

**BOARD OF SUPERVISORS MINUTES  
GILA COUNTY, ARIZONA**

Date: July 14, 2009

**SHIRLEY L. DAWSON**  
Chairman

**STEVEN L. BESICH**  
Clerk of the Board

**TOMMIE C. MARTIN**  
Vice-Chairman

By: Marilyn Brewer  
Deputy Clerk

**MICHAEL A. PASTOR**  
Member

Gila County Courthouse  
Globe, Arizona

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PRESENT: Shirley L. Dawson, Chairman; Tommie C. Martin, Vice-Chairman; Michael A. Pastor, Supervisor, Jacque Griffin, Assistant County Manager/Librarian; Marian Sheppard, Chief Deputy Clerk; and Bryan Chambers, Chief Deputy County Attorney.

**Item 1 – Call to Order – Pledge of Allegiance – Invocation**

The Gila County Board of Supervisors met in Regular Session at 10:00 a.m. this date in the Board of Supervisors hearing room. Vice-Chairman Martin led the Pledge of Allegiance and Reverend Dennis Bennett of the Ponderosa Baptist Church of Payson delivered the invocation.

**Item 2 – Motion to convene as the Library District Board of Directors. Information/Discussion/Action to adopt the tentative 2009-2010 fiscal year budget for the Gila County Library District.**

Upon motion by Vice-Chairman Martin, seconded by Supervisor Pastor, the Board convened as the Gila County Library District Board of Directors. Jacque Griffin, Assistant County Manager/District Librarian, passed out a copy of the tentative Gila County Library District 2009-2010 fiscal year (FY) budget in the total amount of \$1,399,797. Because the Library District is a secondary taxing district and because the Board of Supervisors sits as the Library District Board of Directors, every year the Library District budget is adopted separately from the main Gila County budget. Ms. Griffin referred to the budget line item for operational costs, which includes an increase in assistance to the libraries in the form of postage for inter-library loans, replacing public-access computers and also equipment replacement on the integrated online operating system. The assistance to the libraries is being held steady in order to begin building a reserve for 2012 so the libraries can continue to be funded at least at the rate they are currently being funded. Chairman Dawson noted that a member of the San Carlos Apache Tribal Council stated that Gila County is not funding the San Carlos library as it does the other libraries. She stated that if the San Carlos Tribe would choose to increase the funding to its library, the County

would be willing to match those funds. Ms. Griffin provided more detailed information on how the libraries are funded. Chairman Dawson stated that she just wanted to make a record of the fact that the Gila County Library District is willing to work with the San Carlos Apache Tribal Council by increasing assistance to their local library if they so desire by the San Carlos Apache Tribal Council contributing more. On behalf of the Board, Chairman Dawson thanked Ms. Griffin for her work with the library districts. Upon motion by Supervisor Pastor, seconded by Vice-Chairman Martin, the Board unanimously adopted the tentative 2009-2010 FY budget for the Gila County Library District in the amount of \$1,399,797.

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

Supervisor Pastor requested that the Board skip agenda item number 3 at this time in order to address agenda item number 4, and then return to item 3 to allow more time for addressing the budget in item 3, to which the Board agreed.

**Item 4 – Information/Discussion/Action to authorize the advertisement of Request for Qualifications (RFQ) No. SS 71803D - Professional Services for the Design Concept Report, Environmental Studies and Design for the new bridge over Tonto Creek near Punkin Center.**

Steve Sanders, Public Works Division Deputy Director, stated this request is to begin the process for the design of a bridge across Tonto Creek. He stated that if the Board approved the request, the RFQ would be advertised to various consultants/designers and that this information will also be posted on the County's website. He passed out a project schedule for the Board for review. It is a 66-day schedule and if approved for advertising today with the timelines shown, Mr. Sanders advised that he would bring the item back to the Board for the awarding of a contract for a consultant around September 20, 2009, and then the work could begin. Chairman Dawson stated that she would be out of town that week and requested that Mr. Sanders bring the request the week before or the week after September 20<sup>th</sup>. Supervisor Pastor inquired if anyone requesting information should be referred to Mr. Sanders or some other staff member. Mr. Sanders replied that anyone requesting information should be referred to the County's website. He stated that there is a list of approximately 15 consultants who are interested and they will be e-mailed the information upon approval by the Board. Steve Stratton, Public Works Division Director, stated that the reason for the project schedule is because in past meetings with residents of Tonto Basin, they have commented about this project never going anywhere, so this is a tentative guideline to assure them that the County is moving forward on this project. He also stated that the appropriate match has been budgeted in the Public Works Division budget that will match the federal funding. Upon motion by Supervisor Pastor, seconded by Vice-Chairman Martin, the Board unanimously authorized the advertisement of Request for Qualifications No. SS71803D – Professional Services for the Design Concept

Report, Environmental Studies and Design for the new bridge over Tonto Creek near Punkin Center.

