

BOARD OF SUPERVISORS
GILA COUNTY, ARIZONA

Date: May 16, 2006

JOSÉ M. SANCHEZ
Chairman

TOMMIE C. MARTIN
Vice-Chairman

SHIRLEY L. DAWSON
Member

STEVEN L. BESICH
Clerk of the Board

By: Marilyn Brewer
Deputy Clerk

Gila County Courthouse
Globe, Arizona

PRESENT: Jose M. Sanchez, Chairman; Tommie C. Martin, Vice-Chairman; Shirley L. Dawson, Member; Steven L. Besich, County Manager/Clerk; and, Bryan Chambers, 2nd Chief Deputy County Attorney.

The Gila County Board of Supervisors met in Regular Session at 10:00 a.m. this date. Dr. Jim Sprinkle led the Pledge of Allegiance, and Father Jay Luczak of Our Lady of the Blessed Sacrament Church delivered the Invocation.

Chairman Sanchez stated that the Board would be tabling agenda item number 9, which is as follows: Information/Discussion/Action to seek legal advice from Eric Walberg, Gila County's attorney for the former maintenance yard in Star Valley/Chaparral Pines in a possible executive session, pursuant to A.R.S. §38-431.03(A)(3)(4) for the purpose of discussion or legal advice with the attorney as requested by Steve Besich, County Manager/Clerk. He stated that Mr. Besich was presently at a Homeland Security meeting and would join the Board meeting later. Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board unanimously tabled agenda item number 9.

Chairman Sanchez stated that Consent Agenda item number 10D would also be tabled, which is as follows: Approval to renew the appointments of Ingo Radicke, David Hill, and Mildred Wills to serve on the Gila County Personnel Commission through December 31, 2009. Upon motion by Vice-Chairman

Martin, seconded by Supervisor Dawson, the Board unanimously tabled Consent Agenda item number 10D.

Jim Sprinkle, Ph.D., University of Arizona (U of A), Gila County Extension Office, presented the University of Arizona's Gila County Cooperative Extension Office 2006-2007 fiscal year budget request to be considered for approval during Gila County's regular budget process. He passed out the 2005 Annual Report to the Board. Dr. Sprinkle stated that he was grateful for the partnership with Gila County and the support from the Board over the years. He stated that letters had been mailed for the formal budget process in order for the Board to consider three parts to the budget. Dr. Sprinkle explained the three parts, as follows: 1) For operational expenses, \$39,400 has been received each year from Gila County since 2001; however, due to increased costs, primarily for fuel, a request is being made for an 8% increase in the annual budget in the amount of \$3,152.00, for a total of \$42,552.00. 2) In 2004 the Board allocated \$15,000 to assist the 'Reading the Range' program where on-the-ground, range-monitoring data is collected to assist with management decisions and to assist in relationships between the land management agency, primarily the U.S. Forest Service, and the ranchers in Gila County; therefore, a request was being submitted to consider continuation of those funds in the same amount. Dr. Sprinkle stated that by the end of this fiscal year, those funds will have been expended by \$10,000 to \$13,000 in payments to trade ranch consultants to assist in the collection of data at a cost of \$300 per day plus travel expenses. The remaining \$2,000 to \$5,000 was paid for others to summarize the data, assist in data entry services, present natural resource programming, and for Dr. Sprinkle's travel expenses. He said there is the possibility of securing some outside grant funding to assist with this program and a match from the County would help in that process. He stated that when this program began in 2001, 100,000 acres were enrolled by the ranches into the program. This year it is anticipated there will be half a million acres being monitored, so the program has been quite successful. 3) It was requested that

the Board consider funding a travel stipend for the Extension Advisory Board, which is appointed by the Board of Supervisors. Dr. Sprinkle stated that the Extension Advisory Board consists of 7 members who meet 3 times a year to advise on programming. These Board members are very committed individuals who give up a day of work in order to attend these meetings which are hosted in different parts of the County; therefore, the Board of Supervisors was asked to consider a travel stipend to reimburse the Extension Advisory Board members for their travel and miscellaneous expenses. He stated that this is not without precedence as other counties, such as Navajo County, provide \$2,200 annually to their Extension Board to assist with their travel expenses. Dr. Sprinkle thanked the Board for allowing him to present these budget requests. Each Board member thanked Dr. Sprinkle for his excellent programs and the work performed for Gila County. No action was taken by the Board.

Chairman Sanchez noted that Steve Besich, County Manager/Clerk, had now joined the meeting.

Daisy Flores, County Attorney, requested approval of the Gila County Attorney's Office Student Loan Forgiveness Proposal to attract and retain attorneys to the County Attorney's Office using non-General Fund account funds. She stated that the County Attorney's Office covers 6 courts throughout Gila County at any give time, which means that she must have 6 attorneys in those courts. She stated that right now almost all of her attorney positions are filled; however, all of the training positions are not filled. Ms. Flores stated it is her concern that the status of having all of the attorney positions filled won't be maintained. She stated that last year when there were two vacancies in Payson, her office could not proceed with felony cases, and grand jury was skipped every other week for lack of attorneys, which directly resulted in the Superior Court having less cases, along with an impact on the Probation Department, etc. In regard to the County's Justice Courts, there are not enough attorneys to attend the hearings, so her office lacks the ability to cover the courts. She stated, "When my office is short of prosecuting attorneys, the

