ *President James Palmer*

1) Administrative Matters

- ❖ Approval of the Minutes of the January 23, 2014, Board of Directors Meeting (*previously distributed*)
- ❖ Approval of the Minutes of the February 14, 2014, Legislative Policy Committee Meeting (*previously distributed*)

2) Transportation ~ *The Honorable Karen Fann, House Transportation Committee Chair*
~ *The Honorable Judy Burgess, Senate Transportation Committee Chair (Invited)*

3) [HB 2460 probation; community supervision; search; seizure](#) ~ *Lt. Tom Boelts, Yavapai County Sheriff's Office*

4) [HB 2060 PSPRS oversight; rulemaking; procurement](#) ~ *Brian Tobin, PSPRS Chairman*

5) Approval of CSA Building Maintenance Fund Re-capitalization Proposal Recommended by CSA Executive Committee

6) Legislative Policy Committee Discussion

- ❖ Budget Update
- ❖ Legislation for Discussion
 - [HB 2594 public construction; business losses; compensation](#) (*Allen*)
 - [SB 1149 technical correction; prisoner education; budget](#) (*Farnsworth*) *striker: constables; salaries*
 - [SB 1227 municipalities; counties; energy efficient codes](#) (*Crandell*)
 - [SB 1249 dangerous and incompetent defendants; commitment](#) (*Driggs*)
 - [SB 1413 taxes; manufacturers' electricity sales; exemption](#) (*Yarbrough*)
 - [SB 1483 county supervisors; population threshold; membership](#) (*Griffin*)
- ❖ CSA Statutory Agenda
 - [HB 2149 state parks; SLIF fund distribution](#) (*Borrelli*)
 - [HB 2218 fire districts reorganization elections](#) (*Fann*)
 - [HB 2224 sale of fireworks; counties](#) (*Fann*)
 - [HB 2240 developmental disabilities; client income; retention](#) (*Brophy-McGee*)
 - [HB 2320 county seals; approval of use](#) (*J. Pierce*) /
[SB 1116 county seal; board approval](#) (*McGuire*)
 - [HB 2531 court-ordered evaluation services; payment](#) (*Brophy-McGee*)
 - [SB 1271 county liens; abatements](#) (*Ward*)

7) County Federal Priorities



County Supervisors ASSOCIATION of arizona

CSA Board of Directors Meeting

February 20, 2014

Page Two of the Agenda

- 8) NACo Report
 - ❖ Upcoming: NACo Legislative Conference, March 1-5, 2014, Washington, D.C.
 - Breakfast With Arizona U. S. Representatives, March 4, 2014
 - Breakfast With Arizona U. S. Senators, March 5, 2014
- 9) County Managers Report
- 10) County Caucus Reports
- 11) Other Business
- 12) 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).

FY15 Executive Budget Recommendations and JLBC Baseline

Governor Brewer's Fiscal Year 2015 budget calls for a \$9.4 billion spending plan that supports the priorities she outlined in her State of the State address:

- **\$45.6 million** for transitioning the newly established Cabinet-level Child Safety & Family Services Division (CSFS), formerly CPS, away from the Department of Economic Services (DES), and increasing caseworker staff levels
- **\$40 million** for K-12 performance based funding
- **\$54 million** for one-time capital projects in the Arizona Department of Administration (ADOA) building system, State Prisons, and Universities, such as fire alarms, HVAC systems, electrical, and other fire safety projects
- **\$50 million** to be deposited into the "rainy day" fund
- **Executive Directive** to keep Fiscal Year 2016 structurally balanced

Additionally the Executive's proposal includes:

- **\$31 million** to reestablish a rural county exchange program that allows rural local government to access funds to assist them in accessing federal transportation project funding (does not include MAG & PAG member governments)
- **\$21 million** to complete the remaining parity phase-in, two years ahead of schedule
- **Sales tax (TPT) Exemption** for electricity used by manufactures (impact to county revenue is unknown at this point)

JLBC Baseline generally continues FY14 funding levels into FY15 while making relevant formula adjustments.

Some of the major difference between the Governor's budget recommendations and the JLBC Baseline are revenue projections. The total difference between the Executive and JLBC amount to about \$900 million in revenue difference over the three period FY15-FY17.

