

**SPECIAL SESSION
March 22, 2004**

The Board of Supervisors of Maricopa County, Arizona convened in Special Session at 9:30 A.M., March 22, 2004, in the Supervisors' Conference Room, 301 W. Jefferson Phoenix, Arizona, with the following members present: Andrew Kunasek, Chairman, District 3 (arrived late); Fulton Brock, District 1, Don Stapley, District 2, Max W. Wilson, District 4, and Mary Rose Wilcox, District 5. Also present: Fran McCarroll, Clerk of the Board, Shirley Million, Administrative Coordinator, David Smith, County Administrative Officer and Paul Golab, Deputy County Attorney.

Supervisor Wilson opened and presided at the meeting as Chairman until Chairman Kunasek arrived.

GOVERNMENT RELATIONS – PRESENTATION BY WASHINGTON, D.C., MARICOPA COUNTY REPRESENTATIVE

Item: Presentation by Washington, D.C., Maricopa County Representative Christopher T. Cushing of The Commonwealth Group regarding potential Maricopa County federal issues and priorities, and update on federal legislation. (C20040090) (ADM1650)

Mr. Cushing said he would lead the Board through the basic issues and the County's standing on these issues. He spoke of the approach he is using on the County's behalf in Washington beginning with the identification of specific initiatives that contribute to the County's bottom line, whether through directed appropriations, or policy initiatives. These include the Tele-Health Initiative with Correctional Health Services that creates increased public safety as well as improved healthcare for the inmates. He referenced the 340B Inpatient Drug Program, a national program whereas Tele-Health is a local one. He said that 340B has a 7-figure impact on counties and they had identified this program a year ago as "one they needed to approach and endeavor to become part of the solution for it." Another issue, which Senator Kyl has been very active on, is in regard to Healthcare for the Undocumented and the financial drain this places on the County and the hospital.

He said that they are very cognizant of using their available resources wisely and appropriately and in so doing, they approach the Arizona delegation to "ask them and task them with doing things that they can do and are able to accomplish in terms of where their interests are and the committees they are on." Senator McCain is very active with regards to Luke AFB closure and encroachment issues. Senator Kyl, a member of the Senate Finance Committee, has been "a real leader for the County in terms of 340B Healthcare Bill and in terms of Undocumented Healthcare and reimbursement issues. He explained that Representative Pastor is active in the House Appropriations Committee particularly in healthcare and homeless issues. Mr. Shadegg was a leader on 340B in the House and dealt with other issues including the resolution and funding of the "roof rat" problem.

He said he has been working with Supervisor Stapley and making good use of his leadership role in the National Association of Counties (NACo) and in working very effectively with that organization.

~ Chairman Kunasek entered the meeting ~

Mr. Cushing said he is pleased to report that the Large Urban Counties Caucus (LUCC) that Mr. Stapley chairs, identified four overall priorities, two of which fall into the area of additional Medicaid funds for all counties on issues related to "Dsh" payments (Disproportionate Funds). He said they worked with other members of the LUCC and with Rep. Shadegg and Senator Kyl to drive 340B forward to become part of the Medicare Bill. Senator McCain and several other senators were actively involved with the

Undocumented Healthcare issue. He said, "We went 4 for 4 on those major issues last year" and were very pleased to work with NACo and LUCC on getting them inserted in the Bill.

In response to a question from Supervisor Wilson on the dollars this would represent to Maricopa County, Mr. Cushing responded that on 340B it's estimated that "the upside on the savings is \$1.2 million." That's a negotiated process and the pharmacy group has been working with the drug companies on negotiating those prices even lower. He said that 340B is very new but he thought the savings to date were approximately \$100,000 and added, "With some good focus of this Board and with additional help in Washington you can probably bring that up into the high 6-figures within the first year."

On Undocumented Healthcare, a new process that will begin in 2005, he said, "\$250 million a year for four years will go to the top 18 states that have burdens from illegal immigration, with a 'kicker' to the top six states." Senator Kyl has estimated that over the next four years it will save Arizona hospitals \$180 million. This money is distributed directly to counties and to hospitals, which will amplify the benefits. The program will have to be reauthorized at the end of four years, as is transportation and other programs.