County is short in services. This is something we can't tolerate." Ms. Flores stated that in the past she and others traveled to Washington D.C. to lobby passage of legislation on loan forgiveness programs, however, that legislation went nowhere, which left many concerned locally about what to do on this issue. She stated that no other county attorney's office in the State presently has a loan forgiveness program in place, which will give her office the unique opportunity to recruit and retain attorneys. Ms. Flores stated that her proposal is based on the following: On an annual basis, the County would provide \$6,000 to each attorney that has student loans, with the payment going directly to the student loan. Each eligible attorney would have to be employed from July 1st to June 30th, i.e. for one entire year prior, in order for the County to make the student loan payment at the end of June 30th of each year, which coincides with the close of the County's budget fiscal year budget. Eligibility for payments will be for a total of up to 10 years or \$60,000 before taxes, whichever comes first. The person would only qualify for specific student loans; consolidated loans and other non-student loans would not qualify for payment. She stated that non-General funds are available, which can be used to fund the program. The 118 account contains all monies received from the child support reimbursement contract and those funds can be discretionarily used for programs in the County Attorney's Office. The 118 account currently contains funds in the amount of \$160,000 and this account renews itself at \$40,000 per year; therefore, if the County Attorney's Office pays out for 6 attorneys at \$6,000 per year, or a total of \$36,000, it would be covered by the renewal funds. The loan forgiveness program would, however, be contingent upon the funds being available. Ms. Flores proposed that the Board approve this Student Loan Forgiveness Proposal as presented in order to help her recruit and retain those attorneys that serve a very important function of the County. Supervisor Dawson inquired if all of the attorneys would receive this benefit. Ms. Flores clarified that those attorneys with small sums owed or those who have no student loans would not qualify for this program. Vice-

Chairman Martin inquired how Ms. Flores would market the program. Ms. Flores stated that typically advertisements for positions are placed in the State Law Journal and at the universities. Upon motion by Vice-Chairman Martin, seconded by Supervisor Dawson, the Board unanimously approved the Gila County Attorney's Office Student Loan Forgiveness Proposal as presented. Discussion by the Board and Ms. Flores ensued regarding the reason the program would not go into effect now instead of employees having to wait until 2007 for the first payment. Ms. Flores explained that the program has to be in place prior to the service for employees to be eligible; it can't be a bonus. Supervisor Dawson inquired if the Board could change the motion to make it retroactive. Bryan Chambers, 2nd Chief Deputy County Attorney, explained that it would then fall under unconstitutional gift of public funds because the program wasn't in place in advance of the services and would not state such in the employment contract.

Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board unanimously approved moving agenda item numbers 7 and 8 to be next on the agenda.

In addressing agenda item number 7, Steve Besich requested that the Board determine whether the Gila County Board of Supervisors should be involved in future water-related issues that affect Gila County. He presented the following information. Over the past 10-12 years the County has had water issues. In the north there's a proliferation of small water companies along with private ones and over the years, and more frequently lately, there have been occasions when these small companies ran out of water due to some mechanical failure, some technicality at the Arizona Corporation Commission, etc. Depending on the situation, the County responded in different ways. He gave some examples and stated that the County has been, to varying degrees, involved with a number of different water issues. There are differences of opinions on how the County should proceed in the future; however, Mr. Besich believes the Board has to be mindful that whatever action is taken by the

County, it should not impinge on the authority of the municipalities, as those entities have their own authority and power. Mr. Besich stated that to his knowledge the County has never provided services unless the County was invited and he was not recommending that either. The County has a lot of history and in past years several of the supervisors have attended many meetings to discuss water issues, thereby getting some perspective of what the issues are and the strong feelings that these water issues evoke. He stated, "With that and due to the many questions coming from the public and the Board, I feel it's time that this Board, as a Board, discuss and, if you choose, adopt a position on what you want to be involved in and what you don't want to be involved in. It can be part of your mission jointly or separately, but it would put an end to the confusion if the Board would openly air its thoughts." Chairman Sanchez stated that he agrees that the Board needs to define its role. He stated that previous Boards had determined or decided to become much more involved in the economics. Discussion ensued about the Blue Ridge water. Supervisor Dawson stated that she believes water issues should be brought to the Board only as the need arises. She stated, "When we have a County consultant who is taking a side against a private enterprise or getting involved in saying 'you need to be buying from water from private individuals,' I don't see where that's the Board's role. I think that's a community's necessity to work out their problems...I believe the Board has overstepped where it needs to be and we now have a whole town [Star Valley] created by the contention that evolved from water issues." Chairman Sanchez gave the example of how the Board became involved in water issues for the Pine-Strawberry area as a result of the entire Pine-Strawberry Water Improvement District Board resigning. At that time the Board of Supervisor's assumed that responsibility as required by statute. He stated that because of that water issue and similar ones, the previous Board of Supervisors felt the need to hire consultants that would be able to provide information, guidance and direction to these approximately 44 different communities in northern Gila County [corrected to

