

BOARD OF SUPERVISORS

GILA COUNTY, ARIZONA

Date: June 5, 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

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.

The Gila County Board of Supervisors met in Regular Session at 10:00 a.m. this date. Vice-Chairman Martin led the Pledge of Allegiance and Reverend Barbie Morton of the First Christian Church delivered the Invocation.

Jim Sprinkle, Ph.D., University of Arizona's (U of A) Gila County Cooperative Extension Office, passed out the 2006 Annual Report to the Board and gave a PowerPoint presentation highlighting some of the accomplishments during the past year, which included the following: 1) Serenity Courtyard Demonstration Garden led by Chris Jones; 2) Climate Change and Vegetation Program led by Chris Jones; 3) Forest Health and Firewise Program led by Chris Jones; 4) Tonto Weed Management Area Education led by Mackenzie Helmandollar; 5) Master Watershed Steward Program led by Chris Jones; 6) 4-H Program; and 7) Reading the Range Program led by Dr. Sprinkle. He also presented the U of A's Gila County Cooperative Extension Office 2007-2008 fiscal year budget requests to be considered for approval during Gila County's regular budget process. He stated that upon advice from his advisory board, a request is being made for \$60,000 for operational expenses and an additional \$12,000, which is a one-time request for a replacement truck for the extension

agent to replace the current vehicle, which has 140,000 miles. The Cooperative Extension Office will pay the other half of the cost for the truck. Dr. Sprinkle then called on Therese Hicks, a member of the Cooperative Extension Advisory Board, who requested “consideration for anything the Board of Supervisors can do to help support this cause as they do exceptional work and are willing to work on any suggestions from the Board or management of Gila County.” Chairman Sanchez inquired about the Reading the Range program and if the data being provided by Dr. Sprinkle in regard to the positive affect that cattle grazing has on the range is being received in a positive manner by the USDA Forest Service personnel. Dr. Sprinkle stated that he’s seen a big change in the past 3 years and sees more credence to the data he’s been collecting and he believes it will eventually have a positive affect. He stated that the change in the leadership of the Tonto National Forest has also created a much better working relationship. He’s encouraging his people to be involved as much as possible in collecting data for the Reading the Range program because the USDA Forest Service lacks the personnel to go out and collect the data and needs all the partners it can get. Vice-Chairman Martin suggested for comparison purposes that more monitoring be done in areas where there have been no cattle. She also inquired if Dr. Sprinkle could get more of his data into publication form. Dr. Sprinkle stated that he is working on getting more published data in a collaborative fashion with as many partners as possible including a range specialist who is in the process of being hired and will be housed at the V Bar V Ranch. Each Board member thanked Dr. Sprinkle and his staff for the excellent programs and the work performed for Gila County. No action was taken by the Board.

Steve Stratton, Public Works Division Director, requested approval of Professional Services Contract No. 112-184/3-2007 between Gila County and WestLand Resources, Inc. whereby natural resources consulting services will be provided to Gila County for the Clean Water Act Section 404 Permitting Support for the Flood Control Berm Repair Project in the additional amount of \$75,700. He stated that the U.S. Army Corps of Engineers has made

additional requests of the County for the 404 permitting process in regard to delineation, alternative analysis, etc., which was not included in WestLand Resources' original proposal and the request is a "not to exceed" amount of \$75,700. Upon motion by Vice-Chairman Martin, seconded by Supervisor Dawson, the Board unanimously approved Professional Services Contract No. 112-184/3-2007 with WestLand Resources in the amount of \$75,700.

Mr. Stratton requested the approval of Amendment No. 2 to extend the Contract period to July 30, 2008, on Professional Consulting Services Contract No. 105-104/3-2005 between Stantec Consulting, Inc. and Gila County for hydrologic modeling guidelines. He stated that the County is acting as a pass through agency in working with the Arizona Department of Water Resources, and Stantec, whereby all costs are paid by the State. Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board unanimously approved Amendment No. 2 to Professional Services Contract No. 105-104/3-2005 to extend the Contract period to July 30, 2008, with Stantec Consulting, Inc.

Mr. Stratton requested the authorization of Request for Sealed Bids No. 051707-1 for the purchase and installation of a bridge crane for the Gila County Timber Shop in Star Valley, Arizona. He stated that when the shop was built, a trolley or overhead crane was not installed so several alternative methods have been utilized; however, it does not provide a safe environment. Upon the consultant's advice on the feasibility of this type of crane, Mr. Stratton requested the Board's permission to advertise for same with payment to be provided from next fiscal year's budgeted funds. Upon motion by Vice-Chairman Martin, seconded by Supervisor Dawson, the Board unanimously authorized Request for Sealed Bids No. 051707-1 for the purchase and installation of a bridge crane for the Gila County Timber Shop in Star Valley.

Mr. Stratton requested the approval of Project Agreement No. 07-RO-11031200-017 under Forest Road Agreement No. 05-RO-11031200-001 between the USDA Forest Service, Tonto National Forest and Gila County regarding the FY 2007 Annual Road Maintenance Plan and update of Schedule

A in an amount not to exceed \$70,000. This is an annual agreement with the USDA Forest Service to maintain certain roads that are located within the County's Maintained Roadway System; however, the County does not hold an easement on these roads. The roads have been maintained by the County during the year and approval of this Agreement will allow the County to bill the USDA Forest Service for maintenance from the present time until the end of September 2007, which is based on the federal fiscal year. Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board unanimously approved Project Agreement No. 07-RO-11031200-017 with the USDA Forest Service, Tonto National Forest.