Mr. Cushing also spoke on Homeland Security. He said the important thing to watch is the Urban Area Security Initiative Grant (UASI) program. As part of their negotiating process they made sure that counties would start benefiting from this as well as cities. Although the first seven entities to receive money from that program were cities this will also include large urban counties when funding is next distributed. He said the first payment went to Phoenix but included all contiguous counties. He explained that they had briefed the Department of Homeland Security a year ago on the critical infrastructure located in Maricopa County, the "nuclear power facility, the dam, transportation corridors from Mexico to Canada, the baseball stadium, etc."

Supervisor Stapley explained that the Department of Homeland Security represents the largest reorganization in the federal government since WW II. He said that the "Homeland" allocations are huge amounts of money, some of it is repackaged and some is new money. Congress typically chooses to distribute money by sending it to the states to allocate, however, because of the fiscal crisis that states have been in the past few years, often the money does not get down to local providers. "We lobbied very hard with both the White House and our congressional delegation for the past 2-3 years – since 9/11 – that they can't do business as usual but must figure a way so the money they send out gets to the local providers." He indicated his belief that much of the success of the passage of this bill is a result of "the example we gave them of the disproportionate share money that this state receives, and has received for 14 years, that does not get to the County. And they listened." With this bill, 80% of the money received by the State must go down to the cities and counties in that state where emergency management planning takes place.

~ Supervisor Wilcox left the meeting ~

Mr. Cushing said that the first step in accessing the steady stream of UASI funding is to mesh with the state's approved plan for Homeland Security. If Maricopa County wants to spend money for a project that is not part of the state's overall plan, funds would not be forthcoming. He said the County must be sure to get those things it feels are important into the state's plan.

Supervisor Stapley said that one area in which the County participates to a larger degree than the cities is in Public Health. Funding for all the bio-terrorism programs is coming from the UASI flow of funds.

Mr. Cushing said Arizona is #32 on the list of per-capita funding for Homeland Security grants overall with \$7.08 per resident. Congress will improve allocations of funding according to three factors, 1. critical infrastructure, 2. population density, and 3. threat. Based on the first two factors, he believes Maricopa County will probably see an increase in funding.

Supervisor Wilson asked about Homeland Security funds being allocated for border protection. Mr. Cushing replied that border protection dollars aren't particular to Maricopa County or to Arizona and those programs are also being worked on. The US Visitor program, an automated entry/exit \$10 billion tracking program is being developed. A contract will be let on this before summer.

Supervisor Stapley asked Mr. Cushing to elaborate, saying that a \$10 billion commitment is huge. Mr. Cushing replied that this will first be implemented to all land ports and should increase security everywhere and particularly at the heavier gates such as San Diego – the largest land port crossing in the world with 70,000 people a day. More people and more technology are being poured into this security program, and more money than ever is going into border protection, both southern and northern borders.

Discussion ensued on the problem and exploring possible solutions regarding the increased costs caused by illegal aliens crossing into Arizona. Mr. Cushing said that it must become widely recognized that increased costs (medical, schools, welfare) are all being assimilated by local governments and they need to be supported for this. Any future federal programs that are approved for legalizing Mexican immigration must include increased local reimbursement when signed by the President.

~ Supervisor Wilcox returned to the meeting ~

Mr. Cushing touched on the Tele-Health initiative saying it was “a terrific example of the Board looking at and finding something that is going unattended on a national level and bringing it to national attention.” He said that Maricopa County received \$950,000 to implement the Correctional Tele-Health program and will submit a request for \$1.1 million for FY05 to continue building that program. He reported that not only did the County save by receiving federal funds instead of using County monies to buy equipment and activate the program, the County also saved \$700,000 annually by not having to transport, guard and process prisoners requiring medical attention. He said that the Health Resources and Services Administration’s website for underserved populations listed the Maricopa Correctional Tele-Health Initiative as its “No.1 star” in the country. He reiterated that this is a great example of how a local government can identify a project which is deserving of funding and bring it up through its congressional representatives, as opposed to waiting for Washington to take action. He added, “The County should be very pleased about that.”