88 different communities by Vice-Chairman Martin]. Mr. Besich stated that attempts were made by the Board of Supervisors to set up a meeting between the residents of Star Valley and the Town of Payson to discuss water issues; however, a meeting never took place. He stated, "If the Board is going to be involved, it is going to require the cooperation of most of the stakeholders involved; otherwise, the County will be spending a lot of money and not necessarily furthering its goal or objective." Vice-Chairman Martin stated that since becoming a member of the Board of Supervisors, she has inherited these water issues and is doing a lot of 'catch up' to learn about the County's involvement. She stated that the 88 communities in the northern part of the County all have water issues of some type. She cited examples of current water issues: 1) the Beaver Valley Water Department was involved in a dispute between the current and previous owners, which resulted in the Arizona Corporation Commission threatening to shut off the water to that area; 2) in Geronimo Estates a moratorium on new water hookups has been in place for the past 25 years; and 3) the cost of water is high in the Pine area because of hauling in water as opposed to upgrading the infrastructure to develop the water in place. Vice-Chairman Martin gave credit to Harry Jones, Gila County's water consultant, for his efforts to resolve these issues. Vice-Chairman Martin believes that these resolutions were due to the Arizona Corporation Commission recognizing and appreciating Mr. Jones' expertise in these types of situations. She stated that from a philosophical standpoint, water should be looked at as a resource before being looked at as a commodity. She believes one of the strengths of having the County involved in water issue conversations, particularly in regard to the Town of Payson/Star Valley water issue, is to keep the focus on the fact that water is a resource. Vice-Chairman Martin stated that she thinks the people in the northern end of Gila County are far better served because of Gila County's influence in the conversation. Chairman Sanchez asked Mr. Besich for his input. Mr. Besich stated, "Half of the law offices in Phoenix have water attorneys and they're all full and they're

all making money. It's a very complicated field." Discussion by the Board ensued on the past water issue between the City of Globe and the San Carlos Apache Indian Tribe. Supervisor Dawson stated that water issue was finally settled by asking all of the attorneys to step aside and the committee of citizens, who were being threatened and affected, resolved the issue and then instructed the attorneys to put the agreement into the proper legal language. Chairman Sanchez then called on Chuck Heron of Star Valley to speak. Mr. Heron stated that he is a councilman for the Town of Star Valley. He stated that everyone knows there are water problems in northern Gila County. He advised that the Town of Star Valley formed a water task group, which works with the Tonto Apache Tribe, to solve intercommunity water problems. The committee is willing to work with everyone in northern Gila County. Mr. Heron explained that Star Valley is the first community to actually put down the type of water monitors, at a cost of \$11,000 each, that are necessary to see the dynamic reactions of the wells. He stated, "We cannot and do not want one person being the water czar. We have that problem in Payson right now." He stated that a couple of years ago Vice-Chairman Martin introduced him to Harry Jones and Robert Schumann. He stated, "In all the travail we have been through as a town since that period, we have never seen either of these two gentlemen. They have never stepped forward to help or offer anything, so I cannot see the benefit of having this person as a representative of Gila County who is strictly going to be [representing] from Rim Trails to Pine and that's all." Mr. Heron stated that in a recent meeting with Mr. Jones, he questioned how Mr. Jones would handle all of the 88 communities in regard to Blue Ridge water allocations. He stated that Mr. Jones' comment was that so many of those communities are so far from the pipeline that they don't count. Mr. Heron replied, "They do count." He told Mr. Jones that all of the communities need to be allocated a certain number of acre feet of Blue Ridge water and the amount not used by each community could be sold. Mr. Heron stated, "We don't need someone with that attitude...I understand the County should be

involved in this issue, but we're not getting the representation that the County feels we were getting." Chairman Sanchez inquired of Mr. Heron how he feels the County should be involved. Mr. Heron replied that someone, perhaps Mr. Chambers of the County Attorney's Office or another attorney could intercede with the Arizona Corporation Commission when necessary as he feels it is a legal situation and should be handled by someone with a law degree. He stated that the Town of Star Valley has a consultant on the Town Council right now that was instrumental in the 1979-1980 Rural Groundwater Act who probably knows more about rural water law than any other lawyer in the State of Arizona, and the Town people cherish his involvement on the water committee. Chairman Sanchez thanked Mr. Heron for his comments and then called on Bill Rappaport, also of Star Valley, to speak. Mr. Rappaport stated that his history goes back to the beginning of Star Valley, when he was instrumental in putting together the water coalition which is still in existence. He stated that he was recently elected to the Star Valley Town Council. Mr. Rappaport stated that he and Mr. Heron collected the opinions of 2,500 residents and stated, "We are not happy with Mr. Jones or his performance." He stated that when the Town of Star Valley first became incorporated, the Town set up its own water commission and contact was made with all of the communities and brought under one umbrella to meet monthly and discuss water issues. Chairman Sanchez requested more information about this commission. Mr. Rappaport stated that the Star Valley Town Council set up a commission called the Blue Ridge Water Commission, which he chairs along with Mr. Heron. Chairman Sanchez inquired as to the members of this Commission. Mr. Rappaport replied that there are people from Pine-Strawberry, and John Breninger, who were instrumental in setting up Pine-Strawberry's water coalition. Chairman Sanchez inquired if these people are approved and appointed by the Star Valley Town Council. Mr. Rappaport replied, "No, the group is, the Commission is, and what we did was we've brought people from other communities into this [Commission] under the mandate of our Town

