Board of Supervisors
July 8, 2026
9:30 AM

The Board met in a Special Meeting at the Santa Cruz County Complex, 2150 N. Congress Drive, Room #120, Nogales, AZ. Present: John Fanning, Chairman; Luis Carlos Davis, Vice-Chairman; Rudy Molera, Member; Jesus Valdez, County Manager; Mauricio Chavez, Deputy County Manager; Chris Young, Deputy County Manager; Robert May, Civil Bureau Chief; Nicoelette A. Brenner, Deputy Clerk of the Board.

CALL TO ORDER/PLEDGE OF ALLEGIANCE

Chairman Fanning called the meeting to order, and the Pledge of Allegiance was recited, led by Dennis Eshleman

ADOPTION OF AGENDA

Supervisor Molera made a motion to adopt the Agenda, tabling Action Item 1 to the July 15, 2026, agenda and allowing the Chair to deviate from the Agenda where necessary; seconded by Vice-Chairman Davis; motion carried unanimously. (Ayes: Davis, Fanning, Molera)

CALL TO THE PUBLIC:

Wendy Islas a Rio Rico resident stated that the Arizona Auditor General had removed Santa Cruz County's Annual Comprehensive Financial Reports and Single Audit Reports for fiscal years 2014–2023 from public distribution pending potential revisions. She noted the county's delinquent financial reports and questioned whether the county had completed a financial document review, whether reports had been revised, and why updated documents had not been released. She urged the Board to ensure transparency and complete the recommended financial review before proceeding with related financial matters.

Peg Kazda a Patagonia resident, expressed concern over the closure of the local animal shelter and urged the county to identify an unused building in Nogales for a new shelter. She encouraged seeking funding assistance, including from the Hermosa project, and emphasized the importance of improving animal welfare services.

Shiloh Walkosak, a volunteer animal transporter, spoke in support of Santa Cruz County Animal Care and Control staff, distinguishing the county's open-intake responsibilities from those of the former Humane Society. She described staffing shortages, limited equipment, and safety concerns, while commending staff for their dedication. She encouraged the Board to prioritize immediate support for personnel while planning long-term shelter improvements.

Alejandro Castañeda expressed concerns regarding the proposed expenditure limitation adjustment, citing overdue audited financial statements and expenditure reports identified by the Arizona Auditor General. He requested postponement of the Board's action until the reports were completed and released publicly. He also requested disclosure of polling materials related to the measure and asked the county to identify any Hermosa project-related costs included in its long-term financial planning, asserting that project-specific expenses should be borne by the developer.

Robin Luckey, President of the Calabasas Alliance, stated her support for the proposed expenditure adjustment but voiced concerns over the county's unresolved audit issues. She emphasized the need for groundwater, water quality, air quality, and soil monitoring, referenced PFAS contamination and ongoing environmental concerns, and stated that community-led environmental monitoring efforts would continue. She requested public presentations from Linda Robas and Dr. Chris Lim regarding environmental issues and expressed disappointment with the county's administrative performance, calling for greater accountability as development related to the South32 Hermosa project moves forward.

DISCUSSION ITEMS

1. DISCUSSION/POSSIBLE DIRECTION REGARDING FISCAL YEAR 2024 AUDIT (REQ: COUNTY MANAGER)

County Manager Jesus Valdez introduced the discussion regarding the status of the Fiscal Year 2024 audit and turned it over to Deputy County Manager Mauricio Chavez.

Mr. Chavez acknowledged that the FY2024 audit is behind schedule and stated that the delays were primarily attributable to the extensive financial reconstruction required following the former County Treasurer's embezzlement, as well as the appointment of a new independent audit firm, Walker and Armstrong, by the Arizona Auditor General due to a conflict of interest. He explained that the new auditors were required to perform a first-year risk assessment, develop new audit procedures, and review financial records dating back to 2007, resulting in an extended audit timeline. He emphasized that the county does not conduct its own audit and is responsible only for providing documentation and cooperating with the independent auditors.

Mr. Chavez reported that county staff continue to meet weekly with Walker and Armstrong and that the FY2024 audit is in its final stages, with completion anticipated on or before August 31, 2026. The FY2025 audit is expected to be completed by March 31, 2027, with the goal of returning the county to its normal annual audit cycle. He added that the county has strengthened internal financial controls and is committed to restoring public confidence through accurate and compliant financial reporting.

Board members discussed the importance of completing the audits accurately rather than expeditiously and emphasized transparency throughout the process. It was confirmed that the anticipated completion dates have been communicated to the Arizona Auditor General.

County Manager Valdez noted that significant work was required to reconstruct treasury records before auditors could begin substantive testing and acknowledged that the county should have communicated progress to the public more consistently. He announced that a standing monthly audit update would be placed on future Board agendas and that county management is exploring holding monthly public informational meetings to answer community questions.

Mr. Chavez explained that, upon completion of the audit, the independent auditors will present the audit results and any findings or recommendations to the Board at a regular meeting before submitting the required reports to the appropriate federal clearinghouse.