<i>(Dollars in Millions)</i> <i>*Figures may not add due to rounding</i>	FY 2015		FY 2016		FY 2017	
	Exec.	JLBC	Exec.	JLBC	Exec.	JLBC
Beginning Balance	\$676.1	\$655.2	\$244.0	\$327.4	\$236.4	\$0.0
On-going Revenues	\$8,928.4	\$8,708.1	\$9,391.3	\$9,061.1	\$9,822.5	\$9,465.1
On-going Expenditures	\$9,171.7	\$9,035.9	\$9,383.9	\$9,405.8	\$9,623.3	\$9,848.0
Ending Balance¹	\$244.0	\$327.4	\$236.5	(\$17.3)	\$420.6	(\$382.9)
Structural Balance²	(\$243.3)	(\$327.8)	\$7.4	(\$344.7)	\$199.1	(\$382.9)

¹ Executive ending balance includes \$188.9 million in onetime expenditures in FY15, and \$15 million in FY16 & FY17. Neither JLBC or Executive ending balances include the effects of operating debt buyback per the terms of the 2010 \$1.5 billion financing deal. JLBC estimates this impact could be \$210 million in FY17

² Reflects the differences between on-going revenues and expenditures, does not include any "rainy day" fund deposits

Select Items and Issues Directly Related to Counties

County Specific issues	JLBC Baseline	Exec. Recommendation
HURF Funds – In FY14 the State swept \$110M above the statutory limit from HURF to fund DPS operations. In FY14 counties lost \$20.9M.	Although JLBC acknowledges the proposal to restore \$120M for FY15 & FY16, returning \$20.9M to the counties each year, JLBC continues to include the HURF to DPS sweep in the Baseline.	Notes that the HURF sweep should be considered in future fiscal years, but continues the sweep in the proposal.
Sexually Violent Persons (SVP) – In FY14 the county share of the cost was reduced by \$1.8M from the 50/50 split with state through an appropriation for the commitment of an individual confined at the Arizona Community Protection and Treatment Center (ACPTC).	Keeps a provision similar to FY14, but instead of reducing the county share by \$1.8M JLBC changed the provision requiring the county to reimburse the state from 50% to 32% .	Continues the reimbursement requirement at a 50/50 split but does not continue the (\$1.8M) reduction.
Restoration to Competency (RTC) – Starting in FY10 counties were required to pay 100% for RTC services.	Both include flexibility language allowing counties to use any source of county revenue to make the payment.	
Restoration to Competency (RTC) – Starting in FY10 counties were required to pay 100% for RTC services.	Both budgets continue the 100% cost to counties provision, and the provision allowing counties to use any source of county revenue to make the payment.	
County Lottery Revenue - The FY14 budget provided a direct appropriation of \$550,000 to the 13 smaller counties instead of fully and permanently restoring lottery revenues for all 15 counties.	Both budgets provide a direct appropriation to 13 smaller counties - \$550,000 to each.	
Flexibility Language - Allows counties under 200,000 persons to access special funds to cover general county expenses.	Both budgets continue to allow counties under 200,000 persons to access special funds to cover general county expenses.	
State Aid to Indigent Defense – Funded through a portion of penalty assessment on fines and forfeitures, these monies were used for county cases requiring a public defender. The FY14 budget allowed the AG to use \$500,000 for post-conviction relief.	Continues to allow the Attorney General to use \$500,000 from the State Aid to Indigent Defense Fund for capital post-conviction relief. No other monies in the fund are appropriated.	Increases the appropriation to the AG by \$300,000 for a total of \$800,000 . No other monies in the fund are appropriated.

NOTE: Not all impacts to counties are listed. This is a preliminary review of the major issues and the direct county impacts.

S1249 Daily History

Date Action

DANGEROUS AND INCOMPETENT DEFENDANTS; COMMITMENT 2/17 Senate jud amended; report awaited.
DANGEROUS AND INCOMPETENT DEFENDANTS; COMMITMENT 1/28 referred to Senate jud.

S1413: TAXES; MANUFACTURERS' ELECTRICITY SALES; EXEMPTION

The list of deductions from the tax base for the utilities classification is expanded to include gross proceeds of sales or gross income derived from sales of electricity for use in manufacturing or smelting operations. Use taxes do not apply to the purchase price of electricity for use in manufacturing or smelting operations. Municipalities are prohibited from levying a transaction privilege or other similar tax or fee on the gross proceeds of sales or gross income derived from sales of electricity for use in manufacturing or smelting operations. Effective from and after the last day of the month of the general effective date of the 51st Legislature, second regular session.

First sponsor: Sen. Yarbrough

Others: Sen. Barto, Sen. Driggs, Rep. Gray, Rep. Lesko, Sen. McComish, Sen. Murphy, Sen. S. Pierce, Sen. Worsley, Sen. Yee

S1413 Daily History

Date Action

TAXES; MANUFACTURERS' ELECTRICITY SALES; EXEMPTION 2/13 from Senate fin do pass.
TAXES; MANUFACTURERS' ELECTRICITY SALES; EXEMPTION 2/10 referred to Senate fin.

