

FORMAL SESSION
January 4, 2006

The Board of Directors of the Flood Control District of Maricopa County Arizona, convened in Formal Session at 9:00 a.m., January 4, 2006, in the Board of Supervisors' Auditorium, 205 W. Jefferson, Phoenix, Arizona, with the following members present: Don Stapley, Chairman, District 2; Fulton Brock, Vice Chairman, District 1, Andrew Kunasek, District 3, 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 Manager; Paul Golab, Deputy County Attorney and Anne Longo, Assistant Chief Counsel. Votes of the Members will be recorded as follows: aye-nay-absent-abstain.

FLOOD CONTROL DISTRICT AND LIBRARY DISTRICT

(The District Board of Directors convened concurrently with the Board of Supervisors and the Library District for the following item.)

ESTABLISHMENT OF SELF-IMPOSED LIMITS ON PROPERTY TAX LEVY – FLOOD CONTROL DISTRICT

Item Summary. Amend the Budgeting for Results Guidelines and Priorities for FY 2006-07 for the Flood Control District to advance the goal of reducing property tax rates by establishing self-imposed limits on the District property tax levies and by controlling expenditure increases. (C4906020801) (ADM1900-003)

Additional Information (Flood Control District FCD-1 and Library District LD-1). The language previously approved on December 5, 2005, will be amended by replacing the current "Property Taxes" paragraph with the following language:

Property Taxes:

The budget will advance the goal of reducing property tax rates by establishing self-imposed limits on the District property tax levy and by controlling expenditure increases.

- o In order to protect taxpayers from tax increases resulting from high valuation increases, the FY 2006-07 secondary tax levy on properties taxed in FY 2005-06 will increase by no more than 2%, which is equivalent to limits on primary property taxes.
- o The targeted overall increase in operating expenditures should be less than the combined rate of increase in population and inflation (as measured by the GDP Price Deflator), currently estimated at 5.3% for FY 2006-07. ~~To achieve this target, OMB is directed to identify non-essential programs and recommend their elimination.~~ TO ACHIEVE THIS TARGET THE DEPARTMENT OF MANAGEMENT AND BUDGET IS DIRECTED TO IDENTIFY POSSIBLE SAVINGS BY WORKING WITH DISTRICT STAFF AND ADVISORY BOARDS AND RECOMMENDING CORRESPONDING CHANGES TO THE BUDGET. (Note: This change was made by the Clerk prior to the vote.)

Sandi Wilson, Deputy County Manager, came forward to explain these two items, saying OMB would revise the Budgeting for Results Guidelines and Priorities for the Library District and the Flood Control District, as had been mentioned earlier in Chairman Stapley's acceptance address. She discussed new limits to the Secondary Tax Levy that will be self-imposed by the Districts to benefit taxpayers in the 2006-07 budget cycle. She related a history of the County's combined Property Tax Rate, which is currently at the lowest rate in 26 years. The current combined tax rate for these two Districts is 1.4611. Today's action, if approved, will lower this rate for the next fiscal year.

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Ms. Wilson said that several things contributed to Maricopa County's ability to keep such a low tax rate, one of which was through the repayment of all General Obligation Bonds in 2003. She said, "We are probably one of the largest, if not the largest, jurisdiction in the nation that does not have a General Obligation Bond for debt service. However, an even more important fact is the way the County pays for capital expenses and ongoing operating costs that is different from many jurisdictions that we see." She explained, "We have a pay-as-you-go financing policy that the Board of Supervisors has sponsored for us that we've been carrying out over the last several years. Because of that, we've repaid all our General Obligation Bonds and have not gone out to ask the voters for additional (bonds)." She explained that many jurisdictions use tax supported bonds as an "escape valve" to fund things that Maricopa County has not done, such as using bond funds for major maintenance or building renewals; vehicle and equipment replacement; computer systems and facilities for private or non-profit organizations in economic development. "Maricopa County pays for such things from the General Fund, and any reoccurring expenses are paid for with reoccurring revenues."

