

**MINUTES
OF THE
LA PAZ COUNTY BOARD OF SUPERVISORS
Thursday, July 24, 2014, 2:00 p.m.
Special Meeting**

Chairman Wilson called the July 24, 2014, 2:00 p.m. special meeting of the La Paz County Board of Supervisors to order at 2:03 p.m. Elected Officials and Department Heads present were: Chairman Wilson, Supervisor Irwin, Supervisor Clapperton, Deputy County Attorney Buckelew, Finance Director Hill, Recorder Baker; and Deputy Clerk of the Board Green.

Public Hearing regarding Truth-in-Taxation, pursuant to A.R.S. §42-17107, in conjunction with the hearing pursuant to A.R.S. §42-17104, to hear taxpayers in favor of or in opposition to the proposed tax levy increase of \$353,589

Finance Director Hill stated there was a FY 2014/2015 proposed tax levy increase in the amount of \$353,589, explaining briefly that valuations in the County dropped approximately \$11 million, which resulted in a corresponding drop in tax revenues. She stated there was no “viable option” other than a tax increase,

Supervisor Clapperton stated that he felt the increase of \$17.18 per 100,000 of assessed value, considering the circumstances the County is experiencing, was “workable”.

Chairman Wilson opened the public hearing and asked if anyone wished to comment regarding the proposed tax levy increase.

Tom Mosher, Conrad Kresge, Pat Jones, Lura Thomas, Virgil Carpenter, and Curtis Cooper, Bouse residents, each spoke and expressed at length they did not agree on a tax increase; stating many are retired and taxes continue to increase; they asked how County expenses could be cut; and although values decreased, felt property values were still too high; and special district levies were the largest part of the tax bill; some wanted an explanation of the increase.

Walter Bunge, in addition to the comments already made, felt that those that live upriver were penalized and carried most of the tax burden in the County. A lengthy discussion ensued regarding what he felt were promises were made by past Board members regarding improvement of the road in front of his home. He wanted to be how the road funds were being used.

County Administrator Field, in answer to the tax increase, explained briefly that, when valuations go down, in order to obtain the same amount of funding, the burden of the discrepancy in funding is shifted to the property taxpayers to make up the difference; and, contrary to belief, when the assessed values are higher, the levies are typically lower because the levy needed is less per taxpayer.

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Chairman Wilson explained that the overall limited cash value decreased approximately 5% and the County continues to face decreased assessed values and a proposition approved on the ballot a few years ago allowed the assessment ratio for commercial and industrial property to go down by one-half percent; which impacts the County, and has no control over. He added that, without growth or increased values; the County must somehow balance the budget within the tax levy, and abide by those limitations.

County Administrator Field reiterated Chairman Wilson's comments regarding new legislation that lowers the assessed ratio for businesses and industry; noting that it only serves to shift the burden of the loss of revenues to the residents. He agreed cutting the budget is the first step; however, there are laws that require certain services be provided the public. He stated he pays taxes as well, and indicated that he thought the new legislation was unfair to the public. He added that Arizona Western College was also a yearly issue for the residents of the County.

Duce Minor, from Parker, stated that he could "sympathize" somewhat the Counties predicament; however, he felt the County had been ignoring the importance of economic development, which serves to add to the "pie" that serves everyone.

County Administrator Field stated that he felt the problems of today were a result of mismanagement of the past 10-15 years by prior Boards. He indicated that when the County was going through hard times, when people were really "hurting", the County kept the taxes down. He added, in retrospect, maybe the County should not have "left that much off the table". He stated there has been a "structural deficit" since 2001; however, the fix cannot be done all at once, nor can the County walk away from it.

He stated the Highway 95 funds were intended for a different use than expressed by some of the residents; for a different kind of roadway. It was to be closed off because of rights-of-way issues, and the State was happy to give the County the problem. He added that the rights-of-ways have been fixed; however, there is still the road to consider. He stated that funds were used for surveys and the encroachments that existed; however, Highway 95 funds are still available.

Chairman Wilson noted that, for those that think the Yakima judgment had something to do with the increased levies, stated the County sold bonds and levied a sales tax to pay off the debt; therefore, there was no money from property taxes; it was strictly from sales taxes. He added the County had no control over Special Districts. He explained the County only applies their budgets to the tax rate in what is defined as the "secondary" tax rate, which includes fire, sewer, AWC, etc., and the Board has no authority over these entities or their budgets; acting only as a bank for the amounts collected.