Mr. Stratton requested direction from the Board regarding cleanup options of properties belonging to the State of Arizona. He stated that through the Gila County Division of Community Development's civil process regarding the cleanup of properties located within Gila County, complaints have been received regarding properties that are State-owned. Mr. Stratton advised that Steve Besich, County Manager/Clerk, requested that he review the properties listed on the County's back tax land list of State-owned land to determine if any parcels would be of value if they were cleaned up or old dilapidated structures on these parcels were demolished by the County and then the parcels would be resold by the County. He requested that the Board consider establishing a revolving fund of \$50,000 in next year's fiscal budget. He stated that when a property is located that can be cleaned up and resold to either recover County funds or make a profit, the \$50,000 would be used to repay the HURF (Highway User Revenue Funds) dollars used to clean up the property. If the \$50,000 was entirely used, no additional properties would be cleaned until funds were recovered from the previously cleaned properties. He gave a PowerPoint presentation showing examples of properties with dilapidated buildings and unsafe structures and other photos of properties containing old trailers, campers and busses. Chairman Sanchez inquired if these old trailers, etc. would be disposed of at the County landfill and what the procedure would be for cleaning the properties. Mr. Stratton replied that the County would

scrap the old trailers, etc. and get the steel out of them to recover some of the funds, but the County would first have to apply for abandoned titles. If the request is approved by the Board, the procedure would be for the County to purchase a parcel from the State for \$1.00, clean it up, level it, and then have it appraised. Once it is placed on the market for sale, by statute the County would have to receive 90% of the appraised value, plus the addition of the cleanup costs for time, equipment and fuel. Vice-Chairman Martin inquired if it would be possible for the County to have more money invested in one of these projects than the appraised value. Mr. Stratton stated that was possible so the County would have to determine which parcels it could make money at or break even. Mr. Stratton stated that he and Marian Sheppard, Chief Deputy Clerk, have also discussed creating a form letter that would be sent to adjacent property owners advising them of the County's intention to purchase, clean and advertise the property for sale at a substantially higher price, in the event that they may want to purchase the property first for the amount of the back taxes owed. Supervisor Dawson stated that this may cost the County some money down the road, but she believes the potential to make money is there and if the County only breaks even, getting rid of these eyesores will add value to the communities in which they reside. Vice-Chairman Martin agreed, but added that she would like the County to be selective in choosing which properties to clean up so the end result is that it would greatly improve an area that is well kept, rather than cleaning up a property that is located close to other run down properties. Mr. Stratton inquired if the Board would require approval of each property before it is purchased by the County, or if the Board would prefer an update after a property has been purchased and cleaned. Vice-Chairman Martin stated that she would like to see the properties before they are acquired by the County, especially in the beginning. Mr. Besich stated that if the Board decides to proceed with this request, Mr. Stratton could advise the Board when he has several possible projects and the Board could then view those properties. Vice-Chairman Martin stated that viewing the properties would help her answer any questions from the public. Mr. Besich

emphasized the objective of this initiative, which is for the County to clean up and sell unsightly and potentially unsafe properties so that the properties once again appear on the County's tax rolls. Vice-Chairman Martin stated there are some folks she knows that will give the Board static about increasing their property tax due to increased property values because the County cleaned up these properties. Mr. Besich replied, "It's clean up or burn up." Vice-Chairman Martin reiterated that she would like to view any properties prior to being purchased by the County. Chairman Sanchez described a property that is in trust in the Central Heights area that has created a lot of problems for the County and will eventually become State owned. Chairman Sanchez stated that he believes this program will give the County a better handle on some of these properties that have been in a state of disarray for years. He also approved of the idea of the Board reviewing the proposed projects beforehand. Upon motion by Vice-Chairman Martin, seconded by Supervisor Dawson, the Board unanimously instructed staff to continue developing this proposal regarding cleanup options of properties belonging to the State of Arizona and that a budget request in the amount of \$50,000 be submitted to the Finance Department for the FY 2007-2008 budget.

Supervisor Dawson presented a request from the San Carlos Fire Department for the County to provide \$50,000 for emergency assistance negating a crisis situation with the Fire Department. Supervisor Dawson provided the Board with a copy of a letter she received from Tao Etpison, a member of the San Carlos Apache Tribal Council, who is in charge of the Tribe's Law and Order Committee. Supervisor Dawson stated that her wording for the agenda item wasn't exactly correct as far as giving the San Carlos Apache Tribe (hereinafter referred to as "Tribe") money. She stated, "The Tribe is not asking for a handout. They are asking that we work together with them to get past an emergency situation. What I am asking is that we assist by agreeing to pay for the call-out expenses of the Canyon, Tri-City or Globe Fire Departments in the event of a fire call from San Carlos. These expenses would only be paid if the Tribe and the individual Fire Departments have worked out

an Intergovernmental Agreement (IGA) that is also approved by the County Attorney's Office. It is rare that San Carlos asks for assistance from the Board of Supervisors and now they are only asking us to be in a standby position to help them through this crisis in the event of a fire." Supervisor Dawson advised that the federal budget and fiscal year begins on October 1st and by that time the Tribe would hopefully be in a better financial position. It is her understanding that other fire departments can respond to wildfires under a State agreement; so this request would only apply to structure fires or a fire at the Apache Gold Casino. At this time Chairman Sanchez read aloud the May 29, 2007, letter from Mr. Etpison to Supervisor Dawson, which states:

"This letter is submitted to inform you that as of June 9, 2007, the San Carlos Apache Tribe would no longer have funding to support its Fire Department. The San Carlos Apache Tribe is composed of about 13,000 members of whom 84% reside upon the reservation. The San Carlos Apache Tribe has a substantial base with considerable potential for fire outbreaks. Within just the past thirty days the Tribe has suffered the loss of family homes to structural fires. Such fires occurring after June 9, 2007, will impose substantial difficulties for the Tribe. The Tribe has been exploring ways to obtain funding for its Fire Department personnel. At present, no resolution appears pending. As a result, the Tribe would like to place all relevant parties on notice of the expected lack of fire department availability after June 9, 2007. For further information, please contact me at (928) 475-2361."

Chairman Sanchez inquired if the San Carlos Fire Department is funded by the Tribe. Supervisor Dawson introduced Robert Howard, Executive Assistant to the Tribal Chairman, and a resident of Globe, to respond to the Chairman's question. Mr. Howard noted for the record that he was not speaking on behalf of the Tribe or Tribal Council as he can only address the issues that are record to the Chairman or the Chairman's Office and "I sit in his place as far as comments or any other types of considerations are concerned." He stated that the San Carlos Fire Department is funded by the general funds of the Tribe. Initially it was driven by a project in which the Tribe utilized Community Development Water Rights monies to start and implement this program, but those funds have since been exhausted. Since then the San Carlos Fire Department has merged with the EMS (Emergency Medical Services) Department whereby employees have been crossed trained for both EMS and

fire services. He stated, "Since that time they have come into some problems and that's all I can speak to at this time." Chairman Sanchez inquired as to the structure of the San Carlos Fire Department. Mr. Howard replied that the structure is similar to other fire departments with a fire chief, lieutenants, captains and then the linemen, but since the merger they have incorporated those roles into a dual-role scenario in which the San Carlos Fire Department personnel are trained to respond to EMS or life-threatening situations. Chairman Sanchez inquired about the fire station in Graham County that serves the residents of Bylas and whether both fire stations were under the same umbrella and if any funding is received from Graham County. Mr. Howard replied that there is the main fire station located in San Carlos and a substation in Bylas, both of which are under the same umbrella, but he could not speak on whether any funding is received from Graham County. Supervisor Dawson stated that according to information she has obtained, Safford and Thatcher are also agreeing to respond to structural fires under an IGA and will only bill the Tribe for expenses incurred for each response event. Chairman Sanchez inquired if there are any current IGAs between Gila County and the Tribe. Supervisor Dawson replied that she did not know, but that Mr. Phillips at the Apache Gold Casino told her that the Tribe does have an IGA with Canyon Fire Department for any fires at the Apache Gold Casino. Supervisor Dawson also stated that Mr. Gameros, City of Globe Fire Chief, told her that the Globe Fire Department and the Tri-City Fire Department received a call out to San Carlos yesterday and they both responded, but she did not know if they have an IGA in place. Chairman Sanchez noted that the initial request for \$50,000 by Supervisor Dawson as listed on the agenda was no longer a valid request. Supervisor Dawson clarified that she was requesting that the County assist the San Carlos Fire Department by agreeing to pay for the call-out costs of Canyon, Tri-City and City of Globe Fire Departments in the event of a structural or casino fire at San Carlos in an amount not to exceed \$50,000. The expenses would only be paid if the Tribe has an IGA with the individual fire departments that has also been approved by the County

Attorney's Office. Vice-Chairman Martin inquired if the request was for fire services only or for fire and medical services. Supervisor Dawson stated that the request was for fire services only. Mr. Besich wanted to note that per advice he just received from Bryan Chambers, Chief Deputy County Attorney, the wording on the agenda and notice to the public was advertised to give the San Carlos Fire Department \$50,000, but now the request was changed to reimburse local fire departments for providing fire services to the Tribe, which was beyond the scope of the agenda item as advertised. Mr. Besich recommended that the Board proceed with the dialog to see if it could reach a consensus and if a special meeting was needed tomorrow, the posting could be done this afternoon. Chairman Sanchez and Vice-Chairman Martin advised they could not attend a special meeting tomorrow as they were attending the Arizona Association of Counties annual conference. Supervisor Dawson didn't have a problem with continuing to work on this item and she believed that postponing a decision for a week or two was not a good idea. Mr. Besich stated that the IGAs between the Tribe and the Canyon, Tri-City or Globe Fire Departments would take a couple of days to complete and would then need to be forwarded to the County Attorney's Office for approval. Vice-Chairman Martin requested that more information be provided on the reason this issue is an emergency, as follows:

- Whether the Canyon, Tri-City or Globe Fire Departments would respond to an emergency regardless if there was an IGA in place.
- Verification that Fort Thomas was covering Bylas and that the City of Globe was covering Cutter for fire protection.
- Verification that fire and police protection could be paid for by the Apache Gold Casino, the Bureau of Indian Affairs and the Indian Health Services and whether the Tribe has tapped into those funds.
- Verification of a statement that has been circulating that the Tribe has "found a pot of money" and is back in service and whether reference to that pot of money infers to funding being provided by the County.