S1483: COUNTY SUPERVISORS; POPULATION THRESHOLD; MEMBERSHIP

If approved by a majority of qualified electors of a county with a population of 125,000 persons but not more than 75,000 persons, the county board of supervisors must consist of five members. The board of supervisors of a county with a population of 125,000 persons but not more than 75,000 [Editor's Note: The population figures are taken directly from the bill text and appear to be a drafting error.] persons is required to submit to the voters the question of whether to elect five members to the board instead of three at a special election called for this purpose. The special election must be held before the first Monday in January preceding the next general election. If the voters approve, the board of supervisors is required to redistrict the county pursuant to statute.

First sponsor: Sen. Griffin

S1483 Daily History

Date Action

COUNTY SUPERVISORS; POPULATION THRESHOLD; MEMBERSHIP 2/17 Senate gov-env amended; report awaited.
COUNTY SUPERVISORS; POPULATION THRESHOLD; MEMBERSHIP 2/5 referred to Senate gov-env.

New Title

51st Legislature - 2nd Regular Session, 2014

Tuesday, Feb 18 2014 2:15 PM

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CSA Legislative Agenda

Bill Summaries

H2149: STATE PARKS; SLIF FUND DISTRIBUTION

Monies in the State Lake Improvement Fund must be dedicated annually for uses specified by the State Parks Board, which may include distributions to the Game and Fish Commission, and must be distributed at least annually to county boards of supervisors or municipal governing bodies, or both, to fund projects on waters where gasoline powered boats are permitted.

First sponsor: Rep. Borrelli

Others: Sen. Barto, Rep. Carter, Sen. Crandell, Rep. Fann, Rep. Gowan, Rep. Livingston, Rep. Lovas, Rep. Mesnard, Rep. Mitchell, Rep. Orr, Sen. Reagan, Sen. Shooter, Rep. Thorpe, Rep. Townsend, Sen. Ward

H2149 Daily History

Date Action

STATE PARKS; SLIF FUND DISTRIBUTION 2/12 from House agri-water with amend [#4118](#).

STATE PARKS; SLIF FUND DISTRIBUTION 1/22 referred to House agri-water, appro.

H2218: FIRE DISTRICT REORGANIZATION ELECTIONS

Various changes to statutes governing elections to reorganize a fire district, including requiring any person seeking election to the governing body that would be formed or expanded upon reorganization to comply with the nomination requirements for a candidate prescribed in state statute, including filing a nomination paper and nomination petitions.

First sponsor: Rep. Fann

H2218 Daily History

Date Action

FIRE DISTRICT REORGANIZATION ELECTIONS 1/22 referred to House gov.

H2224: SALE OF FIREWORKS; COUNTIES

Counties are authorized to regulate the sale and use of permissible consumer fireworks in unincorporated areas of the county when a federal or state agency implements state one fire restrictions in any portion of the county. Previously, counties were permitted to regulate the use of fireworks during times when there was a reasonable risk of wildfires in the county.

First sponsor: Rep. Fann

Others: Rep. Borrelli, Rep. Boyer, Rep. Cardenas, Rep. Coleman, Rep. Mesnard, Rep. Otondo, Rep. Peshlakai, Rep. Pratt, Rep. Saldate, Rep. Shope, Rep. Steele, Sen. Ward

H2224 Daily History

Date Action

SALE OF FIREWORKS; COUNTIES 1/28 referred to House pub-mil-reg.

H2240: DEVELOPMENTAL DISABILITIES; CLIENT INCOME; RETENTION

Increases the minimum amount of a Department of Developmental Disabilities client's income or benefits that must be retained for the client's personal use to 30 percent, from 12 percent.

First sponsor: Rep. Brophy McGee

H2240 Daily History

Date Action

DEVELOPMENTAL DISABILITIES; CLIENT INCOME; RETENTION 1/22 referred to House ref-hu ser.

H2320: COUNTY SEALS; APPROVAL OF USE

A person is permitted to use, display or otherwise employ a copy or other resemblance of the county seal only after obtaining approval from the county board of supervisors. The board of supervisors may grant approval to any person showing good cause for a proper purpose, and may adopt rules for the use of the county seal. Knowing violations are a class 3 (mid-level) misdemeanor.