The Board returned to agenda item number 3.

**Item 3 – Information/Discussion/Action to adopt the tentative 2009-2010 fiscal year budget for Gila County.**

John Nelson, Deputy County Manager, gave a PowerPoint presentation to review with the Board the tentative budget for FY 2009-2010. He explained the Arizona budgeting process, which is an accounting for all funds that may be available. The estimated fund balance plus the estimated potential revenues equal the total budget. The budget process is not a spending plan. Last year's budget was \$91,170,173 and estimated expenditures were \$56,460,947. He explained that the reason for the significant difference is that every year the County has to carry over funds to operate at the beginning of each fiscal year until taxes are received and also included in last year's budget was a bond issue; however, the County ended up not doing the bond issue. So the budget is simply a display of all funds that may be available. The adoption of the tentative budget does only 2 things: 1) it sets the upper spending limit and 2) it sets the upper property tax levy. Other than those 2 items, everything else in the budget is subject to adjustment by the Board. The final adoption of the budget is scheduled for July 28, 2009, which finalizes the budget after the public hearing and also finalizes the upper property tax levy. The next item of business will be to certify tax rates based on the levies established by all taxing jurisdictions within Gila County, which will take place at a Board meeting to be held on August 17, 2009; this is only a clerical process by the County. Mr. Nelson noted that if any property owners wish to protest their taxes, they need to do so at the time individual budgets are being adopted not only by the County, but by each taxing jurisdiction for special districts such as school districts, fire districts, water improvement districts, towns and cities. Notices of all those special districts' budget hearings are published in the local newspapers. In continuing with the budget process, Mr. Nelson advised that there are 4 main budget issues as follows: 1) the County must offset the State budget reductions for Gila County residents; 2) there will be no new County positions with the exception of 3 new law enforcement positions for a Star Valley Law Enforcement Contract with the Sheriff's Office that will be paid for by the Town of Star Valley; 3) there will be no employee salary increases; however, the County is funding the increased cost for employee health care instead of passing that cost to the employees; and 4) because of an increased demand for the housing of female inmates at the County jail, a new 40-bed women's facility will be included in a bond, along with costs to fund the facility at \$400,000 for a half year. After reviewing the budget cuts made by the State, Mr. Nelson recommended that the County pick up the funding for some of those reductions as follows: 1) \$272,000 for law enforcement, which includes a State reduction for the funding of law enforcement at Roosevelt Lake; 2) \$395,000 for judicial services, which are primarily reductions made by the State for probation and drug grants; 3) \$300,000 in State cuts to the

community college; 4) a \$107,000 State cut for restoration to competency; and 5) less (\$590,000) that the County did receive in the form of federal stimulus funds for the AHCCCS/ALTCS (Arizona Health Care Cost Containment System and Arizona Long Term Care System) programs. The total of those State budget cuts equals \$484,000 with the possibility of additional cuts coming from the State as the State budget is not finalized. Mr. Nelson stated that he is not sure that the State will ever acknowledge its responsibility in funding these items again. The Board discussed vacant County positions being subject to a 120-day hiring freeze, the increased costs for health insurance for employees, and it was noted that there would be no salary increases; however, there would also not be any salary decreases, layoffs or furloughs. Mr. Nelson noted to the Board that at a time when people are being laid off, the State has chosen to cut the services most needed by those unemployed including cutting the funding to the community college thereby forcing an increase in tuition and the reduction of classes also when most needed for retraining the unemployed. Chairman Dawson stated that she plans to assist the college in getting a lobbyist down in Phoenix to address the State legislators about the improper funding of Gila County's community college only because it is a provisional community college district and she believes it should be funded like the remainder of the other community colleges in the State. Chairman Dawson also stated she has a problem in assuming the cost of patrolling Roosevelt Lake because she guesses that the population on the lake is probably 60% non-resident, non-Gila County taxpayers, so that is a flat expense to the County. Chairman Dawson agreed that there needs to be patrolling on the lake, but the State of Arizona needs to figure out how to fund same and next year if the State continues to withhold that funding, then she believes the County should post signs similar to those seen in other locations "enter this lake at your own risk." Chairman Dawson stated, "That's unfortunate, but I do not believe Gila County should assume the total patrol of that lake without the State providing any funding." It was also noted that although the deputies' primary function is to patrol the lake, they do patrol some of the residential areas as well. At this time, Claudia DalMolin, Sheriff's Office Chief Administrative Officer, noted that the Sheriff's Office had just received notification that the State is going to allow for some funding to patrol Roosevelt Lake; however, it is not known how much State funding will be provided. Chairman stated that she was glad to hear that and requested that Ms. DalMolin keep track of costs for patrolling the lake so that next year the County will know specifically what it costs and what income is received. Chairman Dawson called on Jesse Bryant, reporter for Copper Country News. Mr. Bryant inquired about the meaning of "restoration to competency." Bryan Chambers, Chief Deputy County Attorney, replied that restoration to competency involves a criminal defendant who is found by the court to be incompetent to stand trial and who does not understand the nature of the charges against them or cannot help in assisting their attorney because of some mental problem they might have. In many cases, the court finds they are incompetent to stand trial, but they might be restorable and are sent to the Arizona State Hospital for treatment to possibly restore them to competency. This may include being placed on medications whereby they are then able to assist their attorney and are sent back to the County and tried for their

