

**BOARD OF SUPERVISORS**

**GILA COUNTY, ARIZONA**

Date: May 1, 2007

**JOSÉ M. SANCHEZ**

Chairman

**STEVEN L. BESICH**

Clerk of the Board

**TOMMIE C. MARTIN**

Vice-Chairman

By: Marilyn Brewer

Deputy Clerk

**SHIRLEY L. DAWSON**

Member

Gila County Courthouse  
Globe, Arizona

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

Prior to the meeting, Chairman Sanchez called on Steve Besich, County Manager/Clerk, to introduce Steve Owens, Director of the Arizona Department of Environmental Quality (ADEQ). Mr. Owens was present to award a check to the Board of Supervisors and Sharon Radanovich, Solid Waste Manager, in the amount of \$42,863.00. Last year, Ms. Radanovich submitted 2 separate grant applications to ADEQ requesting funds under the Household Hazardous Waste and Electronic Collection Project. ADEQ approved both grant applications. These funds will be used for 2 household hazardous waste collection events to be held in Globe and Payson. Chairman Sanchez thanked Mr. Owens and Ms. Radanovich for their contributions to the County hazardous waste programs.

The Gila County Board of Supervisors met in Regular Session at 10:23 a.m. this date. Steve Besich led the Pledge of Allegiance and Terry Dalton delivered the Invocation.

Pascal Berlioux, President of Arizona Forest Restoration Products (AZFRP), gave a PowerPoint presentation regarding the proposed development of an oriented strand board (OSB) plant in Winslow, Arizona, and approval to write a letter from the Gila County Board of Supervisors in support of AZFRP in

this endeavor. He stated that the forests in northern Arizona contain some of the largest ponderosa pine standings in the world and also have some of the largest wildfires taking place in the nation. He explained that due to prior unsustainable logging practices in the public forests and pressure from environmentalist groups, the last 15 to 20 years of forest management neglect in the public forests of southwestern United States has resulted in the proliferation of an incredible amount of small trees and the accumulation of an enormous amount of natural fuel in the forests. This created the conditions for catastrophic high intensity wild fires that consumed thousands of acres of forest and destroyed public and private property worth billions of dollars, as well as costing the lives of many fire fighters. This has also destroyed the natural balance of the forest whereby unsustainable logging practices were litigated out of existence; no competition remained for small trees; there was an explosive growth in dense thickets; and, where trees were once thinned to 40 trees per acre, they increased to 400 and upward of 1,000 competing for scarce nutrients and the exhaustion of water resources and became vulnerable to deadly insects. As a result of devastating fires, in the last few years the United States Department of Agriculture (USDA) Forest Service, ecologists, environmentalists, conservationists, academics, local communities, and those with an interest in preserving the heritage and value of the forests in the southwestern U.S. have come to agree that a key component to restoring healthy forests is to implement significant thinning programs of small diameter trees. This would lower the risk of catastrophic fires by removing hazardous and ladder fuel and restoring the forest to its historical natural density. He stated that the problem was that the cost of thinning 2.8 million acres of forest in northern Arizona would be prohibitive at a cost of over \$1 billion. Mr. Berlioux briefly spoke about a contract that the USDA Forest Service has awarded to Future Forest Partnership LLC, a local company based in the White Mountains of Arizona, known as the White Mountain Stewardship Contract on the Apache-Sitgreaves National Forests in Arizona. The contract is the first large 10-year contract in the nation and is significant due to its emphasis on

large-scale forest restoration activities that result in healthier forests and the utilization of previously unmarketable small diameter trees being used for various uses such as in power generation, lumber and manufacturing of wood pellets rather than being burned. The problem, however, is that the contract is only for an estimated treatment of approximately 5,000 to 25,000 acres per year over the 10-year term of the contract. Mr. Berlioux stated that in searching for an ecological restoration solution, his company and associates believe the answer is a societal partnership between the USDA Forest Service, the environmental constituency, local government and private enterprise to construct a state-of-the art OSB manufacturing facility that will fund the cost of the forest thinning at a rate of 35,000 to 40,000 acres annually in 4 National Forests, namely: Coconino, Kaibab, Apache/Sitgreaves, Tonto (located in Gila County) and the 2 tribal forests located in Navajo and Apache Counties. AZFRP declined cash compensation from the USDA Forest Service. He then explained the composition of OSB, how it will be produced using low water consumption with an MDI-(methylene diisocyanate) free process and that it is one of the very few high value products with a large market that can be manufactured profitably using low value, small diameter trees cut during ecological restorative thinning. OSB is the material of choice as a substitute for plywood in commercial and residential new construction and remodeling, and the production increases every year regardless of the housing market. He provided the Board with details of the production deficit in the United States stating that the U.S. produces only 59% of the OSB, yet consumes 95%, with the fastest growth areas located in the southwestern U.S. He stated that due to the closure of the public forest to industry, the southwest is an OSB production vacuum. All OSB plants in the U.S. are located west of the Mississippi River and south of the Mexico border. Mr. Berlioux then briefed the Board on the AZFRP manufacturing plant, which will be located on 300 acres of land near Winslow and Flagstaff, Arizona, along Interstate 40 and the BNSF Railroad Line in the center of the largest ponderosa pine forest in the world in order to implement meaningful scale thinning of the forest and produce, sell