First sponsor: Rep. J. Pierce

H2320 Daily History	Date	Action
COUNTY SEALS; APPROVAL OF USE	2/12	from House gov do pass.
COUNTY SEALS; APPROVAL OF USE	2/11	House gov do pass; report awaited.
COUNTY SEALS; APPROVAL OF USE	1/22	referred to House gov.

H2531: COURT-ORDERED EVALUATION SERVICES; PAYMENT

If a person is eligible for federal behavioral health benefits, the cost of court ordered services provided by a county are a charge against the county in which the person resided to the extent of the nonfederal share of the cost of the service. If a person has private health insurance coverage, the person's private health insurer is considered the primary payor and the cost of court ordered services provided by a county will be a charge against the county only to the extent that the private health insurance benefits are insufficient to cover the full cost of the services.

First sponsor: Rep. Brophy McGee
Others: Sen. Begay, Sen. McComish, Sen. Pancrazi, Sen. S. Pierce, Sen. Reagan, Sen. Worsley

H2531 Daily History	Date	Action
COURT-ORDERED EVALUATION SERVICES; PAYMENT	1/30	referred to House hel.

S1116: COUNTY SEAL; BOARD APPROVAL

A person is permitted to use, display or otherwise employ a copy or other resemblance of the county seal only after obtaining approval from the county board of supervisors. The board of supervisors may grant approval to any person showing good cause for a proper purpose, and may adopt rules for the use of the county seal. Knowing violations are a class 3 (mid-level) misdemeanor.

First sponsor: Sen. McGuire
Others: Rep. Alston, Sen. Burges, Rep. Cardenas, Sen. Crandell, Sen. Driggs, Sen. D. Farnsworth, Sen. Gallardo, Sen. Hobbs, Sen. Landrum Taylor, Rep. Mach, Sen. McComish, Sen. Meza, Sen. Pancrazi, Rep. Pratt, Rep. Quezada, Sen. Reagan, Sen. Ward, Sen. Worsley, Sen. Yarbrough, Sen. Yee

S1116 Daily History	Date	Action
COUNTY SEAL; BOARD APPROVAL	2/18	from Senate gov-env with amend #4174 .
COUNTY SEAL; BOARD APPROVAL	1/21	referred to Senate gov-env.

S1271: COUNTY LIENS; ABATEMENTS

The sale of a real property tax lien or foreclosure of the right to redeem does not extinguish a county lien for nuisance abatement, dangerous building abatement, or abatement or injunction of rubbish, debris or dilapidated buildings.

First sponsor: Sen. Ward
Others: Rep. Borrelli

S1271 Daily History	Date	Action
COUNTY LIENS; ABATEMENTS	1/30	referred to Senate gov-env.



2014 Federal Legislative Priorities

IDENTIFY & IMPLEMENT A SUSTAINABLE FUNDING MECHANISM TO PROVIDE FULL FUNDING OF PAYMENT IN LIEU OF TAXES PROGRAM (PILT)

- The PILT program was established in 1976 to help offset losses in property taxes due to the tax-exempt status of federal land, and to partially reimburse for the costs incurred by counties for services provided on, or associated with federal public lands, including education, law enforcement, search and rescue, firefighting, parks and recreation, and other community services.
- Counties in Arizona received a total of **\$32.2 million** of PILT funds in FY2013.
- The national average PILT payment in FY2013 was \$0.66 per acre. If these lands were taxed, they would return significantly more and be taxed according to value.
- The Emergency Economic Stabilization Act of 2008 converted PILT to a mandatory classification and authorized the program for FY2008 through FY2012; in July, 2012, President Obama signed P.L. 112-141 extending mandatory spending for PILT to FY2013.
- Earlier this year, Congress failed to include funding for the PILT program in the Consolidated Appropriations Act, 2014, creating much turmoil among Arizona counties who were in the process of forming their budgets for the upcoming fiscal year. Although a one year extension of PILT funding was ultimately included in the Agriculture Act of 2014, the fiscal uncertainty and erosion of trust caused by such a delay will be untenable in future years. **It is critical for congress to identify a sustainable, long term funding mechanism for PILT in a timely manner.**

SUPPORT A SHORT-TERM REAUTHORIZATION OF THE SECURE RURAL SCHOOLS AND COMMUNITY SELF DETERMINATION ACT (SRS) & A LONG-TERM LEGISLATIVE SOLUTION FOR CONTINUED REVENUE SHARING PAYMENTS TO FOREST COUNTIES