Additional comments continued over the expectations of "promises" made from past Board members regarding the road improvement in the upriver area; thinking that road funds were taken and spent elsewhere. Some wanted to know where the funds were spent.

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County Administrator Field stated the County had decreased the number of employees, laying off thirteen (13) employees a few years previously; taxes were reduced; however, there were deficits in special revenue funds caused by past management decisions since year 2001. He added that audits were not kept up and there were none from 2004 and 2009; but the audits have been caught up since he has been the County Administrator. He further added that those changes alone that were implemented gave the County a bond rating of A-plus by Standards & Poor. He assured the public that the County is not happy with raising taxes; instead hopes to encourage economic development, such as the efforts that are being made in the development of the Landfill.

Mr. Kresge asked County Administrator Field where more cuts be made to the County budget, such as to the purchase of vehicles.

County Administrator Field asked how the Sheriff's Department can operate without needed vehicles. He stated that services can be cut; but which services would those be?

Pat Kresge was very frustrated over what she claimed was an excess of new vehicles in the Town that could be given to the Sheriff; and the overall needs of vehicles were excessive. She likened the actions of County Officials to the "good old boy" system.

Public comments continued on the amount of taxes areas such as the residents of Bouse are required to pay; question as to how there could be an accounting.

Chairman Wilson acknowledged that taxes in the Bouse area are particularly burdensome, with the Bouse School District with the highest taxes in the County; and he realized the County is just part of the "herd"; however, it is not the County tax that is really hurting that community. He stated that he disliked that fact. He stated that he intended to follow up on some of the issues that were brought forth regarding this issue.

Finance Director Hill stated that she would be explaining the process that the County goes through to set the budget. She stated that the budget meetings are open to the public; however, "at the end of the day" the public would not happy over the increase. She noted, on the "other side of the coin", there are those organizations that are not happy because the County is not giving them funds or want additional funds. She added that Department Heads are not happy because they were stripped of personnel and they did not get them back, the County said "no". She stated that "lots of effort was made to get to this point".

Anthony Nelson, from Bouse, asked what happened to some of the development projects he had heard about.

Michael Penn credited the Economic Development Corporation for getting business into Parker., He stated that people were not hearing about it because they do not go to the meetings; He stated the County needed to continue to contribute to the organization, and all needed to work together to bring business, jobs, and the growth needed.

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Chairman Wilson explained that the Quartzsite Solar Tower Project had received their Bureau of Land Management (BLM) permits and “are ready to go”; however, because of the depressed economy, the demand for renewable energies mandated to the utilities are not as much as originally thought; therefore, they have not been able to find a company to buy their power.

He stated that solar projects typically have a lot of Federal and State incentives that do not make them attractive from a property tax base because of the discounts given; and there are not any incentives the County is allowed to give, other than helping to expedite some of the processes.

He further noted projects the Town of Parker announced, one an oil recycling project that would bring approximately 38 jobs to the area; and the 66-room Hampton Inn that will come in.

Finance Director Hill expressed that the only vehicles purchased was one for the Probation Department and those for the Sheriff’s Department; replacing those that were well over the mileage that was considered safe for law enforcement officers to use to the degree they use them; and some of those are given to other Departments to use.

She stated that tax increases were not “palatable” to her any more than it was for the public; however, way to handle the needs of the departments have been discussed extensively, and there are no excess revenues to work with; and there have been no wage increases as there has been for social security and other retirement plans.

Community Resource Administrator Yackley stated that she took offense to the comments that vehicles were indiscriminately purchased. She stated the her department’s vehicle has over 200,000 in mileage; has not had a newer vehicle in over ten years and she did not expect to ever get a new vehicle. She stated that it was a “hand-me-down” from Public Works, and wondered where were all these vehicles people were claiming that have been purchased.

County Administrator Field noted that the vehicles purchased by the Sheriff’s Department were ones that were funded from “seizure money”; not from County funds.

Supervisor Clapperton expressed that it was important for law enforcement to be able to come to the assistance of the public in a timely manner, and transport suspects, and make investigations in a safe and dependable vehicle in order to save lives and avoid liabilities.

Mr. Bunge reiterated that he wanted to know how the road funding was being used.

Finance Director Hill stated that information could be accommodated.

Supervisor Clapperton volunteered to obtain that information for Mr. Bunge.

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Finance Director Hill stated the budget process is followed according to statute, and the challenge the County faced was providing a standard of services the public requires and needs with only 5% of taxable private land. She acknowledged that the river area has more property values; however, that is how assessments work; upon values. She further added that, when values decrease, assessment values fall; just as it did this past year in the amount of approximately \$11 million, which is what drove the levy increases.