Council.” Mr. Rappaport continued by stating that collectively this group includes geologists, hydrologists, business leaders, doctors, Town members and anyone who wants to become involved. He stated that collectively, the Commission is establishing programs right now to protect themselves from losing water. In the event one community goes dry, the other adjacent communities will collectively take water to the dry community to get the situation resolved immediately until a long-term solution can be found. Chairman Sanchez inquired if that plan is in place now. Mr. Rappaport stated, “The mechanics are in place; however, we are waiting right now to see how the elections turn out in Payson [Payson Town Council] because if there is a change in the ‘regime’ there, they [the Town of Payson] will become a major player in this. We are doing what small towns should do.” He stated he believes the County’s role should be as, “an overseer or watchdog, someone that can take an outside look at this to make sure we are following proper procedures and doing things correctly. It’s the Town’s responsibility to take care of its own, not the County’s with this specific item.” He concluded by stating that he agrees with Mr. Besich that the County should be in a fatherly position and let the communities take care of their own problems. Chairman Sanchez stated that in a previous conversation with Mr. Rappaport, the original discussion was about a regional group on water exploration, not just in northern Gila County, but the entire County. Chairman Sanchez stated his conclusion at the end of that meeting was that Gila County had no one on board. He stated that there’s this distrust that the folks of Star Valley have no confidence that anyone is providing reliable information on this water issue; he thinks it’s something Star Valley needs to work through. Chairman Sanchez stated that with the groups the Blue Ridge Water Commission has brought together, regardless of any differences, he feels it’s important that the conversation continues. He stated that water is a resource and very important to the northern Gila County residents. He applauded the efforts of this new task force, and wants everyone to work together to ensure a good water supply.

Mr. Rappaport stated, "My recommendation would be to put this item on hold until after the [Payson Town Council] election and see how that shakes out in Payson, because if there is a change in the regime there it will be significant to the effect of what's going to happen here. The rift that presently exists between the two communities, with the present regime in Payson, will never be solved." He then requested that the Board put this agenda item on hold for approximately one week and then readdress the issue. Chairman Sanchez then called on Helen Reece of Winkelman, Arizona. Ms. Reece stated, "If the County is going to get involved providing water, will the County start assisting people in the County that don't have water and maybe helping the people of Dripping Springs that don't have a fire station and similar items like that, or will the County's assistance just be for northern Gila County." Mr. Besich agreed that Ms. Reece made valid points; however, he stated that if a fire station was built in Dripping Springs that would be incumbent upon the property owners to form a special fire district. Ms. Reece also stated that all of the conversation in this meeting was about northern Gila County, and the southern part of the County should be entitled to the same benefits. Vice-Chairman Martin stated that she only knows about the water issues pertaining to northern Gila County. Ms. Reece stated that there is a proposed large development in southern Gila County at El Capitan and before too long it will have water issues and she was wondering if the County taxpayers want to be footing the bill for a private developer's water problems. If El Capitan is developed into a large sub-division, Supervisor Dawson stated that the developer has the responsibility to anyone who purchases property in the sub-division; the same situation as those who bought property in the Copper Hills area where many people have drilled dry wells. She doesn't believe the County should be drawn into these very expensive, very profitable-for-attorneys opportunities. Chairman Sanchez inquired of Ms. Reece if that answered her question. Ms. Reece replied, "Does the County want that burden on them to know that they are going to have to spring for the whole County if they need to

get some water drillers, etc.?” Chairman Sanchez stated that he didn’t see that as a role of the Board of Supervisors. Mr. Besich explained the entire County process that has to be addressed in developing subdivisions, as well as involvement by the Arizona State Real Estate Department, the State Department of Water Resources, and the Arizona Department of Environmental Quality, which is the safeguard for the County taxpayer. Supervisor Dawson stated that she has a problem when the Board hires a consultant who appears, and voices an opinion at an Arizona Corporation Commission hearing without the Board’s authorization. Supervisor Dawson stated that she’s also concerned about the County “wading” into these water issues that really revolve around developers in private enterprise. Chairman Sanchez stated that issue would be discussed in agenda item number 8. Vice-Chairman Martin stated that if the County would have had a better position in water issues, and if there had been another entity in place to help smooth out the water issues, creating the Town of Star Valley may have been avoided. She believes the County needs to be involved at some level in water issues in Gila County. She feels the Board is not serving the public if it is not going to be involved; however, what role the County should play is still to be decided, but she does not believe it should be put off for one election or another. She stated, “I do not believe the County’s policy should be vulnerable to the philosophies of the different towns...I think water is far too political as it is to try and make it even more political.” Vice-Chairman Martin then questioned of Mr. Rappaport and Mr. Heron if they had asked Harry Jones or Herb Schumann to help their community on water issues. Mr. Rappaport replied that Mr. Jones and Mr. Schumann did not help even though they [Mr. Jones and Mr. Schumann] knew because of all the inquires made that Star Valley residents were trying to work out this water issue without thinking about incorporating. He stated that no one would tell them who was in charge; they were always told to go talk to Buzz Walker, Public Works Director for the Town of Payson. He stated that even after Vice-Chairman Martin introduced him to Mr. Jones and Mr. Schumann there was

no contact from them after that time. Supervisor Dawson agreed that this should not be a political issue, and she pointed out the fact that Harry Jones was hired on September 29, 2003, to be a water consultant, which has grown into quite a job. She stated that during the time that the problems were developing between Star Valley and the Town of Payson, there were numerous times that she sent e-mails, letters and phone calls asking Mr. Jones for information and updates, which were just received a few weeks ago. She stated, "During that time, and we're saying this person should be working on solving these problems, he was employed by Gila County and billed us [the County] daily, every single day in February 2005 when this was hitting. He met with the Town of Payson. He did not meet with these people in Star Valley until Supervisor Martin set up a meeting where Herb Schumann was hired, but that evolved into Mr. Schumann being paid by attorney Kennedy and that would be confidential information, if you recall, that was going through the attorney. I have been amazed at the number of consultations that took place about Star Valley water without talking to Star Valley. Mr. Jones would not meet with them [Star Valley residents]. He met with Buzz Walker and Mike Ploughe [Town of Payson Hydrologist] numerous times. And he's very good about turning in his bills. In the month of February and March, he worked every single day and billed us every day. In his [Harry Jones'] contract it said he would take several months to work on his agreement with the County, and I know there has been more than \$100,000 spent in this process, so we've more than matched our indebtedness on the MRWRMS [Mogollon Rim Water Resources Management Study]. I believe we need to be involved as our citizens come to us with water problems, then we can find someone who can help them. But we cannot, in my estimation, have someone on a County contract being paid to take a specific side in any water issue and I believe that is what has happened." Chairman Sanchez stated that agenda item number 7 calls for action as to whether Gila County should be involved in water issues that affect Gila County. Vice-Chairman Martin made the motion that the Board should be