- Should the County provide the Tribe with \$50,000 and that amount is not sufficient to cover all of the fire emergencies during this high fire season, whether another request would come back to the County for additional funds in the future.
- Should the County decide to not provide the Tribe with funding, whether the City of Globe has agreed to provide funding.

She stated, “This isn’t clear to me exactly what the Board is getting ready to do and if the emergency is real. I’ve heard too many other things to think they (the Tribe) may have been in a bind, but there isn’t necessarily a bind now. I would just like some more information along those lines and perhaps the General Manager could come talk to us—someone named Mr. Halgo. I’m a little uncomfortable with the little information I’ve received at this stage.”

Supervisor Dawson stated that because the City of Globe and the Tribe have not signed an IGA, the City of Globe cannot respond and did not respond to an emergency situation last week when they were really the only equipped agency to respond. She stated, “I believe that if Gila County was in need, we would not want to be out here airing what’s going on and why. This is a request for, not a gift to San Carlos of \$50,000, and even though it’s worded that way, it’s an agreement that we will assist them in a time of emergency up to \$50,000 for reimbursing those Fire Departments that are called out. Hopefully none of them would be called out, but while they are working out their problems, there would be something that could go into effect for them.” Chairman Sanchez called on Mr. Chambers to speak to the issues. Mr. Chambers stated that because the proposal is so different from the agenda item, he advised that the Board would be better off to wait until next week to address this issue. He also stated that he is not aware of what other IGAs are in existence between the different fire districts and the Tribe. He stated, “There may be some challenges because there are some legal issues that in the past have been very sticky legal issues to get over regarding jurisdiction, sovereignty and things that are very important for both sides and have been issues for decades. There may be some legal challenges too.” Upon motion by Supervisor Dawson, seconded by Vice-

Chairman Martin, the Board unanimously tabled the request for \$50,000 to the San Carlos Fire Department until the Board has further information. Vice-Chairman Martin also inquired if the Board could be provided with information about “what IGAs are in place, which IGAs can be in place, and which IGAs will never be able to go in place” and have that information provided at the same time. Chairman Sanchez stated that information would also be provided.

Ms. Sheppard requested approval of an application to permanently change the area of service relating to a liquor license at the Roundup Steakhouse and Bar located in the Wheatfields area of Globe, Arizona. She stated that this application is requesting the addition of an outside patio area to be used by smokers in compliance with the Smoke-Free Arizona Act, which prohibits smoking in most indoor public places. She stated that the County has internal requirements and the Planning and Zoning Department has reviewed the application and recommended approval of same. Upon motion by Vice-Chairman Martin, seconded by Supervisor Dawson, the Board unanimously approved the application for the Roundup Steakhouse and Bar, which will be forwarded to the Arizona Department of Liquor Licenses and Control for a final decision.

Ms. Sheppard requested that agenda item numbers 10 and 11 be addressed together as they both pertain to the same establishment. Agenda item number 10 was a request submitted by Manual Bettencourt to approve Gila County Order No. LL-07-03, an application for a person to person transfer of a #7 beer and wine license with an interim permit to operate at the Creekside Steakhouse and Tavern located in Christopher Creek, Arizona. Agenda item number 11 was a request to approve Gila County Order No. LL-07-04, an application for a new #12 restaurant license with an interim permit to operate that was also submitted by Manual Bettencourt for the same establishment. She stated that both applications have gone through the County’s internal process and have been recommended for approval. Upon motion by Vice-Chairman Martin, seconded by Supervisor Dawson, the Board

unanimously approved Gila County Order No. LL-07-03 and Gila County Order No. LL-07-04.

In reference to Consent Agenda item number 12, Chairman Sanchez requested that Consent Agenda item number 12E, approval of the personnel reports/actions for the weeks of May 28, 2007, and June 4, 2007, be moved to the regular agenda for discussion. Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board unanimously moved Consent Agenda item number 12E to the regular agenda. Chairman Sanchez stated that he was “a little surprised” by the process of temporarily hiring a County summer project coordinator out of General Funds as authorized by Supervisor Dawson and he understands that position has already been filled and that the employee is on board. Supervisor Dawson stated that last week she attended the State Arizona Meth (methamphetamine) Program and was advised that all counties will be required to submit a project to be completed in time for a large meeting that will be held in Phoenix in August, which will involve students from all over the state of Arizona, who will represent their county and pledge not to participate in the use of methamphetamines. Supervisor Dawson explained the requirements for the project and stated that she had inquired if the meth network had people available to assist with the project, but she could not locate anyone and the person she eventually hired was a young man with a junior college degree, who was enthusiastic to get to work. Supervisor Dawson also explained that she is the representative for the entire County in the Arizona Meth Program and although she had funds available in her constituency account, she felt that because this program is for the entire County and not just her Supervisorial District, it should be funded from the General Fund. Chairman Sanchez inquired if the requested funds to pay the employee are above and beyond the \$70,000 given by the County to the Arizona Meth Program. Supervisor Dawson advised that these were additional funds. Vice-Chairman Martin inquired about the period this employee would be hired and if he would be involving students in the program from the Payson, Young and Tonto Basin areas. Supervisor Dawson stated that the employee