Board members expressed appreciation for staff's efforts under challenging circumstances and reiterated their commitment to transparency, accurate financial reporting, and regular communication with the public regarding audit progress.

Vice-Chairman Davis made a motion to recess the Special Meeting to convene the Public Hearing seconded by Supervisor Molera; the motion carried unanimously. (Ayes: Davis, Fanning, Molera)

PUBLIC HEARING

1. PURSUANT TO A.R.S. § 41-563.01, CONSIDERATION OF RESOLUTION NO. 2026-17 REGARDING THE PROPOSED ADJUSTMENT TO THE 1979-80 BASE EXPENDITURE LIMIT (REQ: FINANCE DEPARTMENT)

Deputy County Manager Mauricio Chavez presented the public hearing item to the Board of Supervisors and provided an overview of the proposal and supporting information. Following the presentation, the Chair opened the public hearing and invited members of the public to provide comments on the item.

The Chair opened the public hearing, noting that the presentation would be substantially the same as the one provided during the previous week's hearing. The Chair asked attendees to hold questions until the conclusion of the presentation unless an urgent clarification was needed. County Manager Jesus Valdez announced that Deputy County Manager Mauricio Chavez would deliver the presentation. Mr. Chavez then presented the item to the Board and the public, after which the Chair opened the floor for public comment.

County Manager Jesus Valdez provided additional information regarding the proposed expenditure categories, explaining that any projects identified would be contingent upon future revenue and were not included in the current FY2026 budget. He highlighted potential investments in public safety staffing and communications infrastructure, road improvements, long-term transportation planning, water sustainability initiatives, environmental studies, and other community priorities identified through public input.

During Board discussion, it was confirmed that all supervisorial districts, including District One, would be eligible for future projects. A Board member also inquired about Animal Control staffing and whether the department should be considered a public safety function. Mr. Valdez acknowledged the importance of the department, confirmed that existing vacancies are budgeted, and stated that the county is actively recruiting to fill those positions while continuing to support Animal Control operations.

Public Comment:

Bruce Bracker expressed opposition to the proposed long-term expenditure increase, stating that a 15–20-year spending outlook was too broad and recommending a shorter planning horizon with incremental requests for additional spending authority. He also suggested the use of special taxing districts and enterprise funds to improve transparency and budgeting.

Wendy Islas raised concerns about the timing of the proposal following recent developments related to the South32 Hermosa Project. She requested additional information regarding projected revenues, long-term financial planning, polling materials, and the relationship between the proposed expenditure increase and the county's financial reporting status. She urged the Board to postpone action until the county's financial reports were current and emphasized the need for transparency and immediate attention to community priorities such as water quality and animal services.

Jay Thompson voiced concerns regarding the county's history of delayed financial reporting and the impact on public trust. While expressing support for an expenditure limit increase in principle, he requested greater transparency, detailed spending plans, and clear safeguards before asking voters to approve additional expenditure authority.

Bridget Pilloud spoke in support of the expenditure limitation adjustment and encouraged the Board to prioritize Animal Care and Control funding. She highlighted the department's collaboration with rescue organizations and requested additional resources for staffing, shelter improvements, quarantine space, spay/neuter services, and expanded public access.

Taylor Holdquist, representing Hope of Deliverance Animal Rescue, supported prioritizing construction of a new animal shelter if additional funding becomes available. She emphasized the public safety role of Animal Care and Control, the facility's limited capacity, and the need to provide adequate space and resources for both animals and staff.

Kathi Campana supported placing the measure before voters and urged the Board to dedicate additional funding to Animal Care and Control, including increased staff salaries and improved shelter facilities.

Robin Luky encouraged continued public engagement and transparency and urged the county to address the immediate need for an animal shelter by pursuing a more cost-effective phased approach rather than waiting for a larger future project.

The Board adjourned the Public Hearing and reconvened into the Special Meeting. (Motion: Vice-Chairman Davis; second: Supervisor Molera; motion carried unanimously) (Ayes: Davis, Fanning, Molera)

ACTION ITEMS

1. DISCUSSION/POSSIBLE ACTION TO ADOPT THE FISCAL YEAR 2026-2027 TENTATIVE BUDGET (REQ: FINANCE DEPARTMENT)

No action was taken. The item was tabled until the July 15, 2026, regular meeting.

2. DISCUSSION/POSSIBLE ACTION TO APPROVE RESOLUTION NO. 2026-17 REFERRING TO THE VOTERS A PROPOSED ADJUSTMENT TO THE 1979-80 BASE EXPENDITURE LIMIT AT THE GENERAL ELECTION ON NOVEMBER 3, 2026 (REQ: FINANCE DEPARTMENT)

Supervisor Molera made a motion to approve, seconded by Vice-Chairman Davis; the motion carried unanimously. (Ayes: Davis, Fanning, Molera)

ADJOURNMENT

The meeting adjourned at 11:27 a.m. (motion: Supervisor Molera; second: Vice-Chairman Davis; motion carried unanimously) (Ayes: Davis, Fanning, Molera)