She expressed the County had endeavored to keep expenditures to the very lowest levels, not addressing a number of problems it needed to address year by year. She stated that the County should have probably “boiled the frog a little at a time” instead. She added that the County’s expenses are primarily in the manpower, which is what is needed to “get things done”.

She stated the Sheriff and Public Work vehicles are recycled over the rest of the County departments; and the pool cars, although approaching the 200,000 mile mark are surprisingly in good shape because they are maintained well.

Finance Director Hill responded to the question, “what is the County doing to cut back?” She stated that work is done through the budgeting process, which she would describe further into the meeting; however, she added that there is no “golden egg”; the process has to address expenditures and find ways to cut or lower costs; and if there are expenditures that appear inefficient, they are “checked out”.

Supervisor Clapperton expressed his confidence in the Finance Director and other department heads; however, if there were anything that was found to be of a “criminal nature” he would “follow up to the fullest extent of the law”. He further stated that he did not agree with a tax increase; however, if the County were to “stay alive” it needs to do what it must to continue the services it provides and cover the “sins of the past” in a number of areas.

There being no further comments, Chairman Wilson closed the public hearing.

Discussion and possible action to approve the proposed primary tax levy increase of \$353,589, and direct the Clerk of the Board to mail a copy of the Truth-in-Taxation notice, a state of its publication, and the result of the governing body’s vote to the Property Tax Oversight Commission within three days of this hearing pursuant to A.R.S. §42-17107(A)(5) (REQUIRES A ROLL CALL VOTE OF THE BOARD)

CHAIRMAN WILSON MOVED to approve the proposed primary tax levy increase of \$353,589, and direct the Clerk of the Board to mail a copy of the Truth-in-Taxation notice, a state of its publication, and the result of the governing body’s vote to the Property Tax Oversight Commission within three days of this hearing pursuant to A.R.S. §42-17107(A)(5). Motion seconded by Supervisor Irwin, passed unanimously.

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Supervisor Clapperton asked for an explanation of the function of the Property Tax Oversight Commission.

County Administrator Field explained that the Property Tax Oversight Commission oversees taxation and the limits that can be expended. He added there checks and balances, as well as penalties if the statutory process is not followed relating to the budget.

Supervisor Clapperton	aye
Chairman Wilson	aye
Supervisor Irwin	aye

MOTION PASSED unanimously.

Public Hearing

Fiscal Year 2014/2015 La Paz County Budget/Proposed Tax Levies

Chairman Wilson read a statement stating that he was not present during the budget worksessions in June because of commitments he made to another organization which required attendance at their annual meeting; however, he listened to 15 hours of audio recordings of all the presentations and discussions of the worksessions, and he thanked Supervisor Irwin and Supervisor Clapperton for their “attentive and active participation” in the worksessions.

Chairman Wilson stated that the Cost of Living Adjustment (COLA) is needed because the benefits costs are going up and employees will actually have a loss in pay this year as a result; an upgrade in the vehicle fleet and IT upgrades must be addressed within the County; and those were only “a tip of the iceberg” of what needs to be done to adequately provide for the health, safety and welfare of County residents; and to identify opportunities for cost savings in many of the services provided the public.

He stated that he was present telephonically at the meeting in which the community partners, Parker Area Tourism, Parker Chamber of Commerce and the Economic Development Corporation; gave their presentations.

He stated that there was an issue that arose during the worksessions that he, as a member of the Board of Supervisors, cannot go unanswered. This was regarding his involvement in the Economic Development Corporation (EDC).

He stated that he has been involved in the EDC since its inception, serving as Chairman initially, then as President and CEO; and resigned that position when he became a Supervisor.

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He explained that La Paz County has the ability to appoint representation to such organizations, and Mike Baker was previously appointed; now Nora Yackley, Community Development Administrator, holds that position. He was asked to serve as Treasurer and accepted that position.

He stated that the issue of “conflict” has been raised. He further stated that statute A.R.S. §38-502 paragraph 10(a) allows a non-salaried officer of a nonprofit corporation as a remote interest, which “precisely fits” his position on the EDC Board. He added that he has no “substantial” interest as defined in the statute, and the only reason that would prohibit his participation.

He asked the public not to “confuse passion for a conflict of interest”. He believes he is “passionate about quality jobs for La Paz County residents” and “fostering capital investment by private entities to increase the tax base”, and is fulfilling his promise he made to the voters. He “did not like the status quo of below average income, lack of affordable housing, and a continually growing tax burden on our residents”.