would be hired until approximately August 15, 2007, and that he would be spending time in all areas of Gila County and would be coordinating this program with the other County meth programs. Vice-Chairman Martin inquired if the Board could receive a job description and scope of work. Supervisor Dawson advised that she would provide same. Upon motion by Vice-Chairman Martin, seconded by Supervisor Dawson, the Board unanimously approved Consent Agenda item number 12E, approval of the personnel reports/actions for the weeks of May 28, 2007, and June 4, 2007.

Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board unanimously approved the remaining Consent Agenda item numbers 12A-12F (with the exception of 12E) as follows:

- A. Approval of revised Guidelines to Country Dirt Roads Policy No. ENG03-04 to add subsection 1, A, B and C to Section 3 – Procedures – Road Eligibility.
- B. Approval of Amendment No. 4 to Contract No. RSA-E5314513 and Amendment No. 9 to Contract No. E5311526 between the Gila County GEST Program and the Arizona Department of Economic Security, Rehabilitation Services Administration, extending each contract from July 1, 2007, through September 30, 2007, in order to continue providing vocational rehabilitation services.
- C. Approval of the May 14, 2007, BOS meeting minutes.
- D. Approval of the April 2007 monthly departmental activity report submitted by the Payson Regional Justice of the Peace.
- E. This item was pulled from the Consent Agenda and moved to the regular agenda for discussion, as noted above. The item was for the approval of the personnel reports/actions for the weeks of May 28, 2007, and June 4, 2007, as follows:

Hire to County Service:

- 1. Building Maintenance Technician – Facilities Management – 06-11-07 – Internal Services Fund – Phillip Beckstead – Replaces John Perez
- 2. Administrative Clerk Senior – Probation – 06-11-07 – General/State Aid Enhancement Funds – Cynthia Maaske – Replaces Lana Dever

Temporary Hire to County Service:

3. Summer Project Coordinator – Board of Supervisors – 05-29-07 – General Fund - Adam Wilkinson

End Probationary Period:

4. Chief Probation Officer – Probation – 05-28-07 – General/State Aid Enhancement Funds – Frank Owens

Position Review:

5. Reclassification – Deputy Probation Officer I to 2 – Probation – 05-28-07 – State Aid Enhancement Fund – Lisa Ortega – Completion of 2 years service as a Deputy Probation Officer 1
6. Increase hours and change fund codes – Community Health Assistant – Health Services – 05-29-07 – Grant Funds – Sheila Hibdon

Request Permission to Post:

7. Environmental Health Specialist – Health Services – New position to comply with Proposition 201 (Smoke-Free Arizona Act)
8. Director of Emergency Operations – Emergency Management – position vacated by Mariano Gonzalez

SHERIFF'S PERSONNEL ACTION ITEMS

Hire to County Service:

9. Executive Administrative Assistant – Globe S.O. – 06-25-07 – General Fund - Cecelia Maumea – Replaces Julie Craig

F. Approval of the finance reports/demands/transfers for the weeks of May 28, 2007, and June 4, 2007 (separate handout) as follows:

May 28, 2007

\$606,998.13 was disbursed for County expenses by voucher numbers X156683 through X156729, X156731 through X156746, X402744 through X402863, X402865 through X402898, X402901 through X402961, X402963 through X402967, X402969 through X402979, X402982, and X402984 through X403048. There were no hand-issued warrants.

June 4, 2007

\$271,463.38 was disbursed for County expenses by voucher numbers X156748 through X156849, X403052, X403054 through X403112, X403114 through X403265, and X403267 through X403292. There were no hand-issued warrants.

(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.

At 12:00 p.m. Chairman Sanchez recessed the meeting until 1:30 p.m. for a Work Session.

At 1:44 p.m. Chairman Sanchez reconvened the meeting for a work session to discuss the final report submitted by the Gila County Facilities Planning Citizens Advisory Committee. Mr. Besich stated that there would be 3 phases to the work session and he called on Mr. Stratton to give a PowerPoint presentation, which included photos and aerial shots of the proposed new and remodeled jail and courthouse facilities for both the Globe and Payson areas. Mr. Stratton stated that work will also be completed on the front of the Courthouse for ADA (Americans with Disabilities Act) accessibility and to allow for 2-way traffic in the front and on the east side of the Courthouse. He also noted that the Sheriff's Administrative Offices would be moved to the criminal justice center to allow for medical and classification areas in the current jail facilities. Also shown were the proposed Recorder's and Assessor's Offices in Payson along with some properties that the County needs to acquire. A chart was shown of the Arizona Department of Economic Security estimated population, the figures of which were used to estimate the number of jail beds needed in the next 20 years. Also shown was the conceptual facility design square footage areas for the criminal justice center for Globe, which would include 2 courtrooms at 16,500 square feet each, Judge's chambers, jury assembly area, trial jury suite, hearing chambers, grand jury area, superior court staff, justice court and all associated areas, Sheriff's administrative