involved in future water-related issues that affect Gila County. Supervisor Dawson stated, “That’s just a political statement and a motion and everything else. Who would vote against the citizens of Gila County? Of course we would be involved in protecting the water, which is done usually with intergovernmental agreements, with emergency phone calls, etc. I’m all in favor of that. As far as other things with it, I don’t believe we should be involved.” Supervisor Dawson then seconded the motion, which passed unanimously.

In addressing agenda item number 8, Mr. Besich requested the approval of an Agreement between HDJ Management [Harry Jones] and the Gila County Board of Supervisors for professional services to address water issues for Gila County in an amount not to exceed \$70,000 per year without additional approval of the Board of Supervisors. All information in reference to this agenda item was actually discussed under agenda item 7; therefore, Mr. Besich deferred to any questions of the Board. Chairman Sanchez inquired of Mr. Besich about the status of Mr. Jones and the County’s obligation to him. Mr. Besich stated that the Board has never taken a position officially to relieve Mr. Jones from his contract. He stated it has been confusing to both staff and Mr. Jones where a policy decision has not been made by this elected Board and he explained some of the ongoing water issues as well as new ones. He stated that the Star Valley issues began when the Board started talking about the landfill contamination, which is what precipitated the County’s entry into the Star Valley water issue. He stated that it will be the Board’s call. Mr. Besich stated that if the Board wants to work up a “tighter” scope of work or have more regular reporting, that can be done. Chairman Sanchez inquired if there was a previous agreement by the Board with Mr. Jones. Mr. Besich replied in the affirmative and stated that the agreement was in the folder. Chairman Sanchez inquired if the agreement was ongoing. Supervisor Dawson stated, “No, he said a few months.” Mr. Besich explained that when the Pine-Strawberry Water Improvement District (PSWID) Board resigned, the Board

appointed John Nelson, Deputy County Manager, to be the administrator, which was a big mistake because he lives in that area. He stated that after a number of months of Mr. Nelson taking regular “beatings” from local residents on water issues, Harry Jones, an economist and engineer, became involved and the Board made Mr. Jones the administrator. Chairman Sanchez inquired if that was the reason for the consulting agreement. Mr. Besich was not sure. Chairman Sanchez, in inquiring about Mr. Jones history, read a biography on Mr. Jones that was included in the Board’s informational packet. Supervisor Dawson stated that she had been asking since early on in her term as a Supervisor that consultant agreements be specific as to the job for which a person is being hired. She quoted from the present agreement with Mr. Jones, the following: “HDJ expects the consulting services to take several months; however, it could be shorter or longer on the timing of the parties to hold hearings with the Arizona Corporation Commission and to negotiate with others...” Supervisor Dawson stated that the agreement was signed on September 29, 2003, with an hourly fee of \$45.00 and the average bill per month has been over \$7,000 for the last several months and ongoing from 2003 to last month. Chairman Sanchez inquired about the period of time. Supervisor Dawson replied that from the printout she received from the Finance Department, a total of \$129,780 has been paid to Mr. Jones and she believes it was for 2004 and 2005. She also stated that there was no 1099 form issued for 2004. She stated that Mr. Jones did not start billing daily until approximately 6 months ago, and she explained that this was ‘daily’ with not one day off. She stated, “I think when we [the County] do not have a clear definition of what a contract for a consultant is, we end up with them becoming permanently employed.” Supervisor Dawson stated that she believes Mr. Jones was hired to take over for Mr. Nelson as the PSWID administrator, and then his responsibilities and involvement expanded. Supervisor Dawson stated that from her research, this Board has never given direction to Mr. Jones to get involved with the Payson water issues. Supervisor Dawson concluded by

stating that she believes the County should have someone on call, as needed, and as directed by the County Manager, with the Board being informed. Vice-Chairman Martin stated that in the present agreement with Mr. Jones that is currently before the Board for approval, she believes it calls for everything that Supervisor Dawson has requested. She then read the objectives as stated in the Agreement and the fee continuing at \$45.00 per hour, with all work coordinated through the County Manager and subject to the continuation of available funding. The Agreement states that consulting services could take several years and that the Agreement will be evaluated in June of each year. The Agreement can be terminated within 30 days by either party. Vice-Chairman Martin stated that she has only met Mr. Jones since being on the Board of Supervisors and has found him to be very effective in his working relationships. Vice-Chairman Martin stated that she believes some of the work Mr. Jones has done was in regard to the Blue Ridge water issues. She also thought management had done a good job bringing this Agreement to the Board. Supervisor Dawson stated she had reviewed the Agreement and believes if the County was to authorize hiring a consultant, the Board needs to look at what type of consultants are available and if they are water experts. She stated that because of what has transpired within the past year, there are really big questions as to whether Mr. Jones and Star Valley can work together. She stated that they have not worked together in the past and Mr. Jones has not established a feeling of trust with Star Valley. Supervisor Dawson stated that the County has Mr. Kennedy on contract, Mr. Schumann is working for Mr. Kennedy, and now the Board is talking about paying \$70,000 a year to an economist [Mr. Jones]. She stated that many of the items billed by Mr. Jones were specifically regarding Star Valley water issues, not Blue Ridge water issues. Chairman Sanchez then called on Bill Rappaport. Mr. Rappaport stated that it is his strong recommendation that the Board not approve this Agreement with Mr. Jones. Mr. Rappaport stated that the committee he represents could provide everything in this Agreement to the County at no