offense. He noted that it is a very expensive program and in the past the State has paid a portion of the cost; however, now all the costs have been shifted from the State to the County. Mr. Chambers stated that the only other alternative is to let the offender go back out into the community. Jerry Ellison, a reporter for KQSS-FM Radio, inquired about the salaries of the supervisors. Chairman Dawson stated that the salary of the supervisors is public information and it is \$63,500/year, is set by the State and is the same as other elected officials. Mr. Nelson moved on to address the economy's affect on Gila County's General Fund revenues. He explained that in going through the budgeting process most of the focus is on the General Fund, which is where 97% of the property tax levy goes. Revenues to fund Gila County for the upcoming year include the following: 1) Taxes (property taxes, sales tax, local sales tax and auto lieu taxes) are going down by \$707,354 due to the economy; 2) Licenses, Charges, Fines & Miscellaneous are going up \$161,688 due to the new Star Valley contract in the amount of \$383,000; however, without that new contract those revenues would be down as well; 3) Federal in Lieu, which is significant revenue for the County, is increasing \$1,152,119 due to the PILT (Payments in Lieu of Taxes) payment that is being fully funded by the federal government; and 4) State programs cuts, which are being transferred to Gila County, are costing the County \$328,070. This will leave \$278,383 to operate Gila County. The Board discussed how the supervisors were able to get the PILT money funded by its intense efforts in lobbying Congress and how important it is to "keep our voice heard." Mr. Nelson then explained that there is a projected decrease of the Total Taxes-General Fund in the amount of \$707,354 in the following areas: 1) Property tax revenues will be down on existing properties because of a lower collection rate; 2) new construction will increase by \$997,626; and 3) a 2% TNT (Truth in Taxation) increase from a 2% tax increase will generate \$418,479, which is very similar to the costs passed down to the County from the State. So total property taxes will be up \$1,024,896; however, State shared sales tax will be down \$1,075,000, local sales tax will be down \$432,250, and auto lieu tax (vehicle tax) will be down \$225,000. So total taxes for the General Fund will be down \$707,354, which means the County will be receiving that much less money in taxes. He stated that because of the loss of tax revenue, unfortunately for existing homeowners a 2% tax increase is being recommended. He stated that if the Board approves the 2% tax increase, it will require the County to publish a TNT (Truth in Taxation) Notice stating that in compliance with Section 42-17107, Arizona Revised Statutes, Gila County is notifying its property taxpayers of Gila County's intention to raise its primary property taxes over last year's level. Gila County is proposing an increase in primary property taxes of \$440,504, or 2.0%. For example, the proposed tax increase will cause Gila County's primary property taxes on a \$100,000 home to increase from \$367.54 to \$375.00. This proposed increase is exclusive of increased primary property taxes received from new construction. The increase is also exclusive of any changes that may occur from property tax levies for voter approved bonded indebtedness or budget and tax overrides. He emphasized that Gila County is only 1 of 49 taxing jurisdictions in the state of Arizona. Typically depending on where a taxpayer resides, when property taxes are paid, Gila County receives about 35-