center and Constable's Office for the total square footage of 33,458. Supervisor Dawson expressed her concerns that projections for the next 20 years did not include a third courtroom in Globe, which she feels is necessary. Mr. Besich stated that the County is up against cost limitations with the current proposed facilities, which would include a new full-service courtroom in Payson, and with the estimated projected population, 2 superior court divisions for 30,000 people would be adequate by statute. Discussion ensued by the Board including input from Mary Hawkins, Court Administrator, on the necessary requirements for the superior court divisions. Mr. Stratton stated that with input from all court personnel, attempts are being made to remedy as many problems as possible and still remain within the proposed amount of funding. He then showed other photos of the Payson facilities and stated that it will be proposed to move all personnel from the Michelson Building into the building with the County Attorney. The next charts showed the projected costs, square footage, contingencies for design and construction, design fee and quality control. He stated that the County recently hired a quality control testing person and it is also being proposed that the County manage the projects; hence, the low costs shown for those items. Mr. Stratton reviewed the proposed costs for each project and the purchase of additional properties, which he noted are all probable costs because it's hard to determine the actual costs 2-3 years from now when actual construction could begin. The proposed cost totals approximately \$32 million. Mr. Besich stated that the Board would be considering calling for an election for the proposed amounts of \$17 million from a ½ cent sales tax increase and \$15 million from the sale of jail district bonds. The Board then discussed with Mr. Stratton the proposed pods for the jails in both Globe and Payson and how they will be constructed. The Board also discussed possible locations for the Payson Chamber of Commerce. In concluding his presentation, Mr. Stratton pointed out that if the County outgrows these facilities before the 20 year projected use that would mean that the County has a larger assessed population, which would mean more sales tax was coming into the County and would allow the County to pay off the facilities

faster and then expand. Supervisor Dawson again stated she understands there is limited money and while the plans call for additional jail beds, her concern is that the court system's current needs are not being met much less future needs. Chairman Sanchez inquired if the Board needs to revisit that issue. Mr. Besich stated, "We could develop whatever you want and cost it out...I think the committee was concerned about just balancing what is current and trying to stay away from the politics of building a new court and people saying 'it should be in Payson because we pay all the taxes' or the other side 'it should be in Globe because Globe is the County seat.' You can open that whole issue up and we could very quickly calculate the square footage and associated additional space for another courtroom and calculate the additional number of employees to get the total costs, or the space could be built and equipped, but just not finish it up and that's been done before too." Supervisor Dawson stated that she believes that the minimum court needs should consist of a courtroom, hearing room and 2 judge's chambers in Payson and 3 courtrooms in Globe. Mr. Stratton stated that early in the process Mr. Besich, himself and others met with the Judge, Superior Court Clerk and County Attorney and laid out the whole plan including the money constraints, square footages and getting the maximum for the dollars and with the research that has been done this was the proposal and at the time Judge Cahill was agreeable. Mr. Besich stated that the downside from a legal perspective was that if the Board starts "ramping this up", then the general public could begin to think this is just a huge expansion of county government and increased property taxation without regard to the people that will be paying for it. He stated, "It's not everything the elected officials would have wanted in an ideal world, but it's not an ideal world that we live in, so there was some compromise on all sides. Everything is fluid when it gets to the Board level because you could change the whole thing." Chairman Sanchez again called on Ms. Hawkins, who reviewed the court system's needs with the Board and stated that the court system is out of space, but she noted that no actual sessions have been held to discuss the actual sizes for courtrooms and other needs. It

is her understanding, based on previous meetings, that the recommendations were based on the court's needs; however, that did not include the justice court. Mr. Stratton stated that some leniency was allowed in the square footage. If the outcome of the election is in favor of the bonds, he recommended that a design-build be done to take the square footage to the maximum potential for the dollars it will cost. He stated that the square footage was derived from national standards whether it be for courtrooms or offices, to which Supervisor Dawson replied that would not work if the plans calls for 2 courtrooms when, in fact, 3 are needed. Vice-Chairman Martin suggested that a third floor could be added later if an additional courtroom was needed. Mr. Besich recommended keeping people on the ground floor; otherwise, the same problem of co-mingling would exist as is the current situation and there would be a lack of security. He explained that the proposal includes the County Attorney's Offices and Child Support Division utilizing the entire bottom floor with quick access over to the court facility. The third floor would be utilized by the School Superintendent's Office, Finance Department and the Information Technology (IT) Department as they do not require a lot of public access. Mr. Stratton stated that if the first two floors are designed and built to hold a third floor and the third floor is never needed or constructed, then a lot of money would be wasted and the building codes for the future could be outdated as well. The best use of the money would be to build linear as much as possible. Vice-Chairman Martin inquired if the Sheriff's Office needs are adequate. Sheriff Armer stated that it will work although it's not ideal for any of the parties. He stated that the two concerns addressed were to have the jails as close to the courts as possible and to have a full service jail facility in Payson, which have been addressed. The Board then discussed with Sheriff Armer and staff the jail pod concepts and how it would eliminate the safety issues of transporting prisoners from Payson to Globe as well as the need to transport food and supplies. Additional staff, maintenance and increased operating expenses would be provided from the \$1.5 million per year generated from the sales tax. The Board and staff discussed the issue that will