charge, no \$70,000 per year and no expenses. He stated, "We can do this; we are already doing this within the communities of our area. We have good working relations with not only geologists, but we have probably the leading hydrology firm in this country on our staff. We pay for him and the County will not have to. The money that you are talking about paying to Mr. Jones comes from me, and I do not want to spend my money, as a taxpayer, to support his [Harry Jones] endeavors." Chairman Sanchez inquired about the name of the hydrology firm. Mr. Rappaport replied that the name of the firm is LFR Levine-Fricke, Inc., in Scottsdale, Arizona. Chairman Sanchez then called on Chuck Heron. Mr. Heron stated that the timeline discussed is interesting. Before the Town of Star Valley came about, Mr. Heron was involved as Chairman of the Citizens Action Committee for the Star Valley area, which was comprised of approximately 1,500 people that were concerned over the exploration and drilling in the Diamond Rim area. Mr. Heron stated that at no time was he aware that the County had anyone who was going to be an arbitrator. He stated that at the current time Star Valley is at an impasse with the U. S. Forest Service because the scoping letters stated that if the Town of Payson drilled wells and damaged any well in the Diamond Point Forest area, the Forest Service would shut off the wells, so that land has to stay in the U.S. Forest Service hands in perpetuity. He stated that the Town of Payson didn't particularly like that clause, so everything is now still in the environmental assessment. Mr. Heron stated that one area will be tough to mitigate. He stated, "I am not against Mr. Jones or somebody being an arbitrator between their towns, their Board and the Board of Supervisors. It cannot be and should not be one person. It has to be made up of, if you're going to have that kind of commission, a level between the towns and the Board of Supervisors. This has to be somebody that can be trusted." He then explained about a meeting with Harry Jones, where Mr. Jones asked pointed questions about what was planned for the Star Valley community, what was going to be done with the pipelines, what was going to be done with excess wells, etc. He stated it was

more of a “brain-picking” meeting in which Mr. Heron answered questions to the best of his ability. Immediately thereafter, Mr. Jones began saying he had to leave to go to another meeting and upon his leaving, Mr. Jones went directly to the Town of Payson Water Department. He stated, “We can’t abide with that type of mistrust.” He stated that the concept is not wrong, but the person filling that concept is definitely wrong. Chairman Sanchez stated that with all of the different issues being handled by various people, he thinks the Board really needs to take a look at what needs to be done with Mr. Jones’ contract and all the different phases of the County’s involvement. He also spoke on the MRWRMS Agreement and believes that is where Mr. Jones initial involvement started and he addressed the issue of keeping politics out of the water issues. He stated that the County has to keep working at getting the Town of Payson and Star Valley to sit down for discussions to find the best solution. He stated, “It’s something that didn’t happen overnight and it’s not going to be resolved overnight.” Vice-Chairman Martin stated that the issues she has to deal with in northern Gila County are bigger than Star Valley and the Town of Payson. She stated that the 88 communities have to have a seat at the table on water issues. She stated that the issues most important to her are the ones in Pine-Strawberry and along the control road, the ones Mr. Jones was primarily assigned of which he has the history and the expertise, and she doesn’t have a problem with him continuing to work in that arena. Vice-Chairman Martin stated that the Board may not want to assign Mr. Jones to Star Valley nor the incorporated areas, as it’s the unincorporated areas in which she has the most problems, such as the small water companies, the small water districts, etc. In addressing the comment that Mr. Jones said the small communities don’t count, Vice-Chairman Martin stated that isn’t exactly what Mr. Jones said. She stated that in conversations with Mr. Jones, he stated to her that the people who will actually take delivery of the Blue Ridge water will be the ones that live along wherever the pipeline is put into place. She stated that is why Mr. Jones was looking at the Arizona Department of Transportation wells as a

source of potential water for that side of the mountain. She stated that even if some of these communities will never take physical delivery of Blue Ridge water, they still need to be included in the conversation. As a majority of the water issues are north of the incorporated towns, she expects for Mr. Jones or a person who has similar experience to that of Mr. Jones to address those issues. Supervisor Dawson stated that she has water problems in southern Gila County at El Capitan and the Copper Hills area in addition to a lot of other water problems, but she doesn't believe Gila County should be spending unlimited funds, up to \$70,000 on water issues. Supervisor Dawson stated that she believes that if Vice-Chairman Martin wants to call on Harry Jones and contract with him for specific purposes, she has constituency funds for her area to use. Supervisor Dawson stated she does not believe that Gila County should choose to extend this Agreement. Chairman Sanchez stated that at this point he is not in favor of approving this Agreement whether it be with Harry Jones or any other individual. He stated that the experience he's had with Mr. Jones has been that he has done excellent work for Gila County. He stated that there is still the need to bring all these entities together and try to develop some sort of trust, whether it be through arbitration or not. He mentioned the meeting that the County had tried to set up between Star Valley and the Town of Payson and the Town of Payson was not interested. Vice-Chairman Martin inquired if the Board should have a work session. Chairman Sanchez agreed that he would like a work session and believes that is where the Board needs to go with this item. Supervisor Dawson stated that she had only met Harry Jones on rare occasion. She stated, "I certainly have no objection to Mr. Jones and his ability to negotiate. I have a problem with the fact that there is an obvious distrust, whether it's a legitimate one or a perceived one, and Gila County tax dollars should not be going to someone who is being questioned and with one part of the taxpayers feeling he is not being forthright." Vice-Chairman Martin stated that on the contrary there are a lot of people that do trust Mr. Jones. She stated that the issues are still there and have to be dealt