40% of that amount. The rest of that property tax is allocated by the Treasurer's Office to other taxing jurisdictions such as school districts, cities and towns, fire districts, water districts, library districts, etc. A TNT public hearing on this 2% tax increase is scheduled to be held on July 28, 2009, at the Board of Supervisors' hearing room in Globe at 10:00 a.m. Mr. Nelson reviewed with the Board a chart reflecting State shared sales tax projected for FY 2009-2010, which is what the County receives from the State for State-share sales tax and it has been on a decline. The next chart also reflected a decrease in local ½ cent sales tax, which is expected to decline for at least the next 3-4 months. In reviewing the General Fund expenditures, Mr. Nelson noted the following increases to the FY 2009/2010 budget expenditures as follows: 1) general government--\$251,027; 2) law enforcement--\$917,966; 3) judicial services--\$185,073; 4) health & welfare--\$4,596; 5) education and recreation--\$33,155; and 6) transfers--\$236,862 for a total increase in General Fund expenditures of \$1,628,679, or a 4.7% increase. When compared to the increases for population and inflation, which is used as a gauge for how the County is doing, Mr. Nelson noted that if the budget was to increase the same as population and inflation, it would have increased 5.9%. Mr. Nelson's next item for review was the proposed bond issue in the amount of \$8 million plus \$1 million in HURF (Highway User Revenue Funds) funding for a total of \$9 million to be spent on the following projects: 1) Public Works Department/Administration building--\$5,567,420; 2) Women's Detention Facility for housing 40 inmates--\$769,570; 3) Payson County administration building purchase in lieu of renting--\$935,000; 4) Refinance current debt which is presently at a 6.5% interest rate--\$1,439,640; 5) Reserve/contingency--\$288,370. The bond debt issue being proposed will be funded by the sale of bonds to investors by pledging the County's State shared sales tax and does not require a vote of the taxpayers. Chairman Dawson noted that she is not in favor of paying rent on the Payson County administration building and by this investment the building would become the property of the County and building the Women's Detention Facility was not an option. She stated regarding the Women's Detention Facility, "We're not even beginning to address anything other than an emergency situation (at the jail facilities) and even if it is an emergency fix to a long-range problem, we have to do it." Vice-Chairman Martin stated, "There is no better time because the cost of money won't be any cheaper and the cost of construction won't be any better." Mr. Nelson stated that as the General Fund pays off the bond at less than 5.5% interest, once the County is not paying rent for the Payson County administration building or the Public Fiduciary's office and the current debt is refinanced to a more favorable interest rate, he believes it will this will be expenditure neutral to the General Fund. In reference to Fund Balances, Mr. Nelson stated that that the County will begin this fiscal year with \$12 million--\$2 million in the General Fund; \$5 million in the Rainy Day Fund; and \$5 million in the Cash Flow reserve. He noted that the budget being proposed today will have a \$2 million deficit, which will have to be funded from the reserves so that will leave a total reserve of \$9.9 million. He explained that the Cash Flow reserve of \$5 million is what is used to fund the County's expenditures from July 1<sup>st</sup> until properties taxes are received in the fall, so

after deducting that \$5 million, it leaves a total Fund Balance of \$4.9 million. Mr. Nelson stated that he doesn't foresee the 2011 economic situation being any better than the present and Arizona typically lags behind the national recovery by 6 months and the national recovery hasn't even begun. He believes the County could get down to as low as \$2 million in reserves, which is the absolute minimum, going into 2012. Mr. Nelson stated that his real concern is "if we do see that recovery come through we're going to see high inflation." He stated that this could cause price controls, then a drop in the economy followed by an infusion of cash and then inflation would rise and something similar to this could possibly happen in 2012. He believes there will not be a one-year solution, but rather this will be a 3-5 year economic issue. Presented next was a Summary Schedule of Estimated Revenues and Expenditures/Expenses for FY 2010, which is required by the State Auditor General to be completed and submitted by the County. The Schedule reflected that the tentative budget proposed for adoption totaled \$100,298,479. Mr. Nelson noted that after the adoption, the Board could make any adjustments within the budget, but could not exceed the adopted total amount. The 2 increases in revenue will be from the federal stimulus money for the Workforce Investment Act program and from the proposed bond. The final item presented was the Summary of Tax Levy and Tax Rate Information for FY 2010. Mr. Nelson requested that the Board also adopt the primary property tax levy of \$22,143,286. This will set a primary property tax rate of \$3.75/per \$100 of assessed valuation. He noted that last year the primary property tax rate was \$3.92 and this year it would be dropping to \$3.75. That decrease in the primary property tax rate did not totally offset the entire increase in assessed valuation so the existing property will be showing a 2% increase in property taxes. The Board had some discussions on the budget and then each Board member thanked Mr. Nelson and staff for the hard work and a lot of effort in the preparation of the budget and for helping in getting the County through these rough economic times. The Board members and Mr. Nelson also thanked the other elected officials and department heads for the cost savings made within their budgets. Upon motion by Vice-Chairman Martin, seconded by Supervisor Pastor, the Board unanimously adopted the tentative 2009-2010 fiscal year budget for Gila County in the amount of \$100,298,479. **(A copy of the budget is permanently on file in the Board of Supervisors' office.)**