She referenced taxpayer concerns over the increase in property values and corresponding increases in their property taxes. The Primary Property Tax is subject to a "levy limit" and the County has reached their limit for this tax. Existing properties can only grow at 2% while new properties can be added to the Assessor's rolls. She explained that this forces property tax rates on primary rolls to decrease in a natural manner. Arizona State government does not impose a levy limit on secondary tax properties. She said, "Today's action will be to do something similar for both the Library and Flood Control Districts' Secondary Tax Levies by limiting them to the 2% limit as is on the County's Primary Property Tax levy." There will be no more than a 2% increase on existing properties in those Districts in their 2006-07 budgets and this will decrease their total budget since both Districts are primarily funded through property tax monies. However, both Districts believe they can continue to function satisfactorily despite the decreased funds. It is believed that the growth in population and new construction currently being experienced should allow these self-imposed levy restrictions and still produce enough money to adequately operate both Special Districts. The Flood Control and Library District levies only affect those two entities.

Chairman Stapley asked Ms. Wilson to explain the differences in uses for primary and secondary tax monies. She replied that the Primary Property Tax funds most government services; all criminal justice elements, the public health components and most of the services like the Recorder, the Assessor and the Treasurer. Secondary Taxes fund special districts and bonds.

Director Wilcox expressed concerns for both Districts, particularly the regional projects in the five-year plan the Flood Control District (FCD) has with cities and towns throughout the County. She asked if this limit would affect the amount budgeted for the plan.

Brian Hushek said it was difficult to know the answer to that until the valuations and tax roll are set by the Assessor on February 10 and once these reports are received they will be integrated into the forecast. He added, "We budget (our revenues) very conservatively to begin with" so it should not be a problem.

Chairman Stapley said that he had discussed this with the Assessor and, based on the averages the Assessor had shared, "It is very apparent to me that the valuations are going to be significant enough that this will not slow down any of the five-year CIP (Capital Improvement Projects)."

Director Wilcox cautioned, "Some years are not going to be as good as we have had it. In voting for this I hope that we evaluate it every year so we never leave the County "wanting" for projects that are very necessary for our communities."

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Chairman Stapley said he, personally, would vote for a five-year policy if he could but State Statute mandates an annual budget be set by Counties.

Because of the expected rise in assessed property valuations, Director Kunasek thanked the Chairman for placing these items on the agenda as a benefit to taxpayers. He said, "A little restraint, especially in good times, is the prudent thing to operate under."

Director Wilson wanted the voters to understand that rate increases in the taxes that they pay come from a variety of different taxes that have nothing to do with the County. He said the public needs to be aware that the Board is authorizing this voluntary secondary tax ceiling to protect them, "But, we don't control all the taxes in Maricopa County."

Chairman Stapley asked OMB what percent of an average tax bill actually comes to the County. The response was "it averages around 15% depending on any overrides and where the person lives, which regulates the school tax and assessments they pay."

Motion was made by Director Kunasek, seconded by Director Brock and unanimously carried to amend the Budgeting for Results Guidelines and Priorities for FY 2006-07 for the Flood Control District.

PERSONNEL AGENDA

Motion was made by Director Wilcox, seconded by Director Wilson, and unanimously carried (5-0) to approve the Flood Control District Personnel Agenda (Exhibit C). Exhibit C will be found at the end of this set of minutes.

EASEMENTS AND RIGHT-OF-WAY ACQUISITION DOCUMENTS

Item Summary. Motion was made by Director Wilcox, seconded by Director Wilson, and unanimously carried (5-0) to approve easements and right-of-way acquisition documents, appraisal and relocation assistance services contracts under \$5,000 per Resolution FCD 87-12; Escrow Instructions per Resolution FCD 87-13; Payment of Tax Notices per Resolution FCD 97-07; License Procedures and Fee Schedules per Resolution FCD2002R002; and disposal of easements, excess real property and fixtures under \$250,000 documents per FCD 1999R016 for Flood Control purposes. (ADM1910)

Bethany Home Outfall Channel Phase IIC (Per Resolution FCD 98-12)

Item A002.301 (T2), Relocation Assistance Entitlements for Justin Sherwin and Diania Lopez in the amount of \$35,000.00.