with. Mr. Besich stated that he would write to Mr. Jones and ask him to suspend all activities until such time as an Agreement is approved. He stated, "That may or many not hurt some things, but given the feeling of the Board, I think that needs to be done; otherwise, Mr. Jones will continue to work and bill the County and the Board will continue to be mad." Vice-Chairman Martin stated that until the Board decides something else, Mr. Jones should continue working on issues/projects for the County as he is in the middle of some negotiations that she doesn't think can be dropped at this stage. She stated, "I'm not going to pick them up. Do we have management to pick them up and run with them?" Supervisor Dawson inquired about the negotiations in which Mr. Jones is currently involved. Vice-Chairman Martin replied that the County is still dealing with Pine-Strawberry, Geronimo Estates and the Arizona Corporation Commission, which are still active assignments. Chairman Sanchez stated that he felt it would only be fair to Mr. Jones if the Board meets with him in the next couple of weeks to discuss his status on the water issues. Supervisor Dawson suggested that Mr. Besich meet with Mr. Jones and get a current status and then explain the status to the Board. Vice-Chairman Martin stated that in the meantime, the Board should schedule a work session that lays out how to proceed from this point onward. This was agreeable to the Board. Upon motion by Chairman Sanchez, seconded by Supervisor Dawson, the Board unanimously voted not to approve an Agreement between HDJ Management (Harry D. Jones) and the Gila County Board of Supervisors.

At 12:33 p.m., Chairman Sanchez called for a brief recess. The Board reconvened its meeting at 12:46 p.m.

Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board unanimously approved moving agenda item numbers 5 and 6 to be addressed next on the agenda, as Mr. Stratton, the presenter, had another meeting to attend at 1:00 p.m.

In addressing agenda item number 5, Steve Stratton, Public Works Division Director, requested the award of Call for Bids No. 031506-1 for the

purchase of SBS polymer liquid asphalt chip seal oil through September 30, 2007, with an option to renew for two additional years, and to authorize the Chairman's signature on the Contract. He stated that on the surface it appeared that Ergon Asphalt was the low bidder; however, they bid the wrong non-polymer product. Mr. Stratton recommended the Contract be awarded to Paramount Petroleum as presented in their bid. Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board unanimously awarded Call for Bids No. 031506-1 to Paramount Petroleum for the purchase of SBS polymer liquid asphalt chip seal oil at a cost of \$550.54 (average) for the Copper Region and \$545.21 (average) for the Timber Region through September 30, 2007, and authorized the Chairman's signature on the Contract Award.

In addressing agenda item number 6, Mr. Stratton requested the County allow the Diamond Star Fire District to purchase three bladders from Gila County that are in need of repair at a cost of \$1.00 each. He stated that of the bladders the County purchased, three of them were defective and have small leaks. The defective bladders are being replaced at no cost to the County by the original supplier (Kolmen's). The County is required to keep the associated fittings, hoses and couplings because they will not come with the new bladders. He stated that because the original supplier does not want the defective bladders returned as they don't want to pay the freight, he requested that the Board declare these defective bladders as surplus and allow them to be sold to the Diamond Star Fire District (DSFD) for \$1.00 each, and the DSFD can attempt to have them repaired if they so desire with the understanding that they are not in condition to be used at this time. Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board unanimously authorized the Diamond Star Fire District to purchase three defective bladders from Gila County at a cost of \$1.00 each.

In addressing agenda item number 4, Dave Fletcher, Health and Community Services Division Director, requested the acceptance of an Assessment Services Proposal (Call for Bids No. 032706-1) submitted by KOG

Associates, Inc. and to award a Contract for consulting services in the development and preparation of an Assessment Report of Rapid Response activities for the Gila County REPAC Consortium. This project will be funded through WIA Title 1-B Rapid Response and Dislocated Worker grant funds in the amount of \$23,085.00 and will begin May 23, 2006, with a completion date of July 31, 2006. He stated that REPAC is a consortium of 8 counties and 19 of the 21 Indian tribes in the State. The services provided under this Contract by the consultant will include reviewing all of the Rapid Response services, how they are provided, and present a more efficient plan for the Gila County REPAC Consortium. Upon motion by Vice-Chairman Martin, seconded by Supervisor Dawson, the Board unanimously accepted the Assessment Services Proposal (Call for Bids No. 032706-1) submitted by KOG Associates, Inc. and the award of a Contract for consulting services in the development and preparation of an Assessment Report of Rapid Response activities for the Gila County REPAC Consortium.