- In 1908, SRS was enacted so that 25 percent of Forest Service revenues from timber sales, mineral resources and grazing fees, were returned to counties and states that have national lands, because they forgo the opportunity for private development. Over time, receipts from timber sales fluctuated.
- In 2000, the Secure Rural Schools Community Self-Determination Act (SRS) was enacted to stabilize payments to counties, including stabilized education and road maintenance funding. Approximately 15-20 percent of the funds are directly invested back into projects that benefit the national forest.
- SRS was reauthorized for one year in 2013 (through FY2013) as part of the Helium Stewardship Act (PL 113-40), but has not been reauthorized for FY2014.
- Lack of future reauthorization would result in the loss of funding for 729 rural counties, and the schools within them, across 41 states and Puerto Rico.
- Arizona would absorb dramatic reductions in funds for **rural schools, roads, and search and rescue** totaling **\$15 million per year.**



2014 Federal Legislative Priorities

AUTHORIZE A LONG-TERM SURFACE TRANSPORTATION PROGRAM WITH SUSTAINABLE REVENUE STREAMS

- Arizona counties are responsible for nearly 18,000 miles of roadway that connect with the state and federal highway system, close to 28 percent of the 65,262 total roadway miles in the State.
- The cost of building and maintaining surface systems has risen sharply during the past decade, surpassing inflation and far outpacing transportation funding streams.
- In their most recent Report Card for America's Infrastructure, the American Society of Civil Engineers (ASCE) rated 52 percent of the roads in Arizona as being in "poor or mediocre condition" which costs Arizona's drivers an estimated \$887 million a year in extra vehicle repairs.
- The Congressional Budget Office (CBO) reported in their February 2014 Baseline that the Highway Trust Fund will be facing a \$13 billion shortfall next year and \$95 billion shortfall by 2020.
- With the current transportation measure, MAP-21, expiring at the end of the fiscal year, Congress will need to craft the next generation of transportation funding laws, in doing so, Congress should **authorize a long-term and reliable transportation revenue stream to ensure funding is available to support current and future transportation projects as all levels of government.**

APPROVE & IMPLEMENT THE PUBLIC LANDS RENEWABLE ENERGY DEVELOPMENT ACT OF 2013 (HR 596)

- On February 8, 2013, Congressman Gosar introduced the Public Lands Renewable Energy Development Act of 2013 to share renewable energy royalty revenues from federal lands with states and counties.
- HR 596 develops a leasing system for renewable energy that returns a portion of the royalty revenues to the states and counties in recognition of the additional staff time and capital cost incurred from permitting and siting this type of development.
- The responsible development of renewable energy projects, and the resulting job growth for our local communities, is of utmost importance as Arizona counties continue to feel the ongoing effects of the recession.
- The shared revenues from renewable energy development projects can be used by counties to support land, wildlife, and water management issues in affected areas
- As the priorities for the coming legislative year are set, **Congress should support the economic development opportunities on public lands and encourage the development of renewable energy sources by approving the Public Lands Renewable Energy Act of 2013.**



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Buster Johnson, Mohave County Supervisor, President
Jennifer Sweeney Marson, Executive Director



County Supervisors
ASSOCIATION
of arizona

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(602) 252-5521 Fax: (602) 253-3227
James Palmer, Graham County Supervisor, President
Craig A. Sullivan, Executive Director

January 21, 2014

Dear Arizona Delegates:

On behalf of the County Supervisors Association of Arizona and the Arizona Association of Counties we would like to invite you to have breakfast with the Arizona congressional delegation while you are in Washington, D.C., for the NACo Legislative Conference.

This year CSA and AACo will be co-hosting two breakfasts to allow for extensive access to all of Arizona's congressional members. As you know, in years past, the Senators have been very gracious with their time and willingness to answer questions at the breakfast. That success has helped us in scheduling a breakfast with the House members, as well.

The House breakfast will be on Tuesday, March 4, at 8:00 a.m. in the **Rayburn House Office Building, Room B338**. The event should be completed in time to return to the NACo General Session that begins at 10:00 a.m.

The Senate breakfast will occur on Wednesday, March 5, at 8:30 a.m. in the **Russell Senate Office Building, Room 385**. There are no conflicting NACo events that morning.

Please RSVP by February 14, 2014, to either Penny Adams at pennya@countysupervisors.org (452-4502) or Sue Anderson at sanderson@azcounties.org (252-6563 x 221).

We look forward to spending some time with everyone in Washington, D.C., and we hope that you can join us for both of these special events.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jennifer Sweeney Marson".

Jennifer Sweeney Marson
Executive Director
Arizona Association of Counties

A handwritten signature in black ink, appearing to read "Craig A. Sullivan".

Craig A. Sullivan
Executive Director
County Supervisors Association of Arizona