Supervisor Stapley asked to share something with the Board that had been presented to him by a former NACo staff person “who was our liaison with the Large Urban County Caucus (LUCC) and who I worked closely with for the past five years.” Mr. Stapley was given a large framed copy of the “redlined version” of the Medicare Bill and he wanted to recognize the support and help given to him over the years by Board members and the County. The four issues LUCC identified that were included in the final Medicare Bill dealt with: 1. Additional payments to Dsh hospitals, 2. Additional Medicaid “FMAP” formula payments,

3. 340B inpatient drug discounts, 4. additional funds to hospitals dealing with emergency healthcare for undocumented aliens.

Mr. Cushing reported that the budget process is really just getting started on homeless housing but he expected funding to stay level. Criminal justice and law enforcement programs have been cut once again and members of congress will fight to get some of them back into the budget, but he said this has been, and will continue to be an ongoing battle.

Transportation also continues to be controversial. The Administration proposed \$256 billion a year for it, the Senate proposed \$318 billion and the House proposed \$375 billion. The Administration has threatened to veto anything over \$256 billion. The Arizona delegation, which Mr. Cushing said is regarded as being very fiscally responsible, was specific and united in supporting the President's figure over the higher figures. He responded to a question from Supervisor Stapley to report that the allocation had previously been at \$218 billion, which makes the President's proposal a 20% increase for next year. This may be revisited next year, after the election.

Mr. Cushing also touched on the issues of AZTECH, a proposed Internet tax moratorium and the closure process with regards to Luke Air Force Base (decisions should be completed in 2005).

With regards to the NACo conference scheduled for Phoenix this July, he strongly encouraged inviting both President Bush and Senator Kerry to address the convention. Arizona is a battleground state in the upcoming presidential election. He said that there will be three to four thousand local leaders from around the country and it would be an ideal venue to promote Maricopa County as the best run county in America. He said the conference runs over a four-day period and both men should be able to calendar it into their schedules and could speak on issues of their choice.

Mr. Cushing concluded by saying that great, competitive opportunities can be found in Washington every day and they look carefully at them for value to counties and Maricopa County in particular. They make sure to compete "where we have the advantage and where there are funds available to make sure we secure our fair share of grants."

Supervisor Stapley referenced the Human Services Campus and asked if the \$900,000 equipment funding the County seeks is a grant or earmarked funds. Mr. Cushing replied, "That would be a directed appropriation."

Mr. Cushing added that in the Arizona delegation, Mr. Pastor, who sits on the Appropriations Committee, would probably request the funds. He also recommended contacting all the Republican members of the delegation to be supportive. Senator Kyl will be asked to help in the Senate. He said that some members of the delegation favor direct appropriations while others do not.

Supervisor Brock asked Mr. Cushing to comment on transportation and light rail funding and how it is being perceived in other cities. He also asked for comments regarding the County's problems with air quality. He felt it is difficult for the EPA to realize the County's problems are compounded by dust, etc., from the desert environment. He asked what others do.

MARICOPA COUNTY BOARD OF SUPERVISORS MINUTE BOOK

**SPECIAL SESSION
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Mr. Cushing said he could speak to light rail funding; transportation funding is still in flux. Transit and light rail funding is receiving a little more funding than in the past. His opinion is that the County's program should not be driven by what works for Washington or other states, driven by local needs and what works locally. He said that "all of the parties have to come together" and the plan has to fit with the state's plans as Washington looks at compatibility. He said that the delegation had been used effectively several years ago in presenting local issues to the EPA and he felt this could be done again. He added, it is a continual problem for those housed in Washington to understand that what works for wetlands in the East does not apply to the desert in the West. It was recognized by several that Senator Kyl is actively involved in every aspect of water problems in the state and is working tirelessly in settlement negotiations with the Indian Communities on long-standing water disputes.

Supervisor Stapley expressed some closing comments by noting that the County has come a long way since Mr. Cushing started his work on our behalf four years ago. He explained that there is now a "phenomenal working relationship with our delegation." He credited Mr. Cushing and complimented the Board "for coming from relatively little involvement to the level we are at today."

Chairman Kunasek suggested that our delegation appreciates the fact that we ask their help for things that are really necessary and do not make frivolous requests as so many others do, and this has helped to build a good relationship with them and gained their support. "They appreciate our responsibility."

MEETING ADJOURNED

There being no further business to come before the Board, the meeting was adjourned.

Andrew Kunasek, Chairman of the Board

ATTEST:

Fran McCarroll, Clerk of the Board