still exist in transporting prisoners from the jail to the court facility in Globe, which is a short distance but still creates security issues. However, to construct a new jail next to the court facilities was not recommended by the committee, and to accommodate square footage for laundry, medical and kitchen areas would cost \$24.9 million versus \$6 million for the proposed pods and would probably not be approved by the voters. Supervisor Dawson also stated that she believes the jail facility in Globe should be the main facility so she had a concern with the addition of 69 jail beds at the location in downtown Payson. Vice-Chairman Martin disagreed stating that it makes a huge difference with the Payson residents for the convenience of jail visiting purposes as opposed to driving to Globe and she believes if that is changed the election will not pass. Supervisor Dawson stated that she doesn't think visitation at the jail is even a part of trying to sell a bond election. Vice-Chairman Martin stated, "It does; it makes wonderful sound bites." Supervisor Dawson also had a concern that with a full service court system in Payson, then Canyon Day, Carrizo, Hayden-Winkelman and San Pedro residents will now have to travel to Payson for jury duty and the County will have to pay the mileage. Vice-Chairman Martin stated that the perception of fairness will help the election pass as it is very important to the Payson taxpayers. Supervisor Dawson stated that the calls she is receiving from the Payson residents, who are against the election, is based on the unfairness of the proposed location. Chairman Sanchez requested that Mr. Besich proceed with the second phase of the meeting. Mr. Besich called on Dixie Mundy, Elections Director. Ms. Mundy passed out the proposed calendar of events to the Board, which included internal deadlines and duties required to be performed in anticipation of the election, including meeting requirements, publication dates, posting dates, and Board meetings. She briefed the Board on the items that have been completed to date beginning with June 5th, which was the deadline to publish a notice of the public hearing to be held on June 26th in every newspaper that could be located in Gila County. The notices were published in both Spanish and English and were also posted at 3 locations—the Gila County Courthouse

in Globe, the Payson County Complex and the Young Public Library where they could be viewed by the public 24 hours per day, which is a requirement. Notices were also sent to all libraries, chambers of commerce, city and town halls and post offices. Ms. Mundy explained that because this is a taxing issue, a publicity pamphlet is required that would include statements for and against the issues, so currently a notice is being prepared for publication advising that statements will be accepted until the deadline of August 8th. In the event the Board calls for an election on June 26th, all notices are being prepared for publication. Chairman Sanchez thanked Ms. Mundy for the information. Mr. Besich then called on Mark Reader of Stone and Youngberg, who passed out a report to the Board entitled, "Financing Alternatives." Mr. Reader briefly updated the Board on the traditional financing methods as allowed by state law, which include General Obligation (GO) Bonds, Revenue Bonds and Special Districts and stated that some of the information had changed since he last met with the Board. He explained that GO Bonds are issued and repaid through a property tax approved by the voters and the funds would be used to construct the criminal justice facilities. Mr. Reader reviewed the 10-year history of Gila County's secondary assessed values, which shows the assessed value for fiscal year 2007-2008 is up 13% at \$477 million and the County's 10-year growth rate on the assessed value average is 5.70%. The next chart presented by Mr. Reader was entitled "Tax Base Components," which showed the breakdown for the various property classes. The "General Obligation Bonding Capacity" showed an increase in assessed valuation. The Arizona Constitution allows counties to issue up to 15% of the assessed value in GO Bonds reflecting an unused borrowing capacity of \$72 million. The next chart of Gila County's 5-year tax rate history shows the current primary tax rate at \$4.3488 per \$100 of assessed valuation and the secondary tax rate at zero. Mr. Reader explained that in discussions with John Nelson, Deputy County Manager, the County is anticipating dropping the primary tax rate by \$.23 to offset the increase in the secondary tax rate should the election pass. He explained that the next chart reflects the estimated debt service

requirement and projected impact on the secondary tax rate. Based on conservative assessed valuation assumptions for \$15 million at an interest rate of 5.5% amortized over 20 years, it would produce \$1.3 million per year at a secondary tax rate of \$.23 per \$100 of assessed valuation for the first year, but averaging \$.20 over the 20-year period. The cost to the taxpayer for a home with an estimated full cash value of \$125,000 would be \$2.04 per month to support the \$15 million GO bond to build the criminal justice facilities. Mr. Reader then moved on to explain the County Jail District Summary, which has changed somewhat since the first session. He stated that if a ½ cent sales tax increase is approved by the voters it would generate \$3 million per year in revenue based on historical performance. The County would utilize \$1.5 million per year for the maintenance and operation of the jail facilities and the other \$1.5 million would be for the bond payment. One and one-half million dollars at a conservative interest rate of 5.75% would generate approximately \$20 million in a jail district revenue bond. A payoff period of 25 years is allowable by law. He stated that meeting the needs of 2 locations within the County is quite unique and a real challenge so if more funding is needed to meet those needs, the bonds could possibly be sold at 4.75%, which would create some additional funds. Mr. Reader stated that he also wanted to present an alternative known as a public/private partnership or 3P. He advised that the Board has 3 options for constructing the facilities with the first option being a traditional design, publicly bidding the project and financing it; the second option would be the procurement method; and, a third option would be design/build, all of which would require an additional work session for discussion. He stated that regardless of which way the Board goes from a construction standpoint, there was a consensus that the County must have a revenue stream because the County does not have the budget to finance capital projects of this magnitude. Once the revenue stream is in place then the Board could move on to the 3 construction options available by statute or the Board could consider the approach called the public/private partnership. Mr. Reader stated that Mohave County did not wish to be in the building