Supervisor Clapperton stated that the basic description of fiscal responsibility is the act of creating, optimizing and maintaining a balanced budget without placing undue hardship on its taxpayers. He stated that government cannot remain afloat without proper financial planning and operating in a deficit; and unable to provide effective assistance to its citizens. He stated that he will do everything necessary to establish a balanced, accountable and transparent budget to the County.

Finance Director Hill explained the County’s budgeting process. She stated that in March/April the “financials” are printed out to see the County’s position in relation to its budget, and to establish goals for the upcoming fiscal year. She noted the County has less controls over elected officials.

In this process, once the Departments have responded with their tentative budgets, a proposed budget is compiled. She stated the Departments have been fairly reasonable; they still ask for those positions they lost from previous budget cuts; and the County still says no, which appears to be the “new normal”. She explained that, during the budget discussions, there is the opportunity to discuss reasonable changes to better respond to the needs of the constituents; and if the function of a department moves to another, so does the funding.

She continued, stating that once the Departments have responded with their tentative budgets, a Proposed Budget is compiled and a draft is distributed; budget meetings are scheduled; the Departments explain their mandated purposes; and once again, make their requests known; and once again, are typically denied.

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Finance Director Hill explained that, after the budget worksessions, work on the draft continues for a Proposed Tentative Budget. She added that she had introduced what she called a “contention list”, or “to-do list”; which is a list of those things that still had funding questions and required direction from the Board.

She stated the Proposed FY 2014/2015 La Paz County Budget is what is thought to be best for the mandated services at their current level. She added that modifications are made periodically to more respond to the County’s needs; and an audit is conducted every year. She further added that, in the past, the audits were not kept up and the County was behind several years; however, that is no longer the case, and she would not allow that condition to exist. She stated this process helps the County manage and be better stewards of the people’s money.

Chairman Wilson opened the public hearing and asked if anyone wished to comment on the proposed FY2014/2015 La Paz County Budget.

Finance Director Hill added she had devised a formula for the contributions to Parker Area Tourism, Parker Chamber of Commerce and the Economic Development Corporation. She stated that enough funding has been retained if the Board decided to fund these entities.

Duce Minor stated the County needs to be held accountable for its decisions, claiming the current Board cannot blame prior Boards for controversial decisions or tax its way out of problems, but rather, grow out of them. He felt that management was the “weak link”. He thanked Chairman Wilson for his efforts and expressed that the County survives on its volunteerism.

Michael Penn expressed his frustration, noting that business is what built La Paz County and referred to the EDC as the one entity “doing the job”; and made a reference to consultants, describing them as “vultures”.

County Administrator Field stated that the County wanted the same thing – to shift the issues of taxes to the growth of the County, and to correct the mistakes of the past. He feels that is being done with hopes of an improved future.

Supervisor Clapperton stated that the County is comprised of about 85% of land owned or controlled by the Federal government, which has closed roads; and until it is given back, the County will have problems acquiring land to sell. He added the County has to get special permission to use it and County residents can help by writing, telephoning, emailing legislators to support the County’s efforts in freeing up land for a highway and railroad for the Landfill.

Chairman Wilson asked if there were any additional comments.

There being none, Chairman Wilson closed the public hearing.

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Discussion and possible action to Adopt Resolution No. 2014-10, adopting the Fiscal Year 2014/2015 La Paz County Budget

Finance Director Hill stated that between the tentative budget and the final budget, figures cannot be increased; however, they can be decreased.

She stated the proposed final budget has the same expenditure, with very minor changes. She noted some savings while going over payroll figures, she noted that she had mistakenly left the library off; therefore, added it back on.

She stated the courts had committed to using Fill the Gap funds they receive to cover their increased budget; however, the net bottom line was “nothing speakable”.

She stated there will be two more schedules added before putting the budget on the website; Schedule F, showing personnel expenditures by department, and Schedule G will show the departments by function.

She added that a list of the community services contributions were available and distributed during the meeting.

Supervisor Irwin stated that she wanted to comment further on the community “partners”. She noted some of her constituents were concerned over the issue of transparency and the lack of information provided about certain developments proposed to come into the community.

Supervisor Clapperton stated he understood that a certain amount of confidentiality is expected in the negotiations of pending contracts; however, he agreed that the Board needs to be brought “into the circle” to a certain degree, so answers can be given to constituents.