and distribute a high-quality OSB product to serve a quarter of the entire U.S. household market within a 500 mile radius. He stated that AZFRP is also working to develop biomass synergies with Diablo Trust, Rengery, Baltes Generation and Gila County. He provided the estimated costs to set up the AZFRP plant, which include \$95 million for engineering and construction, \$206 million for the industrial lease, and \$62 million for start-up costs and operating capital. Some of the industrial partners working with AZFRP include the following companies: Evergreen Engineering, Eugene Forest Systems LTD, Dieffenbacher, and Hexion. Mr. Berlioux stated in a competitive analysis, due to an investment in the best-in-class German engineering, AZFRP will tie for the 4<sup>th</sup> place in lowest manufacturing costs among the 65 OSB manufacturing plants operating in North America. Also, due to a unique and non-duplicable geographical location advantage, AZFRP will rank number 1 in lowest delivered cost to the Southwest among all the OSB plants in the U.S. In conclusion, Mr. Berlioux stated that AZFRP proposes the following: 1) to serve and protect the forest by implementing forest restoration programs; 2) respect and promote good ecological science; 3) help protect the community by implementing thinning prescriptions in the wildland/urban interface areas; 4) help prevent the risk of catastrophic wild fires by reducing the accumulation of hazardous fuel in the forest; 5) partner up with all local constituencies; 6) make forest treatment economically self supporting; 7) fund the U.S. Forest Service; 8) use state of the art engineering to convert low value small diameter trees harvested during forest ecological thinning into high value-added oriented strand board (OSB); 9) provide high quality construction materials to the growing markets of the U.S. Southwest; 10) contribute to Northern Arizona rural development; 11) provide high paying local jobs; and, 12) reward investors. Mr. Berlioux noted a number of support letters that had been received from various towns, counties and associations within Arizona and he requested that the Board of Supervisors support the concept of appropriate scale utilization of the small diameter trees removed during restorative thinning in order to protect the community and the forest from wild fires. He requested that Gila County pass

a resolution strongly supporting the urgent development of an economically and ecologically sustainable solution to forest fires such as the one proposed by AZFRP. He stated that this solution will be used with the USDA Forest Service to demonstrate the strong will of the community to see a landscape scale solution to a landscape scale problem, and to promote the rapid issuance of the necessary wood stewardship contracts. Chairman Sanchez stated that he didn't note any environmental groups as supporters. Mr. Berlioux stated that there probably wouldn't be any environmental supporters; however, that did not mean that they were opposed as he believes environmentalists want the forest saved as well because their constituency is holding them accountable. Chairman Sanchez thanked Mr. Berlioux for the excellent presentation. Vice-Chairman Martin inquired if Mr. Berlioux would provide the Board with some language that he would like included in a resolution from the Board, as she would like to pass a resolution in support of AZFRP. Mr. Berlioux stated that he would provide the necessary information. No action was taken by the Board at this time.

Upon motion by Vice-Chairman Martin, seconded by Supervisor Dawson, the Board convened as the Gila County Board of Deposit. Debi Savage, Gila County Treasurer, requested the award of a Call for Bids for qualified banks to perform the duties of the Gila County Servicing Bank for the period July 1, 2007, through June 30, 2010, with an option to extend until June 30, 2012. She stated that 3 bids were received from the following banks: Sunstate Bank, JPMorgan Chase Bank and National Bank. She passed out a summary of the bid results and reviewed them for the Board. Ms. Savage recommended that the contract be awarded to JPMorgan Chase Bank because the interest rate on the revolving line of credit quoted at prime rate minus 3.55% was lower; there would be no charge on other banking services; and, the Treasurer's Office is already established with that bank. Supervisor Dawson inquired if all County funds are on deposit with JPMorgan Chase Bank. Ms. Savage replied that all of the funds handled by the Treasurer's Office are deposited with JPMorgan Chase Bank with 2 exceptions, as follows: 1) A \$2,500 cash account with the