75th Avenue Storm Drain/ Durango Regional Conveyance Corridor (Per Resolution 2002R012A)

Item A019.009A, Warranty Deed from the Flood Control District of Maricopa County to the City of Phoenix for the sum of \$1.00 (per IGA FCD 2003A014).

Item A019.009D, Quitclaim Deed from the Flood Control District of Maricopa County to the City of Phoenix for the sum of \$1.00 (per IGA FCD 2003A014).

Item A019.009B, 009C, 009E, Assignment of Easements from the Flood Control District of Maricopa County to the City of Phoenix for the sum of \$1.00 (per IGA FCD 2003A014).

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STRUCTURES ASSESSMENT

Item Summary. Motion was made by Director Wilcox, seconded by Director Wilson, and unanimously carried (5-0) to award a contract for on-call Structures Assessment Phase II Geotechnical Service.

Additional Information. Award Contract FCD 2004C068, On-Call Structures Assessment Phase II Geotechnical Service, to AMEC Earth & Environmental, Inc. which will primarily involve geotechnical field investigations, analysis, and development of site-specific corrective actions as needed to address potential dam safety issues at District Dams. The work may also involve implementation of the site-specific dam safety corrective measures when feasible to implement in conjunction with the field investigation work. The contract will be effective for a period of two years from date of execution or until the contract expenditure of \$500,000, whichever occurs first. The Flood Control District of Maricopa County and the consultant will mutually agree to a detailed scope of work for each work assignment prior to the commencement of any work. A not-to-exceed fee will be negotiated for each work assignment prior to Notice-to-Proceed with each assignment. This negotiated fee will be in accordance with the rates. (C6906053500)

CIP BUDGET CHANGES IN DESIGN AND CONSTRUCTION SCHEDULES

Item Summary. Motion was made by Director Wilcox, seconded by Director Wilson, and unanimously carried (5-0) to approve adjustments to the current FY 2005-06 Capital Improvements Program (CIP).

Additional Information. This action is the result of changes that have occurred in the design and construction schedules for a number of the district's major capital projects. The requested adjustments have been planned to achieve maximum utilization of the district's current budgeted funds over the remainder of FY 2005-06.

Budgetary Details. Approve adjustments to the current FY 2005-06 Capital Improvements Program (CIP) expenditure budget of the Flood Control District of Maricopa County, Department (690), Fund (990), as follows:

Project Number	Name	Budget Amount
Project 117	S. Phoenix Drainage Improvements	<\$495,000>
Project 120	Paradise Valley, Scottsdale, Phoenix	<\$11,000>
Project 121	East Maricopa Freeway Floodway	\$2,969,000
Project 202	McMicken Dam	\$102,000
Project 300	Spook Hill FRS & Outlet	\$3,000
Project 343	Wickenburg ADMP	\$30,000
Project 400	Skunk Creek / New River	<\$66,000>
Project 420	Spook Hill ADMP	\$217,000
Project 442	East Mesa ADMP	\$382,000
Project 450	Glendale / Peoria ADMP	<\$259,000>
Project 470	White Tanks ADMP	<\$1,212,000>
Project 480	Queen Creek ADMP	<\$820,000>
Project 491	Higley ADMP	<\$4,000>
Project 565	Durango ADMP	<\$607,000>
Project 580	ACDC ADMP	\$108,000
Project 590	Scatter Wash Channel	\$492,000
Project 620	Maryvale ADMP	\$290,000

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Project Number	Name	Budget Amount
Project 625	Metro ADMP	<\$1,000,000>
	CIP Project Reserve	<\$119,000>

The net requested budget adjustment is \$0 (C6906054M00) (ADM1900-003)

MEETING ADJOURNED

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

Don Stapley, Chairman of the Board

ATTEST:

Fran McCarroll, Clerk of the Board