Chairman Wilson stated that, in general, he felt the County had to accept some responsibility for this type of discussion because the Board has not had a document that outlines the responsibilities of both the County and the service organization; there needed to be an agreement with the County that lays out the perimeters under which they will work.

He explained that a business typically has done their homework before coming into an area; they are already working on a “short list” and prefer to be very confidential. He stated that he has worked with clients a number of times knowing just their first names because they do not want their competitors to know what they doing; they do not want their employees to know they are looking at relocating; and find that the price of a piece of property triples simply because they are asking about it.

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He acknowledged, that from a government standpoint, transparency is very important, and the sooner the Supervisors can be brought in, the better; however, the EDC can only recommend informing the Supervisors, and cannot force them.

He read a letter of support signed by all three Supervisors provided to Arizona Public Service (APS) to Dan Fletcher, Vice President. The letter spoke of a “client” of the EDC that requested any conversation be put on “hold” for a site comprising of 2700 acres for agricultural use and would create 80 – 100 jobs per phase with a first phase of completion date of December 31, 2014; and is a four phased development, with a capital investment of \$80 – \$100 million per phase, for a total capital investment of \$320 - \$400 million dollars over ten years. He stated that the water requirements for the project were a small fraction, less than ten percent of what is traditionally used for farming in this area. The Board expressed support in a project that would provide quality jobs and infrastructure in the County, and supported the proposed sale of the property to this client.

He stated this project is the “hugest” thing showing interest in coming to La Paz County, and EDC initiated these discussions with APS over a year ago. He did not feel anybody else in La Paz County could have done this job.

Supervisor Irwin reiterated that she felt the County needed to be “in the loop” when the County is funding an organization; and confidentially does not have to be compromised. She added that the Supervisors need to be able to tell their constituents they are “in the know” when questions are asked; and the County needs to be presented facts regarding what they have accomplished if the County is providing the funding.

Chairman Wilson stated that he wished to continue funding at the level of the previous year for the Parker Chamber of Commerce, Parker Area Tourism, and the Economic Development Corporation. He added that the County will then negotiate an agreement with each organization to lay out the roles and responsibilities of the parties, and when possible, the funding mechanisms; and indemnification for the County.

County Administrator Field suggested an application process submitted prior to the budget process in order to schedule presentations.

Chairman Wilson suggested receipt of quarterly updates from the organizations.

CHAIRMAN WILSON MOVED to adopt Resolution No. 2014-10, adopting the Fiscal Year 2014/2015 La Paz County Budget, to include restoring community contributions to the Parker Chamber of Commerce, Parker Area Tourism, and the Economic Development Corporation at the Fiscal Year 2013/2014 levels, with the stipulation that the community organizations enter into an agreement with the County laying out roles, responsibilities, funding bases, and indemnity clauses, upon approval by the County Attorney. Motion seconded by Supervisor Irwin, passed unanimously.

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Chairman Wilson recessed the Board of Supervisors and convened the Jail District Board of Directors at 4:34 p.m.

Public Hearing regarding the Fiscal Year 2014/2015 La Paz County Jail District Budget

Finance Director Hill stated that no changes have been made to the Jail District Budget since the tentative adoption.

Chairman Wilson opened the public hearing and asked if anyone wished to comment on the Jail District budget proposal.

Finance Director Hill added that the Jail has experienced a significant increase in “bed” revenues received for federal inmates, which will afford necessary capital expenditures.

There being no further comment, Chairman Wilson closed the public hearing.

Discussion and possible action to Adopt Resolution No. JD2014-10 adopting the Fiscal Year 2014/2015 La Paz County Jail District Budget

SUPERVISOR CLAPPERTON MOVED to adopt Resolution No. JD2014-01, adopting Fiscal Year 2014/2015 La Paz County Jail District Budget. Motion seconded by Supervisor Irwin, passed unanimously.

Chairman Wilson recessed the Jail District Board of Directors and reconvened the Board of Supervisors at 4:39 p.m.

Call to the Public

County Administrator Field referred to particular comments made within the meeting as erroneous and inaccurate.

Supervisor Irwin stated that the prior Board, coming in at 2009, did not have any idea where the County was fiscally since the last audits performed were in 2004; and the Board is dealing with those issues. She added that, since that time, audits are current.

Chairman Wilson stated that since 2009, the Yakima judgment occurred and the audits were so far behind it was not possible to fund anything. He felt the job done by the Board during that time was “tremendous”, with the ability now to move forward.