business so it went out for an RFP (Request for Proposal) to hire a design team and construction team to design and finance the facilities and then leased the facility. He stated that once Gila County gets its revenue stream in place, the County could look at that option as a way of potentially driving down construction costs. From a financial standpoint, it is being financed essentially by the development team based on an annual lease payment, which is a walk-a-way lease. The financing cost is higher because it is an annual appropriation walk-a-way lease type structure. Mr. Reader's opinion was that it would not be more efficient from a financing perspective. The Board discussed various alternatives for financing in the event a bond issue did not pass and Vice-Chairman Martin inquired about the interest rates if funds were borrowed. Mr. Reader stated that without a dedicated revenue source for these facilities, the Board could not borrow the money because the County would have to demonstrate that it has the cash flow to repay the investors and for the County to try to save the funds would take along time. In the meantime, inflation would increase and the County still wouldn't have the cash flow to meet its obligations. The Board also discussed the use of PILT (Payment in Lieu of Taxes) funds and depletion taxes. Mr. Nelson stated that the County is prevented by statute in dedicating PILT funds because it is a revenue stream that the County does not control as it is federal funds and cannot be appropriated. Chairman Sanchez also stated that the suggestion was given to him that the County is "a little fat" when it comes to personnel. Sheriff Armer cited some examples where other counties have rented out jail beds to state or federal entities, which has generated some funds; however, those funds could not be counted on long term. Mr. Reader also brought up the possibility that if the County owns a lot of land, in a private/public partnership that land could be included as a way to attract bidders and create efficiencies to drive costs down; however, it was his understanding that Gila County does not own a lot of land so that would not be an option. The Board discussed various properties the County owns, which all have deed restrictions. The possibility of building a centralized unit in Tonto Basin was also discussed, but was dismissed because

of the high costs of \$64 million and the fact that court facilities would still be needed in Payson and Globe. In addition, there isn't a reliable power source in Tonto Basin so the County would have to get into the power and sewer business. Chairman Sanchez thanked Mr. Reader for his presentation. Mr. Besich stated that there were other areas he was concerned about, namely the bond promotion activities to be conducted by a group separate from the Board once an election is called; how to address the questions about bond implementation; if the Board wishes to appoint a bond oversight committee; and, the possibility of an urban design study for both locations in order to answer some of the tricky questions on topics such as elevation, massing and the appearance of the buildings. He recommended that a working model be completed a couple of months prior to the election to address some of the conceptual design questions. Mr. Besich stated he is also concerned that 70% of the assessed valuation is at fire risk so the County has saved up some cash to be able to handle a catastrophe and because it helps the cash flow and helps the County look better to an investor. He added that an investor still has to remember that 70% of the County's property tax base lies within areas that are at a high risk for fires; therefore, the County could walk away any year from a lease. He also mentioned that a meeting was held with some folks in Star Valley and the developer did not advise the Payson town manager or mayor that they were meeting so he received an e-mail from the manager and the mayor stating that the property was not zoned for a jail district and to go about doing something else. He stated that the Star Valley area could not handle the water usage issue for a jail anyway. He advised that the door is open to any and all options. In conclusion, Mr. Besich requested that the Board put together any questions it might have and another work session could be held every other week if needed. Vice-Chairman Martin stated that one of the myths in Payson is that the County is sitting on a multi-million dollar piece of property that could be sold and the proceeds used to buy cheaper property. She stated that the County facilities are sitting on a \$4 million property that has utilities to it and the next cheapest property would be \$2.5 million with no

utilities to it or structures that could be used, so she is not sure the Board has any other options. Mr. Besich stated that another issue the people aren't taking into account is the fact that this proposal doesn't include moving the other County offices such as the recorder, the assessor, the school superintendent, etc. to a new location. Vice-Chairman Martin stated that she would like to put together some talking points and questions and answer sheets because "it's important that everyone is answering the questions with the same answers." Mr. Besich wanted to emphasize that the elected officials know the most people and need to be involved in the front lines on these issues in order to get the election passed as they are in those positions that lend itself to what they believe is critical when making public statements.

There being no further business to come before the Board of Supervisors, Chairman Sanchez adjourned the meeting at 3:56 p.m.

Jose M. Sanchez, Chairman

ATTEST:

Steven L. Besich, County Manager/Clerk