**Item 5 – CONSENT AGENDA ACTION ITEMS:**

- A. Approval of a request by the Gila County Sheriff's Reserve Posse to use the Exhibit Hall at the Fairgrounds for the annual Sweetheart Dance to be held on February 13, 2010, with a waiver of fees.**
- B. Approval of the June 2009 monthly departmental activity report submitted by the Payson Regional Constable.**
- C. Approval of personnel reports/actions for the week of July 14, 2009.**

End Probationary Period:

1. Michelle Graney – Health and Community Services – Public Health Nurse – 07-06-09 – Health Services Fund

Position Review:

2. John Canez – Constituent Services II – Temporary Laborer – 07-06-09 – From Constituent Services II Summer Youth Development – To General Fund – 2 Week Extension of Employment
3. Angel Gonzales – Constituent Services II – Temporary Laborer – 07-06-09 – From Constituent Services II Summer Youth Development – To General Fund
4. Christopher Powell – Constituent Services II – Temporary Laborer – 07-06-09 – From Constituent Services II Summer Youth Development – To General Fund – 2 Week Extension of Employment
5. Cameron Roland – Constituent Services II – Temporary Laborer – 07-06-09 – From Constituent Services II Summer Youth Development – To General Fund – 2 Week Extension of Employment
6. Christopher Siegel – Constituent Services II – Temporary Laborer – 07-06-09 – From Constituent Services II Summer Youth Development – To General Fund – 4 Week Extension of Employment

**SHERIFF'S PERSONNEL ACTION ITEMS**

Hire to County Service:

7. Patrick Bush – Sheriff's Office/Globe – Detention Officer – 07-20-09 – General Fund – Replacing Marcia Moser

Departmental Transfers:

8. Amelia Baxley - Sheriff's Office/Globe – From 911 Dispatcher – To 911 Dispatcher Supervisor – 07-06-09 – General Fund

Position Review:

9. Amy Walker – Sheriff's Office/Payson – From 911 Dispatcher Supervisor Underfill – To 911 Dispatcher – 07-06-09 – From Position Control Number 8333 – To Position Control Number 8334

**D. Approval of finance reports/demands/transfers for the week of July 14, 2009. (separate handout)**

\$1,844,369.63 was disbursed for County expenses by check numbers 219165 through 219322. **(An itemized list of disbursements is permanently on file in the Board of Supervisors' Office.)**

**Item 6 - CALL TO THE PUBLIC: Call to the Public is held for public benefit to allow individuals to address issue(s) within the Board's jurisdiction. Board members may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to Arizona Revised Statute §38-431.01(G), action taken as a result of public comment will be limited to directing staff to study the matter, responding to criticism, or scheduling the matter for further discussion and decision at a future date.**

There were no requests to speak from the public.

**Item 7 - At any time during this meeting pursuant to A.R.S. §38-31.02(K), members of the Board of Supervisors and the Chief Administrator may present a brief summary of current events. No action may be taken on issues presented.**

Each Board member and Jacque Griffin, Assistant County Manager/Librarian, on behalf of Steve Besich, County Manager/Clerk, who is ill, presented information on current events.

**Item 8 - Information/Discussion/Action to consider a proposed settlement of tax appeal Bashas v. Gila County (TX 2000-000327). Pursuant to A.R.S. § 38-431.03 (3)-(4), the Board may vote to go into executive session to receive legal advice from its legal counsel and to discuss and consult with its legal counsel regarding negotiations and settlement discussions to resolve the tax appeal.**

Upon motion by Supervisor Pastor, seconded by Vice-Chairman Martin, the Board moved into executive session at 11:34 a.m.

At 11:50 a.m., Chairman Dawson reconvened the meeting back into regular session.

Upon motion by Supervisor Pastor, seconded by Vice-Chairman Martin, the Board unanimously approved the proposed settlement of the tax appeal Bashas v. Gila County (TX 2000-00032). Mr. Chambers stated that the correct case number should be TX2000-000327. (The 7 had been left off of the agenda.)

There being no further business to come before the Board of Supervisors, Chairman Dawson adjourned the meeting at 11:51 a.m.

**APPROVED:**

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Shirley L. Dawson, Chairman

**ATTEST:**

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Steven L. Besich, County Manager/Clerk