In addressing the Consent Agenda items 10A-10H, Supervisor Dawson made the motion to move Consent Agenda item number 10G, approval of the personnel reports/actions for the week of May 15, 2006, to the regular agenda. Vice-Chairman Martin stated that she would not second the motion. Chairman Sanchez seconded the motion and reminded the Board members that they have to be mindful of discussions of personnel. Chairman Sanchez then called for a vote; however, Vice-Chairman Martin did not verbally respond. Chairman Sanchez questioned if her vote was a “nay.” Vice-Chairman Martin did not reply with a verbal response; however the motion passed with a 2-0 vote. Supervisor Dawson stated that she was concerned about some recent resignations and the cause for these resignations. She inquired if an exit interview was conducted for each employee. Supervisor Dawson stated that she had received numerous phone calls and understands an employee listed under this item was the topic of a radio discussion this morning and she believes the Board needs to understand the reasons for these resignations and

what motivates them. Jacque Griffin, County Librarian and Assistant County Manager, stated that there is an opportunity for employees leaving Gila County to participate in an exit interview. She stated that to her knowledge none of these employees had requested an exit interview and had, in fact, stated that they would not request an exit interview. Supervisor Dawson stated that her concern is that the County only has what is in the personnel file and there is no explanation of what is causing these problems. She stated, "I understand when an employee says 'I exited for other employment.' However, when there is a problem and then a full committee starts calling and saying they are resigning, I believe the Board needs to be apprised of what the problem is." Supervisor Dawson then made the motion to approve Consent Agenda item number 10G 'with regrets.' The motion was seconded by Chairman Sanchez, who stated he believes the County does have a process in place for exit interviews, which was confirmed by Susan Mitchell, Personnel Director. The Board then voted unanimously to approve Consent Agenda item number 10G.

Upon motion by Vice-Chairman Martin, seconded by Supervisor Dawson, the Board unanimously approved Consent Agenda item numbers 10A-10C, 10E-10F and 10H (10D was previously tabled). The Consent Agenda items are as follows:

- A. Approval to ratify the Chairman's signature on a Special Event Liquor License Application submitted by the Group UNLimited Charities, Inc. to serve liquor at the King of the Cage Meet and Greet Night event on May 13, 2006.
- B. Ratification of the Board of Supervisors' approval for the County Attorney's Office to submit a Drug Prosecution Grant Application in the amount of \$103,912.00, and a Victim Assistance Grant Application in the amount of \$39,916.00 for the 2006-2007 fiscal year – said grants have been in place for many years. (BOS approval is required to comply with Grants Administration Policy No. BOS-3-2005.)

- C. Ratification of the Board of Supervisors' approval for the Recorder to submit a Preservation of Original Historical Maps Grant Application in the amount of \$6,250.00 to the Arizona Historical Records Advisory Board. (BOS approval is required to comply with Grant Administration Policy No. BOS-3-2005).
- D. Approval to renew the appointments of Ingo Radicke, David Hill and Mildred Wills to serve on the Gila County Personnel Commission through December 31, 2009. **(This item was tabled at the beginning of the meeting.)**
- E. Approval of the May 2, 2006, BOS meeting minutes.
- F. Approval of the April 2006 monthly departmental activity report submitted by the Payson Regional Constable.
- G. Approval of the personnel reports/actions for the week of May 15, 2006, as follows:

Departure from County Service:

- 1. Clerk III – Administrative Services – 05-08-06 – General Fund -
Leitha Griffin – Hire 07-21-03 – No longer available for part-time work
- 2. Clerk I – Globe Constable – 06-09-06 – General Fund - Juanita Schaaf -
- Hire 11-21-05 – Resigned for personal reasons
- 3. Clerk – Recorder – 05-12-06 – General Fund - Rondell Curbey –
Temporary position
- 4. P & Z Manager/Deputy Director – Community Development – 05-19-06 –
General Fund – Terry Smith – Hire 06-23-97 – Resigned for other
employment

Hire to County Service:

- 5. Clerk III – Administrative Services – 06-05-06 – General Fund -
Janeen Harmon – replaces Leitha Griffin
- 6. Executive Director – EECO/EACO – 05-08-06 – EECO/EACO Funds
Larry Stephenson – replaces Clarence Bigelow
- 7. Deputy Constable – Payson Constable – 05-03-06 – General Fund
Wandel Graham

Temporary Hire to County Service:

8. Youth Programs Developer – District III Board of Supervisors – 04-17-06
– General Fund – Felix Cienfuegos – 19 hours per week
9. Clerk – Recorder – 05-15-06 – General Fund - Kay Lynn Kinnard

End Probationary Period:

10. Attorney – County Attorney – 05-15-06 – Justice Enhancement Fund –
Khurram Karim

Position Review:

11. Change Fund Codes – Sanitarian II – Health – 05-15-06 – Health
Services Fund to Grant/Health Services Fund – Bhisim Naraine
 12. Change Fund Codes – Sanitarian II – Health – 05-15-06 – Grant/Health
Services Fund to Health Services Fund – Svanhildur Jones
 13. Anniversary Date Increase – 05-09-06 – Marguerite Loughran
 14. Anniversary Date Increase – 05-29-06 – Lisa Ortega, Teresa Martin Del
Campo, Carol Moya, Sue Asberry
- H. Approved the finance reports/demands/transfers for the week of May 15,
2006, (separate handout) as follows: \$323,931.33 was disbursed for
County expenses by voucher numbers X150990 through X151069 and
X387727 through X387976. The hand-issued warrant listing is as follows:
voucher number X150989 in the amount of \$122.16. **(An itemized list of
vouchers is permanently on file with the Board of Supervisors.)**

At this time each Board member and the Chief Administrator were
presented the opportunity to give a brief summary of current events as allowed
by A.R.S. §38-431.02(K). No action was taken by the Board.

There being no further business to come before the Board, Chairman
Sanchez adjourned the meeting at 1:07 p.m.

Jose M. Sanchez, Chairman

ATTEST:

Steven L. Besich, County Manager/Clerk