Bank of the West, which was set up because the County's courier cannot accept cash, so the daily cash is deposited there and then written out by check for deposit to JPMorgan Chase Bank; and, 2) a Certificate of Deposit with Sunstate Bank for funding for juror payments. Supervisor Dawson inquired as to the number of accounts established in the County that are not with the Treasurer's Office and the location(s) of the account(s). Chairman Sanchez interrupted Supervisor Dawson and stated, "We are convened as the Board of Deposit to award the call for bids and that's all the (agenda) item states...It's my duty to ask the Board to please stay with what is on the agenda...I will stop any further comments." Chairman Sanchez then requested of Bryan Chambers, Chief Deputy County Attorney, a legal opinion or advice by stating, "The way I read the item, it does not allow for the conversation to lead us in the direction that Supervisor Dawson is stating here this morning. If I'm incorrect, then we'll go there." Mr. Chambers stated, "I think that what I can say is that the action item as you have stated is to award a call for bids for qualified banks to be the servicing bank for Gila County and it is as the Gila County Board of Deposit so that's appropriately what is on the table now. The concerns Supervisor Dawson raised aren't on the agenda today. They could be at a future date and so for the Board to consider them at a future date they would need to be on the agenda before discussion is involved." Supervisor Dawson inquired of Mr. Chambers how a Board member gets an item on the agenda when the request has been filled out, turned in and no action is taken. Mr. Chambers stated that he was not entirely knowledgeable on the logistical maneuvers of getting an item on the agenda, but he did believe that the concern Supervisor Dawson has is that it is an item that is appropriate for a future Board agenda. He stated that if any Board member wants an item on the agenda, he would encourage the Chairman to allow same so the items could be discussed. Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board unanimously awarded the Gila County Servicing Bank contract to JPMorgan Chase Bank for the period of July 1, 2007, through June 30, 2010, with an option to extend until June 30, 2012.

Upon motion by Vice-Chairman Martin, seconded by Supervisor Dawson, the Board reconvened as the Board of Supervisors.

Marian Sheppard, Chief Deputy Clerk, requested approval of Gila County Order No. LL-07-01, an application for a person to person transfer of a #6 bar license with an interim permit to operate that was submitted by Bruce A. Wicks for the Sportsman's Chalet located in Strawberry, Arizona. She stated that the County has an internal review process and upon reviewing the application, the Health Department and Planning and Zoning Department have both approved the application. She stated that if the Board approves the application, the application will be forwarded to the Arizona Department of Liquor Licenses and Control for a final decision. Upon motion by Vice-Chairman Martin, seconded by Supervisor Dawson, the Board unanimously approved Gila County Order No. LL-07-01.

Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board approved Consent Agenda item numbers 5A-5C, as follows:

- A. Approval of the March 2007 monthly departmental activity reports submitted by the Recorder, Payson Regional Justice of the Peace, and Clerk of the Superior Court.
- B. Approval of the personnel reports/actions for the week of April 30, 2007, as follows:

Departure from County Service:

- 1. Juvenile Detention Officer Trainee – Probation – 03-13-07 – General Fund - Pasqual Olvera – Hire 03-12-07 – Abandoned position
- 2. Environmental Health Manager – Health – 05-05-07 – Grant Fund  
Bhishm Naraine – Hire 11-09-04 – Resigned for other employment
- 3. Legal Secretary I – County Attorney – 05-30-07 – General Fund  
Lisa McCormack – Hire 02-02-05 – resigned for personal reasons
- 4. J.P. Court Clerk I – Globe Justice Court – 04-27-07 – General Fund  
Edna Benefield – Hire 09-12-02 – Retirement

Hire to County Service:

- 5. Recorder's Clerk – Recorder – 05-01-07 – General Fund - Carolyn White

– Replaces Valerie Castaneda

Departmental Transfer:

6. Systems & Network Communications Analyst to WAN Manager – Information Technology – 04-16-07 – Computer Services Fund – Shaun Stevenson – replaces Darryl Griffin
7. Admin. & Support Senior to System & Network Communications Analyst – Information Technology – 04-16-07 – Computer Services Fund – Kelly Riggs – Replaces Shaun Stevenson
8. Admin. & Support Technician to Admin. & Support Senior – Information Technology – 04-16-07 – Computer Services Fund – Tyler Solberg – replaces Kelly Riggs

End Probationary Period:

9. J.P. Court Clerk I – Globe Justice Court – 05-14-07 – General Fund  
Cassandra Villegas
10. Road Maintenance/Equipment Operator – Consolidated Roads – 04-30-07 – Consolidated Roads Fund – Mark Hicks

Request Permission to Post:

11. Environmental Health Manager – Health Services – position vacated by  
Bhishm Naraine

**SHERIFF'S PERSONNEL ACTION ITEMS**

Hire to County Service:

12. 911 Dispatcher – Payson S.O. – 04-30-07 – General Fund - Brenda Cornell – replaces Annette Padilla
13. 911 Dispatcher – Payson S.O. – 04-30-07 – General Fund - Shalane Hickman – replaces Malinda Harris

End Probationary Period:

14. Detention Officer – Globe S.O. – 04-30-07 – General Fund - Cindy Salas
15. Detention Officer – Globe S.O. – 04-30-07 – General Fund - Brandi Kriley

C. Approval of the finance reports/demands/transfers for the week of

April 30, 2007, (separate handout) as follows: \$608,526.21 was disbursed for County expenses by voucher numbers X156255 through X156314, X156316 through X156368, X401448 through X401620, and X401622 through X401817. The hand-issued warrants listing by voucher number and amount is as follows: X401446 - \$10,000.00. **(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 of Supervisors, Chairman Sanchez adjourned the meeting at 11:42 a.m.

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Jose M. Sanchez, Chairman

ATTEST:

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Steven L. Besich, County Manager/Clerk